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Feature

Change culture success stories

Change Culture

Opening closed minds can stimulate change and help create a constructive corporate culture.

By Sheryl Nance-Nash

"Change or die," says Judith Glaser, author of *The DNA of Leadership*. "We stop changing, or stall out, when we are perpetrating a survival mindset which drives us into fear, status quo, a failure to take risks, dictatorial behaviors and entrenchment in the past," she explains.

No doubt change is vital in this fast-paced, global economy. Markets, industries and ways of doing business stand still for no one.

"If you look back 10 years, little that was then is the same now," says Jeff McEwen, a leadership development coach, specializing in financial services for Cambridge Leadership Associates in Massachusetts. If you don't stay at the forefront, your company may fade until there's nothing there at all.

"The pace of change is accelerating," adds David Calfee, vice president with Bridge Strategy Group, a consulting firm in Chicago. "The fast will eat the slow. Be ready for change or be overtaken."

But as important as change is, few things are resisted quite as much. "Resistance to change is about loss—of power, skill, the norm, and more. If you truly want to anticipate the areas of the organization that are likely to resist change, ask yourself who stands to lose something, even if that loss is a misperception," says Bill Treasurer, founder of Giant Leap, a consulting firm in Ashville, NC.

The status quo has many constituencies.

"Creating a culture of change where one does not already exist is a change in itself—probably the most difficult change to execute. Too

often people try to do it like Superman—in a single bound," says Rick Brenner, owner of Chaco Canyon Consulting in Cambridge, Mass. "But that's the approach least likely to succeed," he adds. Think big, but start small.

Read on for guidelines that will help you marshal your company through change and create a culture that, in fact, embraces the new and innovative.

Develop a checklist J. LeRoy Ward, executive VP of ESI International, a professional development training company in Arlington, Va., has devised a change readiness checklist, which, he says, should be consulted before you move forward with your change initiative.

> **Size up the effort.** "Does the change appear to have broad-based support? Who are the key stakeholders? Who is the key sponsor? Who would like to see failure?" Ward asks. You want buy-in at all levels, and especially from key influencers who can talk up the effort.

> **Make a case for change.** Why the need for change, and has that need been communicated? For example, will it allow for greater customer satisfaction, cost reduction, getting new products to market faster, increased profits? The vision must be clear. "Can it be described in a 30-second elevator encounter? If not, that's a telltale sign the organization hasn't made a good case for change that everyone can understand," says Ward.

> **Ensure there is a "guiding coalition."** "There should be a guiding team of individuals at various levels promoting the effort. This group should be able to make things happen," Ward advises.

> **Establish a communications plan.** "Identify who should receive what information when, how often, and in what format. In most change efforts people are afraid they're going to lose their jobs plain and simple. Be ready to sell the change," says Ward.

> **Create short-term wins.** "Have specific metrics to show incremental progress. For example, you want 50 percent of users online by such and such a date, or 25 percent of components installed and operational by a certain date," Ward recommends.

Nurture the process Many factors come into play before achieving the desired change. "The process takes time, vision, role-modeling and benefits for all involved," says ArLyne Diamond, PhD, a management consultant with Diamond Associates in Santa Clara, Calif. "The transition to change must be managed over a long period of time. People will pay lip service to change, but revert back to their old ways of doing things almost immediately without constant reinforcements. Statistics suggest that only 12 percent of people actually embrace change and adopt new behaviors. So allow the time, extra resources and encouragement needed to institute change," she says.

Surveys, handouts, small group meetings, workshops and other reinforcers are vitally important. Motivation is essential; employees must be convinced of the personal and professional benefit to themselves, as well as to the organization.

Ultimately, value pressure. "Expect disruption and surprises. In fact, change can be additive," says Treasurer. "Change requires more work. You must look to offset that with reductions—what can you stop doing, so that you have more energy to make change."

Embrace the change principle How do you create a culture that embraces change? The ideal environment is one that combines creative energy with structure. This balance offers the more free-spirited employees within an organization the tools to organize their efforts, while providing the more traditional or conventional employees room to explore broader, more creative endeavors, says Patricia Thorp of public relations firm Thorp & Co. in Coral Gables, Fl. "Cultures of change are created by rewarding creativity or out-of-the-box thinking. Innovation must be recognized and celebrated."

Performance management is also key. "Those who embrace change should be rewarded and promoted," says Treasurer. Furthermore, ensure that employees feel comfortable speaking up and expressing their views.

"Healthy dialogue leads to the best decisions," says management consultant Kerry Patterson of VitalSmarts in Provo, Utah. He adds that trust must rule the day. "If you've been dishonest in the past, employees will not trust what you say about the impending change. Being honest about the advantages and benefits of the change is important. Don't overstate the positives or understate the negatives. You'll lose credibility," he says.

Much as change is necessary, don't betray your identity. "While you change strategy, be consistent with your core value system. Be cautious about changing your values and philosophies," says McEwen.

Realize, too, that change is a full-time job. "Create a Program and Change Management Office that will be responsible for process, methodology, budget, reporting and communication," recommends Keith Eades, chairman and senior managing partner of Sales Performance International in Charlotte, NC. Establish a change "czar" within the organization and make the change initiative "priority number one" for everyone, he adds.

Remember, changing the way people think is harder than most anything else. "The real key is to effect change at the individual level. You have to win both the individual's heart and mind," says Eades.

The business graveyard is littered with companies that failed to grasp change. The principle is simple: If you don't change, you will fail. A business that resists change is essentially resisting its own survival. It's those companies with a high-energy, creative culture that ultimately win. □

Change culture success stories

Tom Petro came on board as CEO at the Fox Chase Bank of Hatboro, Penn. just under a year ago. He's fixed a lot of banks in his time, and he's been working hard to be the change agent that will get Fox Chase back on track.

The first thing he did at the 137-year-old institution was create a "guiding coalition." "In my first five days I met with different department heads, supervisors—many people throughout the organization," he recalls. "Within three days I had to lay off some people who were poison to the company—people who it was clear to me would not change their stripes."

The bank was in trouble because it pursued a risky business strategy, one that it didn't have sufficient expertise for. Things were so bad before Petro arrived that regulators slapped Fox Chase with a cease-and-desist order to stop unsafe banking practices.

Fox Chase, which was formerly a retail bank, shifted to commercial banking. However, no one on staff had done commercial loans. Petro and his coalition looked for people with the right skills sets for the new direction the bank was taking, and hired five key c-level executives. "Because the guiding coalition was involved, the introduction of new talent at that level didn't create enormous strife," says Petro.

The new team was in place by November 2005, and before long Fox Chase had launched three new business lines, a suite of electronic products, commercial loans and cash management products to support businesses.

Petro is relying on a variety of measurement tools to track the turnaround's success. He can see vast improvements on some fronts already. "Every business has a metabolism. When I arrived ours was dreadfully slow—lots of plaque and clogged arteries. The challenge has increased the metabolism; we're working together," says Petro. "We were at a standstill, starting uphill, we had to crank it up, and I as the leader had to lead the charge. The bike is now cresting the hill. The energy is good." In a year or two, Petro expects the financials to look just as promising.

Change can be rewarding. Atwell-Hicks, a private land development company in Brighton, Mich., developed an employee suggestion/feedback program to encourage staff to become more involved with company governance and to brainstorm solutions to improve the firm and stimulate growth. The program generated more than 900 suggestions and ideas, realized $2-3 million in savings and efficiencies, and distributed over $150,000 in program bonuses to staff.

For Robert Cannon, president of consulting firm

Cannon Advantage in Burton, Ohio, Roadway Express is a favorite success story. "They were a real military, command-and-control-type organization, but they've moved to a participatory culture," says Cannon. The employees were "empowered" and initiated a variety of changes on their own. Truck drivers were empowered to ask for more freight from their contacts, rather than relying solely on the sales force, for example. The results, says Cannon, were "savings of more than $4 million—and that's just one area."

Letters: Give us your insights on this topic.