



Achieving successful organisational change

In the first of three articles looking at change, **Mark Eaton** addresses creating the right environment for improvement

Organisations are perfectly designed to get the results they get. Whether good or bad, the results that organisations deliver come from the match between what they are *capable* of delivering and what they *must* deliver to satisfy their customers or users.

For example, an organisation might have to deliver highly reliable products but, if its processes are not robust enough to 'build in' reliability, that won't occur and the results will suffer. Or an organisation might have to deliver exceptional customer service but its staff's behaviours may not match the need so, again,

the organisational results will suffer.

Grant's model for competitive advantage¹ shows how organisations develop competitive advantage through successfully aligning their capabilities to the key success factors they need to deliver in their market (see Figure 1 right).

The three aspects of organisational capability defined by Grant are shown in Table 1 right.

This article focuses on elements of the Intangible Asset and Human Resources elements of Grant's model, looking at why it is that some organisations are able to create an environment with motivated individuals and teams who can collaborate for success and others can't.

Why do organisations get what they get?

Why is it that like-for-like organisations with access to people of the same skill levels, with the same equipment and dealing with the same customers, can get such widely differing results? Why is it that one automotive manufacturer will produce cars that sell like hot cakes and others will go to the wall? Why is it that hospitals dealing with the same types of patients, with the same types of staff and equipment, can have such differing mortality rates?

The difference in performance can often be put down to the organisational environment.

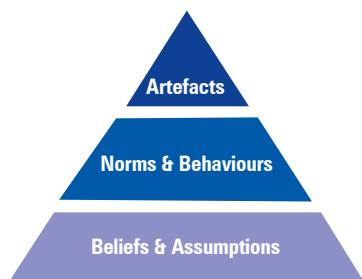


Figure 2. The manifestation of the organisational environment

Figure 2 shows how the organisational environment manifests itself as 'artefacts', in terms of the physical performance

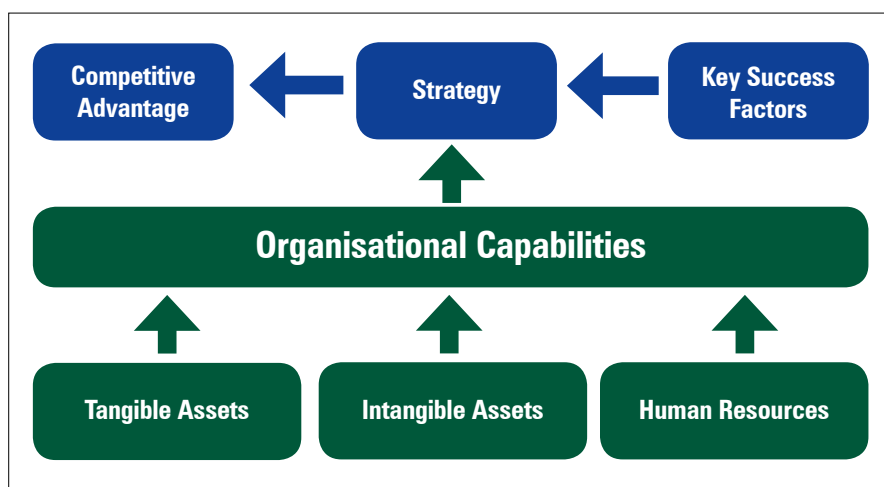


Figure 1. Grant's Resources, Capabilities and Competitive Advantage Model (2002)

Tangible Assets	Intangible Assets	Human Resources
<ul style="list-style-type: none"> Financial assets such as cash and borrowing capacity Physical assets such as land, plant, equipment and access to mineral reserves 	<ul style="list-style-type: none"> Technological assets such as patents, copyrights and trade secrets Reputation (such as brand) and relationships Organisational culture and environment 	<ul style="list-style-type: none"> Skills and know-how Ability to communicate and collaborate Motivation

and operating concepts of a team or organisation. What it also shows is that these artefacts are built on the norms and behaviours within the organisation – the ways of behaving that are tolerated (or authorised) and topics that are 'taboo'.

In turn, these norms and behaviours are influenced by the beliefs and assumptions of individuals and teams – their explicit beliefs ('this is a bad organisation to work for') and implicit cultural assumptions ('managers make decisions; we just carry them out').

What Figure 2 *should* show is that creating the right environment is not something that can be done overnight because you are dealing with beliefs and assumptions that may have been ingrained within the organisation over many years. Indeed, these beliefs are often reinforced daily through management behaviours and actions that support the *status quo*, and they can often be seen at

Table 1

the point an organisation wants to actually change. Here are two examples:

An organisation with a history of treating its staff as 'numbers' had created an environment of demotivated staff and poor levels of customer care. To rectify the problems with customer care, it launched a programme to transform the way its staff interacted with clients. An initial team was formed to tackle response times at a call centre; they achieved impressive results and were feeding back to the chief executive when he interrupted them with: "That's great but when can I bank the cheque?"

A hospital had introduced a policy of 'nothing worn below the elbow' to reduce the risk of infection. A senior doctor came onto a ward wearing a shirt with sleeves below the elbow and a nurse approached him to tell him that he needed to roll them up. The doctor replied: "Don't be silly, I'm in a hurry." The nurse reported this to her matron and was told:

“Oh don’t worry, just let it go.”

In both instances, the actions of the leaders involved reinforced the previous beliefs and assumptions and, therefore, prevented any change in the organisational environment.

In reality, within most organisations there is not one single ‘uniform environment’. Rather, the organisational environment will vary from team to team, division to division and so on, as shown below.

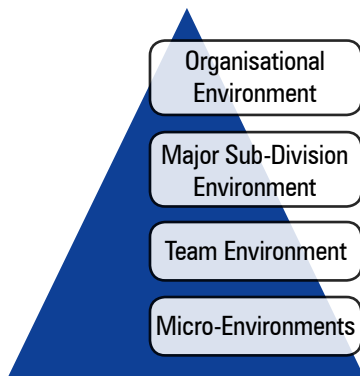


Figure 3. Building the organisational environment

Figure 3 aims to show that the organisational environment is the result of the combination of the many micro-environments (the relationships between individuals), team environments and major sub-division environments that exist within that organisation.

Within this complex environment, leaders at every level can have a major impact on their ‘local’ environment. An ineffective and abrasive divisional leader will negatively affect the performance of every part of his division, while an effective leader of a small front-line team within the division may help create a local environment that makes the divisional leader’s incompetence more bearable for the rest of the team – and *vice versa*.

The level of complexity within organisational environments affects the duration required for it to change. As it has been said: “The seeds of effective change



Table 2

<p>The Clan</p> <p>A friendly place to work with good relationships between staff and managers. Commitment is high and there is significant investment in developing the potential of individuals. Teamwork, participation and consensus are encouraged and success is defined by team satisfaction and participation.</p>	<p>Adhocracy</p> <p>A dynamic environment in which leaders operate with autonomy and flexibility. They encourage their teams to be creative and ‘stick their necks out’. Calculated risk-taking is encouraged and teams form and reform as required. Experimentation is the lifeblood of the adhocracy-based organisation and individual freedom and initiative are encouraged.</p>
<p>The Hierarchy</p> <p>The traditional approach where command flows through a chain of command. This is still the basic structure of most organisations. Position brings authority, while the role of junior leaders is normally limited to organising activity and keeping an eye on the smooth delivery of their superiors’ objectives. Stability, formal rules and procedures, security and dependable delivery are the keys to success in this environment.</p>	<p>Market-Focused</p> <p>These organisations focus on delivering the results required of them by the external environment. They are externally focused, driven by results and often very competitive. Leaders within them are hard drivers of performance and expect results, with reputations resting on successful delivery.</p>

Most organisations want an 'effective environment' but what does this mean?



must be planted by embedding procedural and behavioural changes in the organisation long before any improvement initiative is launched.”³

What organisational environment do you want?

Most organisations want an 'effective environment' but what does this mean? Figure 1 showed that competitive advantage is gained by organisations who have the capability to deliver the key success factors in their market and that these capabilities are influenced by the organisational

environment. So, an effective environment is simply one that allows you to develop and sustain competitive advantages in your market. Different organisations will operate in different environments and so will require different organisational environments to be effective.

Four types of organisational environment are shown in Table 2⁴ left.

Being clear about what you want from your organisation will have a big impact on the things you need to do to create it. This

need for clarity of purpose is often hampered by the fact that “every enterprise is actually four organisations: the one written down, the one most people believe exists, the one that people wish existed and, finally, the one that the organisation really needs”.⁵

Obviously the organisational environment you need to develop will depend on the organisation's context in terms of such things as what your stakeholders want from you and the level and type of competition you face. Through analysing this context, it is possible to define what the gap is between the actual environment the organisation currently has and the required environment that will ensure long-term success.

Creating the 'right' environment inside an organisation is really about managing the gap between these two environments, as shown in Figure 4.

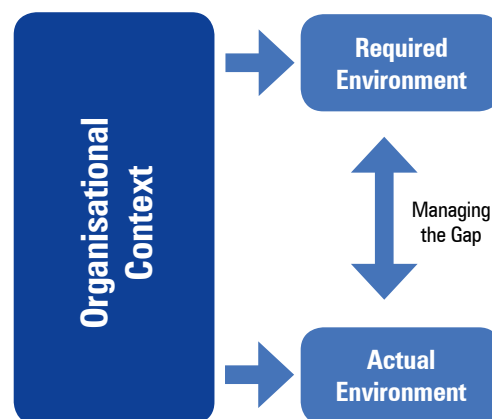


Figure 4

Mind the gap

While the context will vary from organisation to organisation, there are some common steps that organisations will need to take to create the right environment and manage the gap between actual and required performance.

Specifically, the actions that need to be taken are summarised in Table 3⁶:

Action to be taken	Commentary
Link actions and improvements to what really matters	Making it clear why certain things need to be done and why the change needs to happen is essential to success. Being 'future orientated' and providing leadership and vision for others is also a prerequisite for success.
Remember organisations are perfectly designed to get the results they get	If you want to change the results you will have to change the systems, culture and processes that deliver the results.
Make quality and improvement everybody's responsibility	Organisations exist to effectively (and safely) deliver results. Leaders have a duty to promote the required change and continue to support it throughout but every individual needs to be involved in delivering it.
Be responsive and flexible	No one action or approach will fix all the issues and leaders need to be flexible and capable. It also helps if they avoid complication (and jargon) and they set an appropriate pace of change that balances a need to continue delivering services and products with the need to make the change swiftly.
Celebrate and communicate	Don't get hung up on the small issues (Are patients customers? Is it quality or innovation we striving for?). Instead, focus on celebrating every success and encouraging the 'early adopters', getting them to help sell the changes to the rest of the organisation.
Adapt and evolve	As you make your changes, be aware that the world will continue to change. Some things will work and others won't. The occasional problem should not stop the changes but regular problems with implementation will require you to evolve and adapt to keep moving forward.

Supporting these generic actions to create an effective environment are some specific dos and don'ts that are summarised in Table 4⁷.

Being clear about the required performance and the timescales that teams need to achieve is important, and the quote "Some is not a number. Soon is not a time"⁸ is relevant here.

Enabling the right environment to work

While determining what type of organisational environment will deliver the right result for your organisation is the first step, at some point words and analysis have to be turned into actions. Whether the implementation is easy or

Table 3

complex will depend on two main factors, as shown in Figure 5⁹.

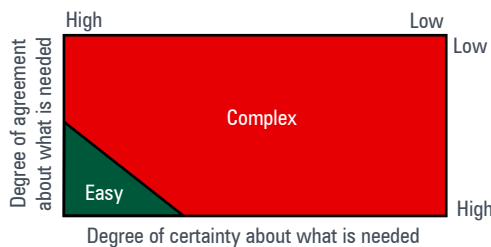


Figure 5: Uncertainty v agreement

Table 4

Being clear about what is required and gaining consensus from stakeholders will make the process a lot easier to implement but words and actions need to be in alignment. Two final examples illustrate this:

Dos	Don'ts
Do be clear about what you want, the performance you expect and how you want the organisation to 'work'	Don't use improvement activities as a punishment
Do measure performance and keep the team up to date with progress and next steps	Don't allow 'tribal thinking' between departments to prevent communication and improvement
Do keep close to the needs of your customers and the market	Don't let conflicts escalate into open warfare
Do engage and educate leaders in how you want them to interact with the workforce	Don't focus purely on financial performance improvement
Do publicly praise success, particularly focusing on the positive attitudes and behaviours that your teams and managers have displayed	Don't give up. Significant improvement is a long-term investment and requires on-going commitment.

A manufacturer had a public policy stating that people were the organisation's most valuable asset, yet the experience of the staff at the front line was that they were just 'numbers' and that the organisational leaders did not really care about them.

A chief executive claimed that the organisation was 'family friendly' and focused on the needs of individuals and, yet, continually organised meetings with management teams late in the evening.

Taking a long-term view of the changes required (mostly because they will take a long time) and ensuring consistency in the messages that are put out through official channels (such as newsletters and announcements) are aligned with the unofficial messages that people receive (such as the behaviours of local leaders and the grapevine) will ensure that the move from analysis into action actually leads to success. ■

References

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