Prime Movers

It's how to change culture.

by Howard M. Guttman

CULTURE CHANGE HAS occupied the attention of management gurus for decades. Some argue for the "big bang" approach—boldly trying to redefine norms, values, beliefs (culture) along with the "the way things are done here." Others opt for an incremental approach. Between the two extremes lies a middle ground: focusing on resolving specific issues that can trigger wider changes in the way everyone thinks, behaves, and performs. We call these "prime mover" issues.

For example, consider the move from a hierarchical to a horizontal way of operating. Today, when speed is paramount, where growing complexity puts a premium on pooling intelligence, where the decision-making action must take place close to the customer, there is an urgent need to reframe authority, roles, accountabilities, decision-making processes, and the nature of business relationships. This shift is not merely structural, but a profound cultural one.

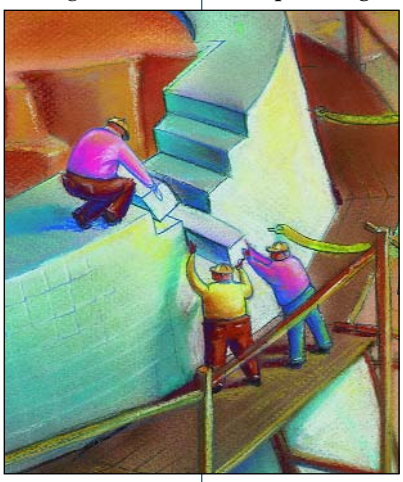
Rather than try to barrel through a culture change head-on, we focus on a prime mover issue—for example, the need to bring teams to much higher performance levels—and use it as a platform for wider change.

A Case in Point

An $8 billion European consumer products company, a division of a global leader in the industry, faced an uncertain future, given growing competition, shorter product life-cycles, mounting costs, shrinking profits, finicky customers and new government regulations. The senior team realized that the old way of operating, in which each successive tier managed the tier below, led to a downward focus. Executives were absorbed in fire-fighting and execution rather than strategy.

The top team moved to put in place worldwide, high-performance teams, each responsible for setting strategy and resolving key operational issues. When the team approach was cascaded down, the senior team operated like a board of directors, focusing on strategic issues, capital markets, and longer-term growth and return. As teams and units assumed greater responsibility and authority, performance improved; cycle time was reduced; innovation improved measurably; turnover declined; people felt a greater commitment; and the growth trajectory continued.

The high-performance team became a powerful force for cultural change.



Baseline of Change

When you move to a horizontal operation, four elements must change:

1. Individuals must change their view of themselves. They must think of themselves as accountable not only for their own performance, but for that of their colleagues—even those who do not report to them directly. This is the ultimate rung on the ladder of accountability. Rung one is being accountable for one's own performance. Rung two is assuming accountability for direct reports. Rung three is assuming accountability for peers. On rung four, employees become accountable for their leader's success. The fifth rung is being accountable for the success of the organization.

2. New skills must be acquired. People must become adept at influencing others and managing conflict. Boss-subordinate relationships are replaced by patterns of indirect influence and persuasion vis-à-vis colleagues over whom there is no direct control.

3. Protocols or ground rules must be put in place to guide decisions and behaviors. For example, everyone must commit to ground rules relating to when and under what conditions decisions get made unilaterally, consultatively, and by consensus. One protocol is "don't bring issues to a third-party rescuer."

4. The performance system and reward structure must reflect the new culture. Here, skin in the game is crucial. For example, the compensation system must provide positive consequences for behaviors that reflect the move to a horizontal organization, including pay for (team) performance.

Vanguard of Culture Change

High-performing teams constitute the DNA of horizontal organizations. This is why such teams are powerful forces for culture change. Progressing to horizontal relationships requires that the top management team actively educate, coach, and cajole their colleagues, encouraging them to embrace moving to high-performance teams.

And, the top management team must live what it espouses and embody eight characteristics of high-performance teams: 1) clear team goals, 2) right "players" in place; 3) clear roles and responsibilities, 4) commitment to "winning" for the business over self-interest, 5) agreed-upon decision-making and leadership mechanism, 6) sense of ownership and accountability for business results, 7) comfort dealing with conflict, and 8) periodic self-assessment

The leader of the senior team holds the key to culture change. However, culture change can't be mandated. You can't bring it about by fiat or by talking people into new ways of valuing, thinking, and behaving. Big bangs tend to lead to big commotion and few results. Small-bite incrementalism risks being too slow and fragmented. So, identify a prime mover issue, work smartly and energetically to bring it about, and soon your culture will change—along with performance and results. LE

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ACTION: Focus on a Prime Mover issue.

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