

Systems and Culture

Adopting a Holistic Approach to Change

By Jack Horsnell

My business and personal bank accounts are held with different branches of the same bank. Last year, when I received my monthly statements it became clear that a cheque for several thousand pounds that I had drawn payable to myself had cleared my business account, but not been paid into my personal account. So I rang the bank on its new Customer Service Centre number. I was greeted with all of the cheerful, but concerned courtesy that one now expects from well trained call centre staff and explained my problem. The person dealing with the call checked my accounts through his computer access and confirmed that this appeared to be the case. He then explained that the procedure was that my complaint would be investigated and if valid, would be rectified. Investigation normally took three months. When I protested that the bank's own error was depriving me of much needed cash, he politely, but firmly insisted that procedures must be followed to protect the bank and the account holder against fraud. Nor was it possible, I was told, for me to speak to someone who had the authority to override those rules. Only after I had started to lose my cool was I told that a manager would be contacted to call me back. The manager who did so immediately agreed to take steps to credit my account and the problem was resolved.

The bank had put considerable effort into training its staff to present the face of a caring organisation to its customers. What it had failed to do was to match its cultural objectives with processes that supported them. The consequence was that a positive image became negative as soon as a problem was encountered. Yet dealing with customers' problems should surely be a primary role of a Customer Service Centre.

We must change the way we think about change

Over many years I have yet to come across an organisation whose staff have not claimed that things are always changing. But until relatively recently, this often meant no more than the photocopier had been moved or the office redecorated. Today things are different. Fundamental change really is a way of life.

Change is not always driven from the same source

Change in modern business can be driven in a variety of ways:

- **From a desire to benefit from new technologies.**

Increasingly, the challenge comes from business management to the head of IT. "I've heard about this or that aspect of new technology. How can we make it work for us?" The web, mobile communications and knowledge management are three notable current examples.

- **From recognition that business processes can be improved.**

Re-engineering the total business is no longer fully fashionable, but fundamental, usually cost driven change to specific functional areas, such as supply chain and accounts processing,

continues to be a frequently sought objective, whilst focus on process change to drive flexibility or quality improvement continues have a high profile.

- **From a desire to change culture.**

With an underlying emphasis on a combination of quality and cost effectiveness, more and more organisations are setting objectives around becoming more team oriented, knowledge led or customer focussed as well as seeking out to empower staff, eliminate the silo mentality and introduce flatter management structures.

A major global food and drinks company decided that its culture of fiercely guarded autonomy for its individual business units should be replaced by one which allowed and encouraged a new focus on group added value. The Group IT department decided that it could contribute to the change process by setting up an electronic global IT Best Practice Library. The library would ensure that duplication of effort between business units was minimised and that IT managers around the world were supported in adopting the policies, procedures and standards that delivered the best results. In time this would lead to a common approach and more effective use of resources world wide.

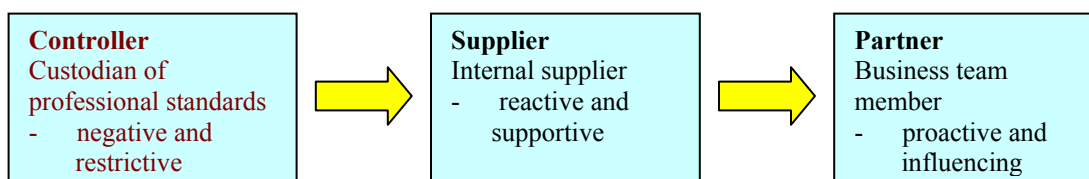
A librarian was appointed and considerable time and effort was invested in designing and building a Lotus Notes Document Database, identifying and evaluating thousands of documents collected from across the group. To support quick evaluation by users, synopses were written for each document and hot key links were provided extensively between documents to support rapid navigation.

Six months after launch, the only visible success was the occasional use of the chat room attached to the library by a handful of technical managers who compared notes on evaluation and experience of new products. The number of meaningful hits on the database was minimal, no new documents had been voluntarily contributed and there was no evidence of any changes in practices or standards across the group. Shortly afterwards, major changes in the constitution of the group put any further activity on hold and the library disappeared, never to be resurrected.

Why did this initiative fail? Because Senior Management had signalled a change in the culture of the group without initiating concerted action to drive that change. The IT led initiative failed to recognise that a change in process depended on a fundamental change in the behaviour of the staff who were required to operate it and that behaviour is a function of culture. The objectives of the initiative could not be effected through process change alone. The previous culture of internal autonomy was deeply embedded and had been reinforced by years of recruitment of independent and aggressive managers and staff who were rewarded for exercising those qualities. Successful culture change required new processes, but those processes depended on new behaviours that reflected the culture.

The evolving role of the change agent

At the same time the role of the in-house service provider is also changing. For example, the relationship of the typical internal service function such as HR or IT with the its users has been evolving over the past fifteen years or so and will continue to do so.



Most internal service functions have moved from control to service provision. Few have fully taken the next step towards business partnership. Successful business change demands that this next step is taken soon.

The Technical Services Department of a Local Authority decided that it needed to eliminate bureaucracy from its operation and that the way to achieve this was through a review of administrative processes. It was decided not to spend time and effort in examining in detail what took place at present, but to concentrate instead on a 'clean sheet' approach to the design of processes for the future. To support this a series of workshops were set up for each key functional area within the department (architects, civil engineers, highway engineers, planners, building surveyors etc) with representatives from different levels and activities in attendance.

It soon became apparent that the ability of the workshop members to 'think out of the box' was severely constrained by the culture of the organisation. It was impossible for them to visualise systems that did not recognise that administrative tasks must be managed by administration managers. The professional and technical managers and staff within the department viewed administrative work with a mixture of both awe and contempt. To get involved was beneath their dignity, but also required skills that they did not possess. To them it was self evident that when managers and professionals were forced to become involved, their paperwork must be checked by administration staff or managers. It was equally obvious that it was never cost effective for managers and professionals to do any low grade work, even when a task that would take each of several hundred professionals ten minutes a day required the employment of additional junior staff. Furthermore, this 'professional elitist' culture operated within the context of a broader, organisation wide 'parent child' culture, which assumed that all but most senior managers were limited in their ability to handle complex tasks or information and required tight control and direction in order to counter a propensity to misbehave.

In such a culture managers and staff only felt comfortable with processes that reflected status rather than effectiveness, conformed to silo structures and provided 'long stop' checks on people's work. They failed to recognise the dangers of fragmented accountability and responsibility or processes that inhibited delegation and disempowered managers and staff.

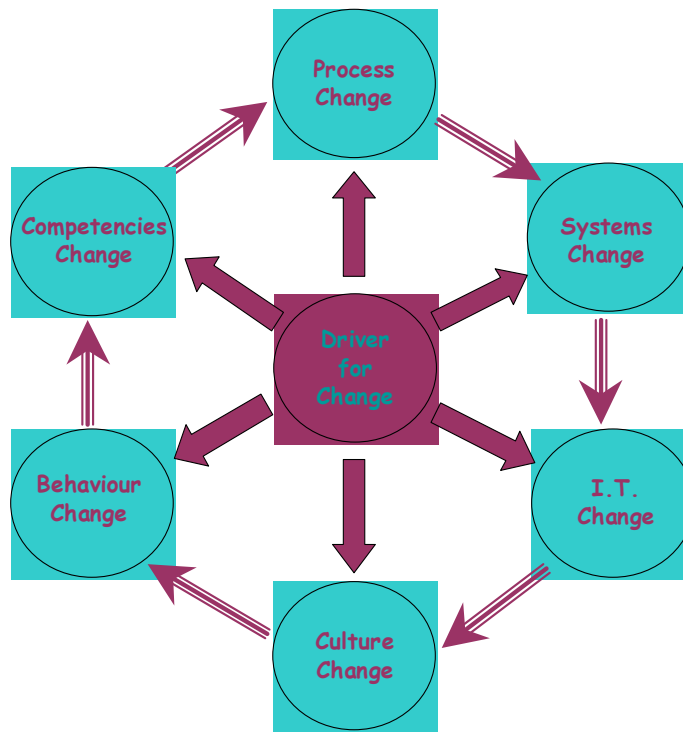
In the workshop environment it was possible to challenge these attitudes and facilitate a degree of change, but implementation of processes that genuinely eliminated bureaucracy could only be achieved when the culture of the department, and, indeed, of the whole organisation, was changed.

Senior management within the authority had quite rightly recognised bureaucracy as an issue, but had failed to recognise that the organisation could only have operated at all over the years because processes and behaviours were in harmony. Bureaucratic processes supported and reinforced bureaucratic attitudes and vice versa. By changing one without the other, either the process of change would fail or the operation would become dysfunctional.

Change as a holistic process

I have highlighted three examples where culture, technology and process, respectively, were the drivers for change. In each case the process of change did not successfully deliver because of that single focus. The organisations concerned failed to recognise the essential requirements for a holistic approach.

No matter which driver is seen as initiating the need for change, success will only be achieved if the relationship between all of the elements is recognised and the interdependence of each during the change process managed.



A new partnership for HR and IT

Success in managing this holistic approach to change is dependent on a changing role for two key internal functions, HR and IT. Firstly, they must achieve a full transition from reactive service provider to proactive partner within their organisation. Secondly, they must set aside old suspicions. No longer is it enough for IT to be the uncooperative provider and supporter of the computerised HR database and HR to be the people who fail to recognise the special recruitment and development requirements of IT. Instead they must work together to establish a working business partnership that helps their organisation achieve a truly holistic approach to change.

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