



Alpha Change

Venturing Cultural Change

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Management Summary

Cultural change is increasingly recognised as a vital success factor, for sustainable change comprises both dealing with structural and procedural as well as social complexity. Alpha Change is a holistic approach, which allows sustainable cultural change as it generates awareness for cultural dimensions and relates specific measures to initiate cultural change in all dimensions.

Three aspects of cultural change have to be carefully considered in order to initiate successful cultural change:

- ___ Understanding change,
- ___ Understanding culture, and
- ___ Understanding cultural change management.

The cultural triangle offers a framework for successful cultural change as it allows a holistic observation of the dimensions that sharpen organisational culture:

- ___ The values of the organisation and its members,
- ___ The practices observable in the organisational reality, and
- ___ The organisation's institutions, which regulate behaviour and actions.

Three distinct foci of attention are needed in order to gather a full awareness of the cultural dynamics within the triangle:

- ___ Consideration of each dimension on its own – the *vertexes* of the triangle
- ___ Consideration of each relationship between a pair of dimensions – the triangle's *sides*
- ___ Consideration of the overall dynamic interplay between all dimensions – the *alpha*

Following this, Alpha Change operationalises the cultural triangle and integrates the three foci of attention into cultural change management via two steps:

- First, it generates awareness for the three foci of attention according to the cultural triangle, which advance the observation of the very cultural condition.
- Second, a selection of relevant approaches, methods, and instruments in the form of toolboxes are linked to each observation which allows initiative and action to be taken.

Introduction – Cultural Change: A Success Story

Within the practice of change management, changing the organisational culture is increasingly being recognised as a key success factor. However, what currently seems to fall short is an understanding of the nature of cultural change. Cultural change becomes a success story if change agents are aware of three aspects of cultural change: understanding change, understanding culture, and understanding cultural change management.

1 The Triad of Cultural Change

Understanding change

Understanding change is the “conditio sine qua non”: the very nature of change is the framework of cultural change. Change within organisations is initiated on the basis of two orientations. On one hand, change guarantees the sustainability of an organisation. On the other hand, change strongly refers to the organisation’s high-performance orientation: A high-performance orientation is about continuously striving for improvement which is, most importantly, grounded on the current state – in terms of potentials and resources– of an organisation (see SEgroup: “Next HPO – Towards Organisational Integrity, 2009).

___ Strategic focus – “Doing the right things”:

To what extent do organisational actions support the organisations overall strategy?

___ Operational excellence – „Doing the things right”:

How can processes and project work be optimised?

Furthermore, change is realised via two characters and modes, respectively. Firstly, the character of change may be:

— Hot change (yang):

Hot change means the creative renewal of the constitution of an organisation. As today's organisations must quickly adapt to external economic, political and socio-cultural developments, they are often under demand to align their strategic focus and their structures and processes accordingly.

— Cold (yin):

Cold change means the continuous improvement of the organisation's constitution. Again, the source of the need for improvement is the organisation's relation to external demands. Yet, it is less about adoption and more about the improvement of the organisation's performance in relation to stakeholders, be it by providing better services or optimising products.

Secondly, when it comes to the mode of change, it may be distinguished between re-active, active, and pro-active mode of the realisation of change:

— Reactive: reactive change is the transition of organisations and its members in reaction to challenging external forces.

— Active: active change pursues the strategic development and continuous improvement of organisations and its members.

— Proactive: proactive change is initiated to avoid a potential future threat or to capitalise on potential future opportunities. It is the pursuit for the "next practice".

Understanding culture

Understanding culture means understanding the very dimensions of culture. Often, managers describe the organisation's culture as "the way things are done around here". Yet, this description falls short. Instead, culture is holistically addressed by "the way things *should be done*, *can be done* and *are actually done*." Culture is best understood by the relationship between its formative elements: the elements of values, practices, and institutions. The cultural triangle (Klein, 2006), which will be introduced in the next chapter, allows for the awareness of and the balance between these elements.

Understanding cultural change

Within the practice of cultural change, managing change and understanding culture are aligned. The cultural triangle is a framework for approaching cultural change: utilising the triangle as a map allows for balancing cultural change management. Because it is a valuable framework for cultural change, a holistic approach, which embeds the cultural triangle, is needed. Alpha Change provides this, as it transfers the cultural triangle into cultural change management.

2 The Transfer: From Theory to Practice

Why alpha?

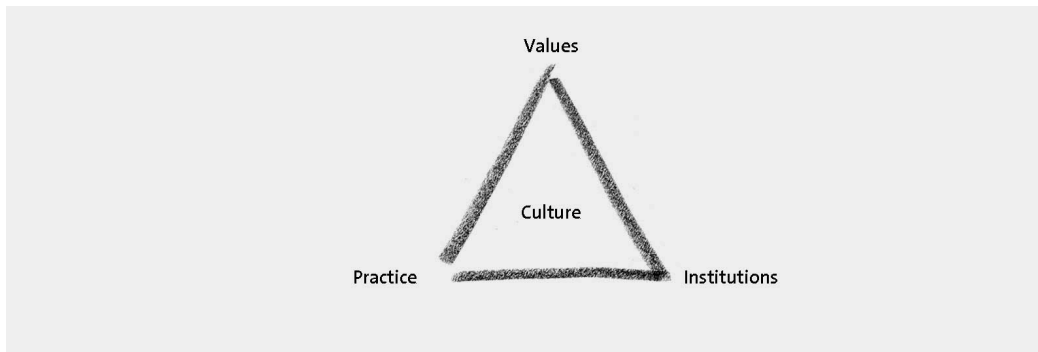
The following section introduces the cultural triangle, which is derived from the observation of the dynamics of organisational culture. This observation leads to three dimensions which impact culture: values, practices and institutions. By applying the cultural triangle to cultural change management, the particular challenge is to balance the three dimensions. Balancing means considering the dimensions and relating them to each other. This follows three steps. Firstly, by focusing on the triangle's vertexes, the three dimensions and their impact on culture are considered. Secondly, by focusing on the triangle's sides, the dynamic interplay between two dimensions is revealed. Third, as each side shows the relationship between two dimensions, the alpha is added in order to regard the interplay between all of the dimensions. In doing so, Alpha Change opens the gate for sustainable cultural change!

Linking the cultural triangle and cultural change management

But how exactly does Alpha Change open the gate for sustainable cultural change? To fully reveal the practical potential of the Alpha Change approach, one has to consider the two-way approach Alpha Change follows:

- First, awareness is gathered for the different dimensions that play a role in cultural change. As outlined in the next section, the cultural triangle displays the different dimensions of cultural change (the triangle's vertexes) as well as their dynamic interplay (the triangle's sides and the alpha).
- Second, options for action and initiative taking in the form of toolboxes are derived. Change management and cultural change, respectively, can assume manifold shapes. There is neither one recipe for change, nor is there one single objective. Change is complex, especially cultural change. Alpha Change deals with this complexity as it focuses on each of the triangle's vertexes and sides as well as the alpha and suggests the appropriate approaches, models, and tools in order to meet the respective challenges.

In the following, each part of the cultural triangle is focused on successively and directly linked to a single toolbox that contains the selection of appropriate measures. While their link to the respective part of the triangle is outlined at this point, all measures are described in more detail in the appendix of this paper.



Alpha Change – Succeeding Cultural Change

1 Introducing the Cultural Triangle

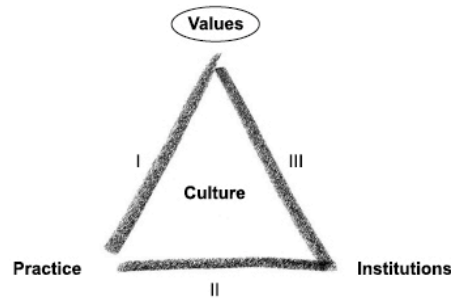
In our business world, humans continuously pursue the professionalisation and optimisation of their actions. This is organised and regulated by complex structures and processes and supported by technology. Yet, this pursuit for excellence underestimates one factor: human action and inter-action itself.

Within change management, this is especially explicit. When it comes to the change of structures and processes along continuous technological development, change agents are pretty well aware of how to realise the change successfully. However, change management also comprises cultural change, that is, a change of the organisational culture. In practice, this seems to be the blind spot that impedes change initiatives from turning out successful.

Hence, understanding organisational culture is another key success factor of change. According to Schein (1999), culture is “the entirety of shared basic beliefs, values, norms and paradigms that have been established by humans in organisations so as to master the challenge of external adaptation and internal integration”. These are then “transferred to new members in the organisation so that members perceive, think, feel and behave in the appropriate manner”.

On the basis of this description of organisational culture, an essential dynamic relation is derived: the relation between what is transferred and what becomes internalised; in other words the gap between what is expected and what is actually displayed – via values and behaviour, respectively. However, most concepts and approaches to organisational culture miss considering a third dimension: institutions.

Within the cultural triangle, all three dimensions of organisational culture are displayed (the triangle’s vertexes): values, practices and institutions. Moreover, the triangle allows the dynamic interrelation between these dimensions (the triangle’s sides and the alpha) to be indicated. In the context of cultural change management, the assumption that underlies this interrelation is that a vertex is the leverage for a problem which results from the relationship displayed by a side: For instance, if employees rigidly adhere to work assignments (practice), this is likely to be due to the fact that management systems foster task fulfilment instead of allowing room for new and innovative ways of thinking (values – institutions).



2 The Triangle's Vertexes

The cultural triangle pictures the three essential dimensions of culture in the form of its vertexes.

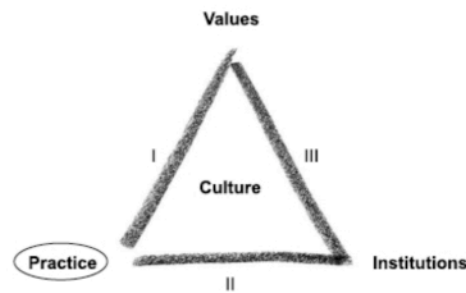
Thus, the vertexes are three clearly distinct *cultural levels* (Schein, 1999) that contribute to an understanding of the organisational culture. It affords a differentiation between the three dimensions when observing culture, for each vertex distinctly affects how organisational culture evolves and develops.

2.1 Values

Basically, value emphases express shared conceptions and preferences, respectively, of what is good and desirable in an organisation (Schwartz, 2006). They represent its cultural ideals and are used to communicate them both internally and externally. Value emphases shape and justify beliefs, actions, and goals. Yet, they may shape these differently on the individual, team, and organisational level: For example, a gap between value emphases on the level of the individual and the organisation may result in individual actions that disagree with the organisation's values.

The values of an organisation refer to expectations of the organisation towards managers and employees. These render the organisation's goals and are best described as "*target values*" ("Soll-Werte")¹. Target values are wished and asked for, basically by top management in order to foster strategic goal-orientation, for example. In contrast, "*organisational-cultural values*" ("Ist-Werte") are the effectively prevalent values shared by the employees. These values are internalised and relate to personal value emphases that are shaped when employees define themselves as such entering organisations.

(1) This is in line with the Continental-European concept of culture that focuses on the organisation's "target culture" – how things should be done (see Klein, 2006) Further, in Continental-European contexts, culture refers to vision and mission. This again is very much in line with the understanding of target values, which serve the pursuit of strategic goals. In comparison, the Anglo-American concept of culture focuses on the "is-culture" – how things are done. In Anglo-American contexts, culture is often used as a criterion to analyse the present organisational reality. Following this description, an overlap with the "organisational-cultural values" occurs as the actual values shared in an organisation become obvious.



Toolbox

This selection focuses on how to approach values in the organisational context, that is, how to derive values, how to make sense out of values and last but not least how to measure them.

1. Vision statement
A clear vision is a prerequisite for the definition and communication of the organisation's values. The vision statement therefore smoothes the way for successful value work.
2. Value assessment
The assessment of values on both the organisational and individual level clarifies the gap between top-down communicated organisational values and bottom-up values of employees.

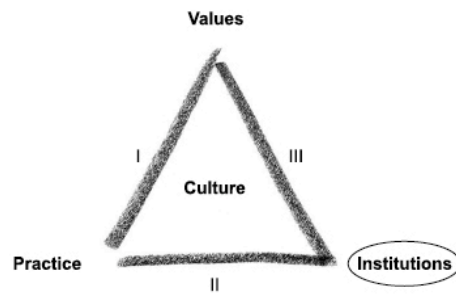
The elements of the toolbox are described in the appendix in more detail.

2.2 Practices

Practices refer to the intersection of behaviour, actions and activities in an organisation. Be it the practice of leadership, project management, teamwork, or newly implemented organisational development activities, the way managers and employees act and interact can assume various forms.

Though values are a vital dimension of an organisation's culture, a culture manifests via observable behaviour and actions as well be it in terms of management practices, team interaction, or individual behaviour.

What matters here is, "what is done", not what is prescribed to be done. In a very much down-to-earth consideration, practices clarify the organisation's *reality*, beyond future trajectories as vision, guiding principles, mission statements, and not least values.



Toolbox

This section has focused on organisational behaviour. The following elements in the toolbox have the objective to show how different behaviours may be comprehended and made transparent, as well as how according practices may be developed and changed.

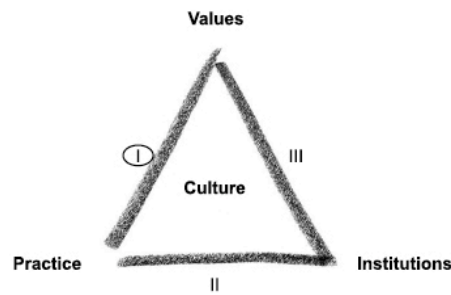
1. Management orientation appraisal
A management orientation appraisal fosters an understanding of managerial behaviour, especially in terms of behavioural preferences and leadership style.
2. Kaizen Blitz
The Kaizen Blitz focuses on rapid process improvements which both allows the observation of prevalent practices and their optimisation.
3. Miracle Question
To ask the miracle question directly focuses on behaviour and relates change to one's own behaviour instead of external factors.

The elements of the toolbox are described in the appendix in more detail.

2.3 Institutions

The third dimension within the triangle forms the institutions within organisations. These are the structures inherent in the organisation that embody regulative and normative systems (Scott, 2001). They encompass the organisation's assemblage of rules, regulations, norms, and policies. To illustrate, management systems and, more specifically, incentive systems are institutional arrangements within organisations.

A vital property of institutions is their resilience as well as their maintenance and reproduction during the development of organisations. Another property is the capacity to control and constrain behaviour and action. Institutions impose restrictions by defining legal boundaries that set apart legitimate from illegitimate activities. At the same time, they support and empower activities and actors. In this sense, institutions provide guidelines and resources for certain actions as well as prohibitions and constraints on other actions.



Toolbox

Organisational institutions are diverse. Hence, the elements in this toolbox exemplify different institutional regulations that organisations have established and may shape in order to adapt to external challenges and to increase their performance.

1. Reward schemes
The diversity of reward schemes differently link rewards to performance. As such, it is an institutional arrangement that fosters or impedes behaviour.
2. Working time regulation
Working time regulations are a means of institutionalising an organisation's working mode according to its structures and processes.

The elements of the toolbox are described in the appendix in more detail.

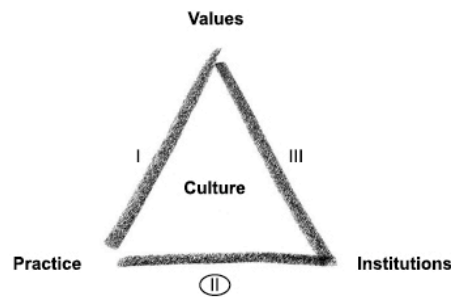
3 The Triangle's Sides

The three dimensions of culture are strongly linked to each other. Within the concept of the cultural triangle, its three sides display these links.

Thus, focusing on simply one dimension to change culture will fall short and cause conflict. Instead, it is crucial to focus on the different dynamic relationships between the dimensions.

3.1 I: Values – Practice

The relationship between values and practice, that is, the sheer observable behaviour of managers and employees is a double-edged sword: On one hand, value emphasises influence and guide behaviour and actions. In this respect, the employee's practices express underlying value emphases. On the other hand, a gap may open up between values and practice: an imbalance between what is said (which refers to communicated values) and what is done (which refers to actual practices) is frequently observed, particularly in change management projects. Against this background, the imperatives "walk the talk!" and "practice what you preach!" gain relevance and deserve to be addressed.



Toolbox

This selection focuses on the relationship between values and practice. It is about how values affect organisational behaviour as well as how actions that are taken *and* actions that are *not* taken affect the internalisation of values.

1. Cultural gap evaluation
The cultural gap evaluation shows the gap between values and practices as it evaluates the desired target vs. current as-is state of the organisational culture.
2. Stakeholder Analysis
A stakeholder analysis enables taking initiatives that support the organisational member's internalisation of organisational values by taking their interests and values into account.
3. Force field analysis
The force field analysis offers an overview of the different forces responsible for resistance towards living up to values and changed practices and identifies their source and strengths.
4. Leading by example
Leading by example comprises two aspects of good leadership essential to sustainable cultural change: leadership integrity that is, "walk the talk", and the clear communication of values.

The elements of the toolbox are described in the appendix in more detail.

3.2 II: Practice – Institutions

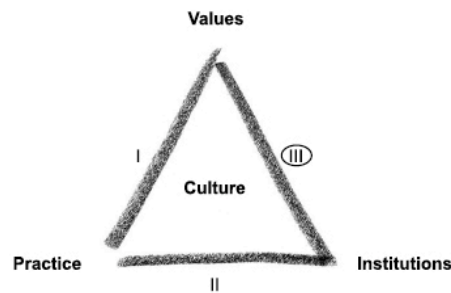
Institutions regulate organisational behaviour. They prescribe the frame in which practices are valued: this behaviour is good, that behaviour is bad; this practice is rewarded, and that practice is sanctioned. This sets the relationship between practices and institutions: Employees apt to adopt behaviours that are recognised as good and, therefore, tend to conform to institutional forces.

Toolbox

Different measures shape the organisation's institutions and therefore influence and, to a certain extent, predict organisational behaviour. The following elements illustrate what behaviour is constituted or promoted by the given institutional framework and what regulations can be set-up to ease practice.

1. Reorganisation
Different approaches to reorganisation co-exist that focus on cost transparency and savings within organisational processes. Yet, all reorganisation measures link organisational practices to more efficient structures and processes.
2. Business process re-engineering
BPR is a holistic management approach that aims at re-engineering all business processes. A vital aspect is the alignment of regulations and practices according to the re-engineered processes.
3. TQM
Within the orientation of TQM to process optimisation, the support of all organisational actors is stressed for its successful implementation. The employees' practices are aligned with a newly invented institutional set-up.
4. ABC player
The economically rooted ABC-player approach affords the institutionalised evaluation of employee performance and the employee's value-add to the organisation.
5. GRPI
The GRPI model pursues keeping conflicts from interpersonal interactions as it cascades conflicts beginning at the institutional level of goals, roles, and processes.
6. BSC
The BSC regulates strategic action as it breaks down strategy into key performance factors as a basis for goal-oriented management practices.

The elements of the toolbox are described in the appendix in more detail.



3.3 III: Values – Institutions

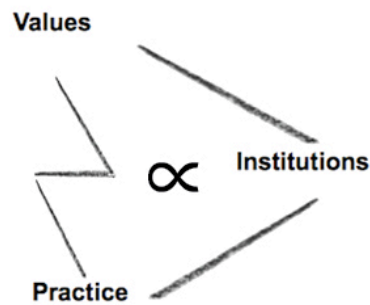
The relationship between values and institutions is especially critical. In organisational practice, organisational values communicated by the management, that is, the *target values*, often conflict with the organisation's institutions, which hinder the internalisation of the values. This is the case, as top management prescribes the organisation's values while prevalent management systems are opposed to the values asked for. To exemplify: *Collectivism* is a value that should be shared organisation-wide. Yet, according to the prevalent reward system, individual performance is rewarded above team support. Likewise, *organisational-cultural values* may motivate employees intrinsically –without external rewards– and thus evoke better performance. Again, policies may conflict with this.

Toolbox

The elements in this toolbox focus on the alignment or gap, respectively, between values and institutions. It shows measures that allow organisations to rearrange their institutional regulations in accordance with its values or to pinpoint the gap between these.

1. Sarbanes-Oxley Act
The act demands organisations to adapt or sharpen their institutions in order to guarantee the compliance in particular of managerial practices to the organisation's values.
2. Guiding principles
Guiding principles are a means to communicate the organisation's values as guidelines for employees and to establish planning processes.
3. Management by objectives
MbO regulates management practices by evaluating them according to set goals and the respective performance. In this manner, managerial action becomes both tangible and measurable.

The elements of the toolbox are described in the appendix in more detail.



4 α – The Alpha

As has been shown, the consideration of the triangle's dimensions (its vertexes) as a prerequisite for successful cultural change underrates the very relationship between each pair of dimensions (the sides) that again have an impact on each dimension. However, having considered all relationships within the triangle, one final step is of paramount importance: the awareness of the overall dynamic interplay of *all* dimensions.

This awareness is generated by the alpha as the final step towards a holistic observation of organisational cultural dynamics. In the alpha, all three dimensions within the triangle come together. It is about the dynamic interplay between all of the dimensions: The enlarged relationship that integrates all of the dimensions requires special consideration – the alpha.

The assumption underlying the idea of the alpha is that the complexity of culture is most obvious when considering the relationship between all of the dimensions of a culture – be it the dimensions in the triangle or any other. Dealing with the complexity of culture within the frame of the cultural triangle thus means balancing values, practices, and institutions. Values and institutions both shape practices. Likewise, the values of an organisation are not necessarily aligned with its institutions, nor are they necessarily in conformity with current practices, etc.

Toolbox

The measures presented in this selection answer how the three positions of the cultural triangle are balanced. To a certain extent, these measures thus bring the other measures in line. They address cultural change on both a broader and meta- level, respectively.

1. Schools, media, and police

Tichy's holistic change approach balances the organisation's communication and training measures and management systems by using the metaphor of revolutions that focus on the society's schools, media, and police. In doing so, it also refers to the three dimensions within the triangle.

2. Third position imperative

The third position imperative points out that any relationship between two dimensions within the triangle is influenced by the respective third dimension, which demonstrates the dynamic interplay between all dimensions.

The elements of the toolbox are described in the appendix in more detail.

Conclusion

From the Cultural Triangle to Alpha Change

Cultural change is a change discipline on its own, which coexists beside other change management initiatives. In practice however, cultural change is mostly treated as *one aspect* to be considered when it comes to the planning of change management initiatives. In contrast, cultural change should be recognised as *the most challenging aspect* within change management.

At present, different approaches to change culture coexist. Yet, against the background of the justified question whether cultural change management is feasible at all, Alpha Change turns out to be a promising answer. This is due to two distinctions:

- ___ First, it points out the complexity of organisational culture as it introduces the holistic model of the cultural triangle.
- ___ Second, it offers an approach to cultural change that integrates the understanding of culture, change, and cultural change management.

The cultural triangle is in the first place an instrument that indicates the complexity of culture according to the dynamic interplay of three cultural dimensions: values, practices, and institutions. The idea of the alpha stresses that no dimension stands on its own: each dimension relates to the others. What differs is the very nature of the relation, which has been clarified by the triangle's sides and the alpha itself. Synergies will come about, as the interplays are made transparent. For example, the alignment of the incorporated values and practices, as well as their transfer into the organisation's institutions, advance organisational performance in the long term.

When it comes to the practice of cultural change, the management of both change and culture is balanced. Alpha Change provides for a holistic and sustainable cultural change management. Particularly, as it aligns an understanding of culture with hands-on approaches to take appropriate actions, in the Alpha Change approach, the different elements are broken down into concrete measures that provide direction.

What distinguishes Alpha Change from other approaches to cultural change is its concern for the diverse nature of change. There is no *one* solution to successful change management! Alpha Change appreciates this fact as it puts the different dimensions and relationships within the cultural triangle forward and relates particular approaches, methods, and tools accordingly. In doing so, it creates a toolbox for cultural change management that is relative with respect to two aspects:

- ___ First, there is no *one* toolbox for cultural change management:
The very content of the toolbox is customised for the respective dimension or relationship within the triangle.
- ___ Second, the collection of approaches, methods, and tools in each toolbox is always a selection:
Other approaches, methods, and tools might be applied as well. Yet, the collection presented is recommended as the most promising one.

Understanding culture and cultural change via the triangle is a prerequisite for cultural change management. However, *successful* cultural change management is about “getting the cultural triangle on the street”!

Appendix

Outline

- ___ ABC player
- ___ Balanced scorecard
- ___ Business process re-engineering
- ___ Cultural gap evaluation
- ___ Force field analysis
- ___ GRPI model
- ___ Guiding principles
- ___ Kaizen blitz
- ___ Leading by example
- ___ Management orientation appraisal
- ___ Miracle question
- ___ Reorganisation
- ___ Reward schemes
- ___ Sarbanes-Oxley act
- ___ Schools, media, and police
- ___ Stakeholder analysis
- ___ Third position imperative
- ___ Total quality management
- ___ Value assessment
- ___ Vision statement
- ___ Working time regulation

ABC player

The ABC player approach refers to the economically rooted idea of the ABC analysis. The ABC analysis is an instrument used for task analysis and priority setting, as it structures tasks according to their relevance and value add. Following this, it distinguishes tasks into “A-tasks” (very important), “B-tasks” (important), and “C-tasks” (negligible). Following this classification, “A-tasks” and “B-tasks” which add value are fostered whereas “C-tasks” are ceased.

Applied to the corporate world, this idea is transferred to the ABC-player approach. It allows the appraisal of managers and employees along the cascade of

- ___ A-players – the „high potentials“ in organisations,
- ___ B-players – the engaged yet not driving workforce, and
- ___ C-players – the workforce that falls short of expectations and work demands.

The approach rests upon the stochastic premise of the 20/80 cascades, i.e. 20% of the work force accounts for 80% of the organisation’s performance. Subsequently, generic strategies are assigned to the categories. Accordingly, the A-players as the “driving” 20% of the work force as well as, to a lesser extent, the B-players are assigned to the generic strategy “investment”: They should be supported e.g. via coaching. By contrast, C-players are assigned to “disinvestment”: They should be rather deployed alternatively or laid off.

Balanced scorecard

The Balanced scorecard (BSC) is a universal management tool that allows the transferral of strategy into concrete action (Friedag / Schmidt, 2007). The BSC makes strategy tangible for everyone in the organisation and focuses the actions of employees, teams, and the entire organisation towards a common goal. This is realised by the translation of the overall mission and strategy into strategic action and accounting for the personal goals of each individual. This “translation” follows different steps:

- ___ Formulate the vision and respective strategic goals
- ___ Derive sub-goals from strategic orientations, that is, strategy foci and key success factors, as well as stakeholder expectations which concern the organisation’s performance
- ___ Determine key performance indicators (KPIs) for the strategy and goals
- ___ Derive activities to fulfil the sub-goals
- ___ Organise the practical implementation of the strategy (e.g., by project work)
- ___ Integrate the KPIs into the reporting system

Basically, the BSC offers an overview of the KPIs. In a clear and well-arranged manner, the BSC pictures all factors that influence organisational performance. As a consequence, the BSC allows for a holistic and efficient performance measurement.

Business process re-engineering

Business process re-engineering (BPR) is a holistic management approach, which seeks improvement in terms of quality, time, costs, and services by re-engineering all business processes (Hammer / Champy, 1995).

The core elements of business process re-engineering are:

- ___ Orient on core processes that add value rather than on functional procedures
- ___ Focus on the external customer and internal client in all considerations
- ___ Question prevalent procedures radically in order to realise clear improvements
- ___ Align structures, employees, and regulations as to new processes
- ___ Use the full potential of information and communication technologies for re-engineering and implementation

The BPR process follows different phases:

- ___ Analysis of the business processes critical for competition
- ___ “Is-analysis” of the respective processes (e.g., as to processing and delivery time)
- ___ Design of the target structure of the business process
- ___ Implementation of the target structure
- ___ Evaluation of the target achievement

Due to the alignment of structures, employees, and regulations, BPR allows for a balance between practices and institutions after the implementation of the new processes: because information and communication techniques are commonly used and the focus of processes is on the customer, a “community of practice” within the organisation can develop.

Cultural gap evaluation

The cultural gap evaluation addresses the imbalance between values and practices. It is an evaluation of the target vs. as-is state that pursues to indicate a gap between the current and desired organisational culture. The cultural gap evaluation gives an answer to three questions:

- ___ 1. What is the current reality?
This question addresses the organisation’s recent state in terms of prevalent values and norms that guide organisational action, relationships between employees and executives, as well as leadership styles and managerial integrity, for example.
- ___ 2. What is the desired future state?
Defining the desired future state means defining the organisation’s core values and behaviours according to the organisation’s vision, mission and strategy. Moreover, it raises the question: “Where do we want to go?”

The cultural gap, that is, the gap between these two initial questions, may feasibly be evaluated by using quantitative analyses, like employee surveys or qualitative analyses as management retreats.

___ 3. What needs to happen to close this gap?

Organisational development activities, like the strengthening of networks, are then initiated by expanding the awareness of the desired future state within the entire organisation in order to achieve the desired target culture.

Force field analysis

Force Field Analysis was initially developed by Lewin (1951) and is nowadays applied within decision-making processes, particularly in planning and implementing change management activities. It is a potent method to gain a comprehensive overview of the different forces responsible for resistance towards change as well as for assessing the source and strength of these forces. Employees which are either too comfortable with the status quo or afraid of how their work will be influenced commonly evoke these restraining forces.

To conduct a force field analysis, the subsequent steps have to be taken:

___ Describing the current and the ideal state by gap analysis:

What happens if the gap is not closed?

___ Describing the problem and working on a problem-solving strategy, e.g., via brainstorming

___ Identifying and allocating stakeholders into two groups: proponents and forces that restrain change

___ Analysing the reasons of both groups that are pro or contra change

___ Merging the results in the same chart to visualise the forces

Eventually, appropriate actions can be derived to address the forces, that is, the employees and to resolve the resistance.

GRPI model

According to Tichy (1995), a lack of clear goals, roles, processes, as well as interpersonal and team communication is a major source of irritation and conflict in groups and teams. This lack is downwellingly transferred from goals to communication eventually leading to conflict on a personal level. Tichy introduced the GRPI model in order to foster clarity in this four-step cascade:

___ G= Goals:

Goals should be clearly communicated and shared by all group members. If not, irritation is generated on the level of roles.

___ R= Roles:

Tasks, competencies and responsibilities should be clear. If not, irritation is generated on the level of processes.

___ P= Processes:

Critical success factors and key performance indicators should be clear. If not, irritation is generated on the level of communication.

___ I= Interpersonal and team communication:

Finally, a lack in clarity of goals, roles and processes is downwellingly transferred to the levels of interpersonal and team communication and leads to interpersonal and group conflict.

The clarification of this cascade, that begins on the level of goals, helps to avoid conflicting behaviours on the fundamental levels, that is, the individual and team levels.

Guiding principles

The philosophy, vision und mission of an organisation leads to its guiding principles. Therefore, the guiding principles are habitually used synonymously with these (Herbst, 2003). Beyond a conceptual overlap, guiding principles serve as principles that employees can identify with and align their activities to. Within the guiding principles, the organisation's value emphasis becomes manifest.

When the guiding principles are formulated, the clear purpose is the provision of orientation as well as the coordination and motivation of employees. From an entrepreneurial perspective, guiding principles are guidelines for all employees and for the establishing of planning processes. The appropriate question to be asked is: *Who do we want to be and what business do we want to enter?* Guiding principles may then be translated into "guiding behaviours" or a "code of conduct", that is, desired practices.

However, it is of paramount importance that the guiding principles are not equal to the ideal of top management that emphasises a normative character. Then again, employees will not necessarily direct to them. With reference to the guiding difference target values | organisational-cultural values, guiding principles should thus take account for both value emphases.

Kaizen blitz

Because it stems from the Japanese culture, the word "*Kaizen*" is best translated with "making it better". Applied to the corporate world, this term was used to introduce the instrument "*Kaizen Blitz*" which aims at a rapid improvement of a specific process- or content-related area within an organisation (Laraia et al., 1999). Moreover, the Kaizen blitz is about experienced practitioners sharing their knowledge and skills in learning-by-doing experiences. This takes place in short-term projects with the objective of dramatically improving the performance of a limited-scope process, to make results measurable in the short term, and to change the way people work. Typically, the process flow is improved by eliminating time-consuming process elements like inefficient reporting processes within a business unit. The improvement

is pursued through the use of innovative thinking in order to reduce work results that add no value. As a side effect, the team's problem-solving skills are developed adding extra value to the general idea of Kaizen as a continuous improvement.

In the Kaizen blitz team, external experts frequently join the members of the work area in which the improvement is necessary. Members are deeply involved in the Kaizen blitz team and develop from "learners" to "coaches" of the Kaizen blitz process. In this manner, they become multipliers for further developments in their organisation.

Leading by example

The notion "walk the talk" becomes most obvious when it comes to leading by example. According to the idea of leading by example, good leadership is above all about two competencies:

- ___ Leadership integrity: consistency between word and behaviour
- ___ Clear communication: communication of precise expectations and dealing with resistance

To be able to translate intention into reality and to sustain it with action and behaviour is a prerequisite for leadership efficacy. Good leadership is about showing, not just telling what is expected: Managers have to set the right example. This ability of the manager to act according to the same criteria that is demanded of others shows his own commitment, the commitment towards his own expectations.

Communicating clear expectations and dealing with resistance is the other competency when it comes to behaviour according to values. It seems banal, but it is of overriding importance to make clear *how* employees should change their behaviours. To be concrete: If managers change their own behaviour according to their expectations, employees will not necessarily adopt this behaviour. They rather adopt it if they are fully aware of the managers' expectations and underlying intentions. In addition, leading by example means accepting resistance and being firm as to insisting on behavioural change.

Management by objectives

In its core idea, Management by Objectives (MbO) means setting and agreeing on managerial goals, regularly evaluating the achievement of goals, as well as adjusting goals for the next working period (Wunderer / Grünwald, 1980). The manager or employee who is responsible for the achievement of a given goal is free in terms of how to achieve this goal. This self-responsibility also applies to the monitoring of goal fulfilment. The assessment of achieved goals does not take place before the closure of a set period.

The MbO approach rests upon leadership appraisal and links it to budgeting processes and long-term planning via hierarchical promotion and action programmes. MbO is often implemented successively in the entire organisation, be it top-down or per business unit. Its overall objective is to

- ___ Allow for a goal-oriented management,
- ___ Make managerial action tangible and measurable,
- ___ Allow for self-responsibility and self-control beyond top management intervention, and
- ___ Establish a management concept that is applicable on every management level

Individual goals are derived from cascading down through the organisation's vision, mission statement, and strategy into tangible goals set on departmental, team, and individual levels. This approach to goal setting enables the alignment of organisational and individual goals.

Management orientation appraisal

When it comes to human behaviour in organisations, different approaches and instruments co-exist that aim to predict it or at least to explain it. These are often applied to explain managerial behaviour, especially as to leadership styles. The MBTI and FIRO-B are two of the most successfully used instruments.

___ The Myers-Briggs Type Indicator® (MBTI):

The MBTI assessment is a tool that is applied to describe people based on the proposition that humans can be classified into 16 different personality types. The objective is the improvement of employee communication, teamwork, and leadership. Basically, the MBTI measures preferences on four dichotomies, each of which is made up of two opposite preferences:

- ___ Extraversion / Introversion (where you focus your attention),
- ___ Sensing / Intuition (the way you take in information),
- ___ Thinking / Feeling (the way you make decisions), and
- ___ Judging / Perceiving (how you deal with the outer world).

The idea that underlies this is that although people use all eight preferences, they generally find one preference in each pair more interesting or comfortable than its opposite.

___ The Fundamental Interpersonal Relations Orientation-Behaviour (FIRO-B) assessment:

The FIRO-B instrument indicates the extent to which people attempt to satisfy their three basic social needs:

- ___ Inclusion, in terms of participation, recognition, belonging,
- ___ Control, as to power, authority, influence, and
- ___ Affection, in terms of openness, warmth, closeness.

On one hand, the FIRO-B assessment shows how much people display behaviour in these three areas (Expressed Behaviour) and, on the other hand, it shows how much people would like others to behave like this towards them (Wanted Behaviour).

Both the MBTI and the FIRO-B are readily combined and applied to describe people's leadership styles as they enable the revealing of preferences and needs that shape the way people lead.

Miracle question

Steve de Shazer and Insoo Kim Berg introduced the miracle question as a solution-focused therapy technique in their client work (1988). The purpose of the miracle question is to introduce a useful question to help clients focus on a positive future and amplify what should be different. An example for a characteristic miracle question is: "Suppose that, while you are sleeping tonight, a miracle happens and changes you. The miracle is that your biggest problem is solved. Only, you don't know that it is solved because you are asleep. What difference in your behaviour will you notice tomorrow morning that will tell you that a miracle has happened at all?"

This technique may readily be transferred from its origin in systemic family therapy into the context of cultural change management. This is because as a problem-solving skill, the miracle question is not intended for individuals to spend too much time thinking about the problem to find ways to try to solve it leaving no time left to think about anything else. Instead, the miracle question focuses on the problem's solution: Once you are aware of your own behaviour and how it influences what you want to bring about, you are enabled to shape your own behaviour accordingly. With the awareness of how your behaviour influences your very future, you can start to change it.

Reorganisation

The basic elements of reorganisation are segmentation and modularisation (Sauer, 1999). These are reflected in the co-existence of "Outsourcing", "In-house Profit Centres", "Lean Production" and "Lean Management", "Divisionalisation", "Project Organisation", "Kaizen", and "Total Quality Management", to name the main reorganisation programs. This coexistence illustrates the diversity of concepts that are currently applied. However, when it comes to reorganisation, the major objective is always cost transparency and savings. Generally, measures of corporate restructuring address two guiding distinctions: centralisation | decentralisation and market orientation | transaction cost reduction.

___ Centralisation:

In a centralised organisation, all corporate structures like units are integrated within and controlled by the organisation as an integral whole. This especially holds for decision-making processes.

___ Decentralisation:

Decentralisation denotes the disintegration of hierarchically structured corporate complexes, like the reduction of in-house performance, competence flow from central instances to executing periphery units, and the reinforcement of autonomous and self-responsible business units.

___ Market orientation:

Market orientation addresses the coordinative influence and control exerted by the principles of the market. This leads to an opening of organisations to adapt market-oriented incentive systems instead of hierarchical control, and competition between business units, for example.

___ Transaction cost reduction:

The reduction of transaction costs pursues cutting costs that are related to using the market mechanism, like information costs, bargaining costs, or policing costs. These costs are reduced when integrating the organisation vertically, that is, streamlining all economic activity internally.

Reward schemes

Rewards include compensation (e.g., wages), direct incentives (e.g., bonuses), and indirect incentives (e.g., development opportunities, Spector, 2003). The main reward systems are *performance based* and *skill based* systems (Mackay, 1997). Both systems focus either on the individual or on teams when rewards are measured and allocated.

___ Performance-based systems:

Performance-based pay links remuneration to individual achievement of goals set in advance and the organisation's performance. These systems may e.g. also encompass performance-based accommodations of base remuneration or provisions. The general idea behind these systems is to motivate employees and consequently to enhance the organisational performance. Accordingly, pay is measured due to the achievement of goals, effectiveness, efficiency, improved productivity, or innovation.

___ Skill-based systems:

Skill-based pay links remuneration to the skills, knowledge, and experience employees possess and bring into the organisation. This system relies on the clear definition of competency in a given work context. It is grounded on the assumption that competencies add to the employee's capability to perform on tasks and take the responsibilities required in a job description. On the basis of skill-based systems, employees are paid for skills acquired, skills used, or improvements in required skills. Hence, pay is measured by the definition of tasks to be performed or the definition of skills and knowledge required to perform tasks.

Sarbanes-Oxley act

The Sarbanes-Oxley act was enacted by the US Congress in 2002. Its objective was to

- ___ Rebuild public trust with regard to securities,
- ___ Optimise leadership practices in organisations,
- ___ Establish ethical business practices, and
- ___ Enhance the transparency of business balances.

With reference to the cultural triangle, the Sarbanes-Oxley act may be understood as

an external institutional sanction. It requires organisations to adapt or sharpen their own institutions in order to comply with the act. The act was based upon the awareness that the regulations and policies prevalent in many organisations were vague making non-transparent, unethical behaviour feasible at all. As a result, the respective management practices often stood opposite to the organisation's values. However, on the basis of the Sarbanes-Oxley act, the regulatory forces re-streamline values and practices.

Schools, media, and police

In successful revolutions, change depends on the ability to take hold of the media, school and police. By using this as a metaphor for the corporate world, change is based on the use of communication (media), training (school) and management systems (police). Hence, Tichy (1995) postulated three “key positions” to change: training, communication, and management systems:

___ Communication:

Internal and external communication represents the “media” in an organisation. Communication must be clear: Change processes should be transparent and participatory as to ‘sense-making’ (What is done and why at all?).

___ Training:

In organisations, training and development activities are the counterpart of “school”: Training and development supports employees as well as managers to deal with new contexts by providing the required competences and skills. Further, it communicates the new vision, strategy, and values advancing the vital transparency needed.

___ Management systems:

Management systems set the institutional framework of an organisation: As management systems are understood as the organisation's “police”, they are regulatory imperatives: They regulate what is good or bad in order to control the overall organisational performance. Thus, management systems have to support the change, not to contradict it.

Stakeholder analysis

Within an organisation, different stakeholders may have different reasons to not live up to communicated values. When it comes to cultural change management, employees are the most relevant internal stakeholders in the change process. A careful stakeholder analysis enables the taking of initiatives that foster the internalisation of values. The different steps the method comprises are:

___ Brainstorming on stakeholders and their interests:

For instance, internal stakeholders are teams, freelancers, expatriates, project workers

___ Power-interest matrix:

Categorisation of stakeholder groups according to “power” and “influence”

- ___ Stakeholder analysis chart:
Analysis of the stakeholder's awareness of the organisation's values
- ___ Influence strategy:
What can be done to align values and practices?

Third position imperative

To add a third position imperative enables the understanding of the dynamic interplay between all three dimensions within the triangle. This denotes to the fact that any relationship between two dimensions may be influenced by the respective third dimension. By this, it is meant that the third dimension explains (in methodological terms "moderates") or influences (in methodological terms "mediates") the relationship between the other dimensions.

To clarify, employees may want to behave according to the organisation's values (practice <-> values). Yet, the organisation's institutions can challenge this, as formal goals within a business unit conflict with behaviour according to the organisation-wide goals (institutions -> practice -> values). The other way around, both values and institutional forces demand certain behaviours. In this spirit, these may function as "frames of reference" for behaviour. Yet, values and institutions can contradict each other. Then the implicit question is: To what should I act in accordance with? (institutions <- practice -> values) Consequently, only the congruency of values, institutions, as well as practices allows dealing with the triangle's entire complexity.

Total quality management

With respect to reorganisation, Total quality management (TQM) pursues both optimised and interconnected processes that address the whole organisation (Uehlinger / von Allmen, 1999). Only the support of all organisational actors allows for a successful implementation of TQM. Accordingly, in TQM the employees' practices are aligned with a new institutional set-up invented in TQM. To manage this, the rollout of a TQM strategy succeeds along different criteria:

- ___ A leadership culture of continuous improvement, corporate branding, and employee appreciation
- ___ The alignment of mission, values and strategic orientation with communication, strategy development, and market cultivation
- ___ Employee-orientation and employee satisfaction
- ___ The observance of resources, that is, resource-oriented management
- ___ Customer-oriented processes, customer relationship management (CRM) and customer satisfaction
- ___ Public responsibility, as to concern for environmental issues and global resources, and engagement in environmental-political activities

___ The assessment of business results and accountancy towards shareholders

In TQM, quality does not solely relate to product quality: It relates to the claim for holistically “doing the things right“, from provided regulations to employee practices.

Value assessment

In practice, different methods and instruments to measure value emphases in organisations co-exist. Their use depends on the objectives of the assessment. For example, is it important to establish the organisation’s value system or to indicate the employee’s value emphases? Basically, two guiding distinctions are distinguished:

___ Target: organisational values (source: management) | individual values (source: employees)

___ Methodology: assessment of values | assessment of behaviours that indicate value emphases

Two approaches are promising which depend on the objective of the assessment:

___ The Systemic Value Assessment is an approach that comprises two phases of measurement: First, a Systemic Inquiry, that is, interviews with organisational key players deliver the unique value indicators. Next, behavioural patterns are derived from these indicators and become operationalised within the Systemic Value Index (SVI). This approach is especially applicable in addressing the unique value system of organisations without applying a fixed set of value dimensions.

___ The Schwartz Value Survey (SVS) is an instrument to measure “universal values”. The SVS is a survey-based assessment tool both applicable to managerial inquiry and employee attitude surveys. It is therefore capable of revealing and indicating the values of both the organisation and its employees.

Vision statement

Values must be consistent with and depend on the organisation’s vision. The quest towards a vision statement has a motivational and unifying influence on the entire organisation. Vision management implies four steps:

___ Formulate the vision:

The consideration of why the organisation was founded and how it wants to contribute to the economy and society is a valuable starting point. It is most relevant that the elaboration of the vision involves the employees. The top management is not exclusively responsible to clarify the vision!

___ Communicate the vision:

The presentation of the organisation’s vision on a companywide kick-off is not sufficient. Instead, the vision is internalised and shared by all members by continuously reflecting on and referring to the vision on all organisational levels.

___ Act according to the vision:

The key to vision management is living up to it. Managers just like employees must „walk the talk“. What is more, due to their executive position within the organisation, managers have to lead by example and show integrity.

(Balance the status quo with the vision):

While economic development may cause strategic re-orientation, the vision is long lasting and remains untouched. Economic challenges are rather opportunities to shape goals in order to fulfil the vision.

Working time regulation

Working time is generally regulated by law (e.g., UK's Working Time Amendment Regulations 2002.) However, organisations also possess the opportunity to organise working time according to its structures and processes. Working time regulations set up institutional policies with regard to:

___ The definition of working time:

E.g., does working time include travel, business lunches or training?

___ Working time limits:

E.g., workers cannot be forced to work for more than 48 hours a week on average, except to maintain continuity of service or production.

___ Time off:

For example, workers are entitled to a rest period of 11 uninterrupted hours between each working day.

___ Rest breaks at work:

E.g., if workers are required to work for more than six hours at a stretch, they are entitled to a rest break of 20 minutes.

___ Work cycles, especially working at night:

E.g., night workers should not work more than eight hours daily on average, including overtime where it is part of a night worker's normal hours of work.

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