CHANGING A CULTURE

THE BLUE OCEAN STRATEGY – BY DAVID DEERE (HARRISON ASSOCIATE)

Since the fire in April of 2013, the culture of Pace Industries-Harrison has undergone a change. One of the largest changes has been with our Safety Culture. We are striving for a 24/7 frame of mind, at home and at work. Our EHS departments are on a journey to achieve zero incidents. In order to do this, we must change our culture. Changing an entrenched culture is the toughest task you will face. To do so, you must win the hearts and minds of the people you work with.

In their book "Blue Ocean Strategy," W. Chan Kim and Renee Mauborgne cite four hurdles a manager faces when attempting to institute broad change in an organization. The first is cognitive – people must have some understanding of why the change in strategy or in culture is needed. The second is limited resources – inevitably, changing an organization will require shifting resources away from some areas and towards others. The third hurdle is motivation – ultimately, workers have to want to make the change. And the final hurdle is institutional politics. They quote one manager who complains: "In our organization, you get shot down before you stand up."

To overcome those hurdles, they suggest a "tipping point" approach to management. First of all, recognizing you won't be able to convert everyone at once, start with people who have disproportionate influence in the organization. Get them committed to the change, or, failing that, get them out. And once they are committed to change, shine a spotlight on their accomplishments, so others get the message.

Second, instead of just lecturing on the need for change, look for ways to get people to experience the harsh realities that make it necessary. Mr. Kim and Ms. Mauborgne tell the story of New York Police Commissioner Bill Bratton, who in the 1990s made his top brass – including himself – rides the subways day and night, to understand why frightened New Yorkers had come to call it the "Electric Sewer." Other companies have taken a similar approach, requiring managers to take calls from disgruntled customers.

Third, look for ways to redistribute resources toward "hot spots" – activities that require few resources but result in large change – and away from "cold spots" – or areas with large resource demands, but relatively low impact.

"If you want to stimulate creativity in the workplace, evaluate your company's personnel structure. Managers typically tap only a small portion of workers' creative capabilities. Identify employees' strengths and consider creating new groups with a tailored mix of talents. If you have a project, create a task force. Mix employees with different experience levels: Younger team members may provide energy and optimism; veterans may provide insight from past experience."

The two key conceptual building blocks of Blue Ocean Strategy are: tipping point leadership, and fair process.

Tipping Point Leadership:
How can you lead with your hands tied? How can you generate a leap in performance when everything seems stacked against you? Think limited resources, a demoralized staff, politics, and an organization wedded to the status quo. The answer rests in applying what we call Tipping Point Leadership. The theory of tipping points, which has its roots in epidemiology, hinges on the insight that in any organization, fundamental changes can happen quickly when the beliefs and energies of a critical mass of people create an epidemic movement toward an idea. Key to unlocking an epidemic movement is concentration, not diffusion. Tipping point leadership builds on the reality that in any organization there are factors that exercise a disproportionate influence on performance. Hence, contrary to conventional wisdom, meeting a massive challenge is not about putting forth an equally massive response where gains in performance are achieved by proportional investments in time and resources. Rather it is about conserving resources and cutting time by focusing on identifying and then leveraging the factors of disproportionate influence in an organization. The key questions Tipping Point Leaders should answer are: What factors or acts exercise a disproportionately positive influence on breaking the status quo, on getting the maximum bang out of each buck of resources, on motivating employees to aggressively move forward with change, and on knocking down political roadblocks that often trip up even the best strategies? By focusing on points of disproportionate influence, tipping point leaders are able to break the performance/cost trade-off and topple the four hurdles that block a leap in performance fast and at low cost. The four hurdles are: the cognitive hurdle that blinds employees from seeing that radical change is necessary; the resource hurdle that is endemic in firms today; the motivational hurdle that discourages and demoralizes staff; and the political hurdle of internal and external resistance to change.

Fair Process:
Unlike the traditional factors of production–land, labor, and capital–knowledge is a resource that can't be forced out of people. But creating and sharing knowledge is essential to fostering innovation, and it is the key challenge of the knowledge-based economy. To create a climate in which employees volunteer their creativity and expertise, managers need to look beyond the traditional tools at their disposal. They need to build trust. There are links among trust, idea sharing, and corporate performance. People often resist change even when it would benefit them directly. In every case, the decisive factor is fair process–fairness in the way that a company makes and executes decisions. The elements of fair process are simple: Engage people in decisions that directly affect them, explain why decisions are made the way they are, and clarify what will be expected of them after the changes are made.

Change is never easy, but is often a necessity.

Thank you,

David Deere