

In this article Philip Atkinson examines the new innovative methodologies and approaches that will grace our corporate landscape and shape business culture in the near future. He outlines the core competencies an organisation requires to keep ahead of the competition whether they operate in the private or public sector.

As I glance through *Fortune*, *Forbes* or *Business Week*, articles abound, with the new fad or management theme that is due to appear over the horizon in the corporate Boardrooms of the world. Over the years many have become weary reading about the fads dressed up in new terminology, driven by the research and writing of management Gurus.

Frontrunners in terms of impact were Peters and Waterman who were really the first to set the scene and make 'Guru'dom'. Although others like Peter Drucker and John had well trodden that path before 'In Search of Excellence' appeared. This tome was judged as the success formula for any organisation desperate to change and improve. We soon learned that the eight principles as stated by Peters and Waters were not the final answer – they were a partial solution dependent upon contingent circumstances.

### Corporate Culture & Change

We were soon to find out what we had really always known – because organisations have a different history, leadership, culture, politics, market etc an approach had to be tailored specifically for that organisation. And what might work with one

geography, division or location will not automatically work in other parts of the same organisation. However, we still are looking for the right answer. We still look for a packaged solution to deliver results – sometimes yesterday. We still have to commit to the journey to rejuvenate and build a corporate culture that causes business performance to happen.

### The Corporate Panacea – the Golden Fleece

The quest for a Panacea or Golden Fleece is still apparent. Just how do we develop the culture that is self-sustaining, is driven by leaders who search for and then implement 'best practice' resulting in increased business performance. If we had the opportunity to develop a composite Corporate Personality to achieve these objectives what traits would it portray?

As an element of Workshop sessions I asked the senior management teams of three large businesses to define the top ten characteristics of a positive and strong Corporate Personality. Their responses are outlined as follows.

- **Assertive**
- **Charismatic and Influential**
- **Persuasive**
- **Relentless & Energetic**
- **Team Driven**
- **Customer Focused**
- **Self-Critical**
- **Quantifying & Measuring Progress**
- **People and team focused**
- **Horizontal – strongly cross functional**

I have not attempted to rank them in any order – however there was remarkable agreement about their importance.

### How important is Corporate Culture?

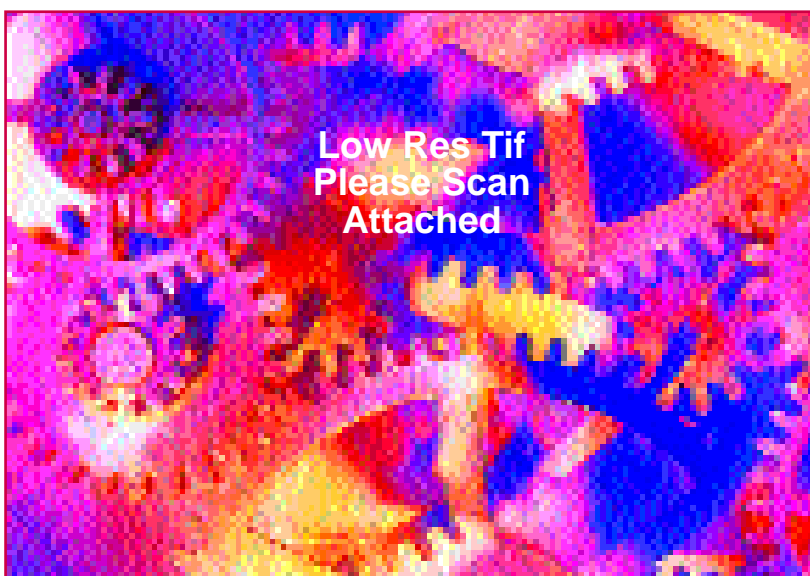
It is the fabric, the climate and the common beliefs of the people who bind the organisation together. A strongly performing culture is one where three key elements of the business are tightly coordinated; Focus, Energy and Alignment. Without Focus an organisation does not know where it is going, without significant degrees of Energy there is no follow through or closing of loops. Most importantly we need a metaphoric magnet to ensure that all resources are Aligned in the same direction.

### Transformational Change is the Core Competency

Where culture change has often been misinterpreted by practitioners in the past is a belief that everything to do with culture is about 'being nice to people'. An overly simplistic explanation is that 'people and welfare management' are taken to the extreme as seen as an end in themselves with little tangible link with business performance. In the early days people equated creating a strong culture with tree hugging. That just is not the case. The Corporate Culture is a reflection of how behaviour drives results – it is as simple as that!

# What's In & What's Out in Corporate Transformation

by Philip Atkinson



In terms of Strategic Management, Hamel and Prahalad<sup>1</sup> have highlighted that every business should have strategic competencies by which they can dominate their market and their competitors. Although this is still the case, it is rooted in the process of transformation rather than being focused upon service or delivery of product. Focusing upon the process of 'managing corporate transformation' is central to how an organisation organises and deploys its resources to achieve its mission.

An organisation can achieve no more than to perfect its ability to change seamlessly. If an organisation does experience 'resistance to change' then it will have created 'self sustaining roadblocks' to corporate improvement. Corporate health and business wealth resides in enabling people to master their potential at the same time as achieving corporate goals.

## What's In and Out in Corporate Transformation?

Any initiative that is sold as a package is definitely out. It does not work. Pursuing accreditation to a quality standard or a Charter Mark may concentrate the mind but following the precise steps does not lead to competitive advantage. Examine the misguided over-selling of BS5750 and Investors in People in the early days – simply gaining accreditation did little to improve enhanced performance. In some circumstances layers of bureaucracy increased actually reducing the ability of the organisation to respond quickly to challenges. There was no causal link between accreditation and performance enhancement. Gaining standards may have guaranteed business in the short term – but once customers recognised that continuous improvement went well beyond collecting badges then the real struggle began.

What has been stated above does not mean these approaches had no value for all organisations. Rather they have little value if pursued simply to gain a badge or certification. If they are part of a continual striving for doing things better, quicker and faster then that is different – they are tools and methodologies for taking the organisation to the next step.

Organisations that use the EFQM model effectively are those who focus not on scoring points but working on the culture and the people processes and behaviours that enable business results.

## TLA's (Three Letter Abbreviations)

We have lost count of the number of TLA's that have been unsuccessfully driven through business. Over the years, change practitioners have probably been guilty of confusing people by carving up and designing, redesigning and re-labelling packages or change efforts with catchy titles, phrases or acronyms. The sheer plethora of TLA's and OLA's (O = Other) have done nothing to clarify the process of change but rather have confused people in the process.

To illustrate the confusion, I remember working with a Technical Director of a large automotive assembly business. He told me directly that TQM did not work. Our discussion continued for some time focused upon what he and others understood by

## Three Components for Corporate Success

- **Focus** on your Vision and your Outcome  
– communicate it at all times, listen and respond
- **Energise** self and others to concentrate resources where they have most impact
- **Align** all people, teams and resources across the organisation to deliver seamlessly

the concept. Our discussion underlined that TQM was probably one of the most misunderstood concepts ever brought to our shores. Like others, he thought that the acquisition of ISO 9000 was TQM and that this would radically change the whole culture of the business including the behaviour of senior Directors. What was of concern was someone believing that a process geared to compliance and control would somehow mysteriously impact upon and change the attitudes and behaviour of people right the way through the organisation. Perhaps the miss-selling of the concept through the DTI campaign that focused on BS5750, and a confused message on TQM, was the root cause. Looking back now at the training materials, too much emphasis was placed on acquiring quality systems to the detriment of culture and values.

## Confusion with JIT

A similar discussion with the Supplier Development manager of a business distributing medical supplies, (including the production of sutures and other materials for the medical profession), revolved around the relative success of having suppliers stockpile raw materials on their own premises for 12 months – rather than deliver it to his company. The distributor believed that the suppliers would carry the burden of storage costs and actually thought he had introduced a policy of JIT (Just In Time) manufacture. Of course, the suppliers had built the costs of storage into their own costings and although the distributor may not have the product on site, they were still underwriting the cost of storage.

What these two cases illustrate is that lack of depth and rigour understanding the concept behind the TLA's. Any reference to Goldratt's work in 'The Theory of Constraints' will illustrate the failure

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## Challenges for Corporate Culture

- Make it tangible and concrete
- Ensure there is a strong Focus and Vision
- The Vision and Strategy should directly relate to the reinforcement of behaviour through rewards
- People need to know what the organisation wants them to pursue and what behaviours are discouraged
- Corporate culture has to be quantifiable – we have to know the key steps and KPI's that reflect progress
- It has to be communicated to all constituencies
- Customer focus, retention and acquisition are central to the culture

### What's In

**OD or Organisational Development** – re-invigorated after its 90's decline – using the best from research in the applied behavioural sciences with a notable lack of tree hugging.

**Culture Change** – at last working on the core Vision, Values and Behaviours that cause business improvement

**Transformational Leadership** – when will people realise the sanity of the following statements – "Without Leadership there is no change" and "To what leaders pay most attention is what gets done"

**Strategic Alliances** – forming and committing equally to joint ventures for a project or indeed for life and then delivering seamlessly

**CRM – Customer Relationship Management** – not to be confused with 'smile training' with an added focus upon measuring and adding emotional value to customers

**Virtual Teams** – Teams working on projects and being able to move across boundaries and work in different cultures

**Personal Growth through Coaching** – a big winner from the 90's – essential to those businesses with a high turnover of good quality staff ensuring that individual and corporate goals are integrated

**Post Acquisition Integration** – increasingly, as organisations merge, acquire and joint venture with each other, strategies have to be adopted to quickly transition a new business entity from several business cultures. Currently, drastically under-resourced and misunderstood in many businesses - particularly important across National boundaries.

**The Learning Organisation** – effectively setting in place structures, processes and people who identify 'best practice', and modify, implement, sustain and grow the business. This is the only culture that can survive in an environment that is moving faster than the average organisation's ability to adapt

**Mastering Personal Potential** – grows from the inside out. Growing people and nurturing them as the most powerful element in the evolving organisation. Being selective with development activity – depending on the person – and letting people use their skills for the business.

to build a strong infra-structure to support the implementation of a particular initiative.

### Short Attention Span and Implementation

**"Develop the internal capability to sustain change and if people are uncomfortable about that . . . . . tough!"**

This all goes to illustrate the problem we have with Implementation on any core concept destined to really shape and mould the culture of the business. Increasingly we have noticed that the 'quick fix' mentality is gaining ground. Short time spans are given to evaluate whether the new 'fad' has produced the results. Current practice is if it has not, then it is time to go onto the next one. Realistically, if the short attention span is the culture then clearly a long

term initiative cannot be sustained. However, a carefully designed 'culture change initiative will work as long as implementation is designed in bite-sized chunks, with deliverables leading to improvements on the bottom line.

We increasingly come across initiatives that appear to have no deliverables relevant to the organisation. Without a payback of ROI (Return on Investment) why should anyone let an initiative consume their time without any benefit accruing to the business or people?

### Change in Bite-Sized Chunks

People today expect instant results, so why design a programme without quantifiable progress in the short term? We even go as far as to say 'no initiative should take longer than 6 weeks to implement' because no one in the organisation has the ability to see beyond the 6 week window. Let us accommodate the 6 week cycle and use it as a stepping stone rather than trying to change the short-term mindset that pervades the business.

What this means is that any initiative geared to reshaping and remodelling Corporate Culture should take the form of a series of events that cause change to be implemented. It just so happens that change can be quantified and reviewed in six-week bites. What this does to projects is focus attention to ensure that progress can be assessed each step of the way. This also builds a strong commitment to focus attention specifically on what has to change and what that change will become. Once clarity of purpose is evident then we can energise, organise and align people and resources to deliver. It really is very simple. A key learning point is that this approach works.

### Get the Process Right, and Change is Easy

The message we are communicating is that the process of change is more important than the actual content of the change initiative. A good initiative, poorly implemented is of little value to any organisation.

What makes the difference in growing success is the actual process by which change initiatives have been driven by the key actors in the process. Success leaves behind clues as to what worked and what did not. Here are our thoughts:

- Change has to be led – it has to have a Sponsor who will open the gates when their support is required.
- Change is about Partnership with Change Agents working with Sponsors and a special chemistry existing between internal and external change agents.
- External Change Agents are very valuable as long as they work in liaison with internal drivers. External people can confront issues and people that the internal cannot.
- Develop the internal capability to sustain change and if people are uncomfortable about that. . . . . tough!



When doing consultancy with a Bank several disgruntled Bank Managers told us “we did not join the Bank to be salesmen visiting customers – they visit us”. It was pretty clear that they needed a ‘mind shift’ to fulfil the Bank’s Vision for the future.

- A Vision of what the business is to become has to be communicated. It has to be specific and clear and demonstrate how all can contribute.
- We have to sell the real Corporate and Personal benefits of why the change is being introduced – otherwise why would anyone devote their energy and attention towards what the organisation is trying to achieve.
- Focus upon behaviours – people can change very quickly. Do not listen to those who say that ‘attitudes and behaviours take too long to change’. That tells us that the change agents lack flexibility and persuasiveness.
- Remember, change is a process that encompasses attitude as well as a series of methodologies and techniques. These cannot be acquired overnight by osmosis or from a book. The journey starts when people demonstrate curiosity about what will work and what will not. Some experimentation is required, as is knowledge of Organisational Development (OD). It is worth knowing that other organisations have made huge transitions and it is possible for any organisation to do likewise.

## Social Trends and Organisational Change

We must always remember that changes in social trends and patterns have a major impact on organisational life. For instance, in many parts of the country the biggest challenge we face is attracting and retaining the right quality of staff. We are still in the grips of the ‘Demographic Downwave’, suffering the effects of a falling birth rate from the 80’s. There are fewer high calibre people coming on to the labour market which is creating a significant shift in the supply of labour against the interests of employers. Consequently, good quality staff are increasingly hard to acquire.

## Demographics

In the City of London a good quality employee can name their own salary. Take into account the ‘Loyalty’ factor as well and we have evolved into a culture where it is regular, in many locations and in certain sectors, to change jobs and organisations in an ever-diminishing time span. We stay in jobs for shorter time periods and move from employer to employer quicker than ever before. In some circumstances, people are moving on to other positions before their experience has been tested and some would say even before they have been ‘found out’. Clearly, this is a major issue for the average organisation. As we enjoy virtually ‘full employment’ the best organisations are competing for the best people. And in many cases, organisations have not adopted HR strategies that are able to cope with this pressure.

## What’s Out!

**Re-engineering** – taking out levels of management without ensuring cross functional processes are in place is sheer lunacy. A good idea in theory – but too many wanted to reduce labour costs rather than improve service.

**Autocratic Leadership** – when will they get the message? The best people need to be retained. They need challenge and trust not conformity and control.

**Consultants** – especially the big boys who are seen as a long-term overhead that add little value – instead develop a cadre of Internal change agents

**TQM – Total Quality Management** – the real essence of TQM is confused with QA, ISO and Quality Circles – so 80’s

**JIT – Just In Time** – the infra-structure is first needed to create JIT not the other way around

**Any Bureaucratic Accreditation System – ISO, EFQM** – the hybrids that companies such as Bass and Hewlett Packard have evolved are excellent – adherence to a model without clear behaviour – business results causation is dodgy to say the least

**MBO** – really this is a technique that has more to do with communicating goals and maintaining the status quo rather than equipping the business with the superior ability to adapt.

**EQ or Emotional Intelligence** – it should not be, but those organisations that need it most reject it as warm and fuzzy training. If it is sold as leading to business improvement and tangible results in terms of measurable ‘individual and team performance’ it is a winner.

**360 Degree Assessment** – as a tool does little to change behaviour without a major drive to change Vision and Values

**Team Building** – is there anything really new in this area? This should be a tool for improvement not an end in itself

## The loss of Expertise

At the other end of the scale increasingly people in their mid 50’s and younger are encouraged to move on – perhaps to early retirement. Five years ago this may have been attractive as a policy but at what financial cost to the business and the invisible cost of loss of ‘best practice, market intelligence and intellectual capital’.

Working with several companies who downsized (because of acquiring other companies) I watched as good quality people walked into semi or full retirement while still young. In a Financial Services business we were astounded when the ‘expertise that created the company’ left with a generous payout to walk into another job just down the road.

**“If a company is a learning organisation – where is the learning in adopting the behaviour of failing to capture intelligence?”**

# Change Management

Our concern was the vast amount of knowledge, market intelligence, networks and key contacts that walked out the door at the same time without being captured by the organisation. If a company is a learning organisation – where is the learning in adopting the behaviour of failing to capture intelligence?

## Changes in Values, Beliefs and Wider Society

The organisation that exists today is a microcosm of society. We see the 'baby boomers' occupying senior positions within business and note the values and beliefs of these people as they shape the business they operate. As the 'yuppie' values of the first set of boomers declines, we can see the values of the next generation peeking through. The 'generation X'ers' have different values that will in turn be reflected in the evolving style of change management. For instance the 'X'ers' place more emphasis on life-balance issues, mastering personal potential, living a healthy, stress free lifestyle.

Living the non status 'team culture' will evolve and the values that underpin how business is conducted will change. The relative 'masculine culture' will become more rounded and values will become more feminine and holistic. Consequently, the change initiatives that are acceptable to these people need to evolve to fit with their models of the world. Note, in recent years the more sympathetic trend and approach to 'Emotional Intelligence', rejecting the one right way analytical approach to managing and motivating others. Here we have a clash of cultures between the 'yuppie' go for it at all costs approach and the more 'holistic and balanced' feminine approach. One approach is not right – the other not wrong. We just have to manage people with varying beliefs and values. That is the challenge. What is critical to managing the evolution we are experiencing is that initiatives that work will follow the lead in social trends and values. An approach that neglects these is doomed to failure.

## The Panacea: Speed of Change the Competitive Differentiator

The core competence for any business has to be speed at which change can be implemented. Speed is exciting and in order to succeed requires accurate analysis and decisive action. We live in a world of shorter product life cycles, of speedy and accurate digital transfer of information, shorter attention spans and sharper market and competitive intelligence with sharper people wanting to work for the best businesses. It only makes sense that we have to do things faster, better, at less cost and add more emotional value to our customers than our competitors. That will not happen by accident.

We have to design a process to ensure that we invent, design, steal or capture best practice in everything we do and implement it successfully and faster than the competition. We have to ensure that at close of business everyday we are at least equal to, and regularly better than our competitors. That single thought may be enough to galvanise our focus, energy and alignment to commit to driving change.

## Conclusion

If we were to consider the variety of change initiatives that the average organisation has endured in recent years the list would be long. The relative success of these ventures really rests with those who measure success. Generally, the view is that too few ventures have established their ROI.

Part of the reason for the failure to 'change' is that too few really understand the process. It is not the name of the initiative that will see you through – it is down to those who implement. Success is a mixture of commitment and skill between sponsors for change and those who implement – the change agents. This has to be a team effort.

Earlier we acknowledged several fads that had evolved and commentary was given to their relative success. It really does not matter whether another fad evolves or not. The panacea to resolve organisational difficulties is how the process for change is managed. That is a critical success factor when implementing any initiative.

Clearly, as the core values and beliefs of societal groups evolve so this will impact on organisational functioning. In order to evolve, organisations have to absorb and accommodate the values of different constituencies. This includes customers, consumers, staff and regulators including the Government. It is clear that rapid evolution, and, with it, change, is the agenda for the future.

The pace of change is speeding up and this brings problems to all organisations. But what concerns us most is that often the solutions have not yet evolved for the problems we will encounter today and tomorrow. Perhaps the only way to succeed is to truly master the process of change and to recognise that it is our ability to adapt which will ultimately determine our future rather than putting faith in the latest quick fix.

## References

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- 2 EMIYAHU GOLDRATT, 'The Theory of Constraints' North River Press 1990

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