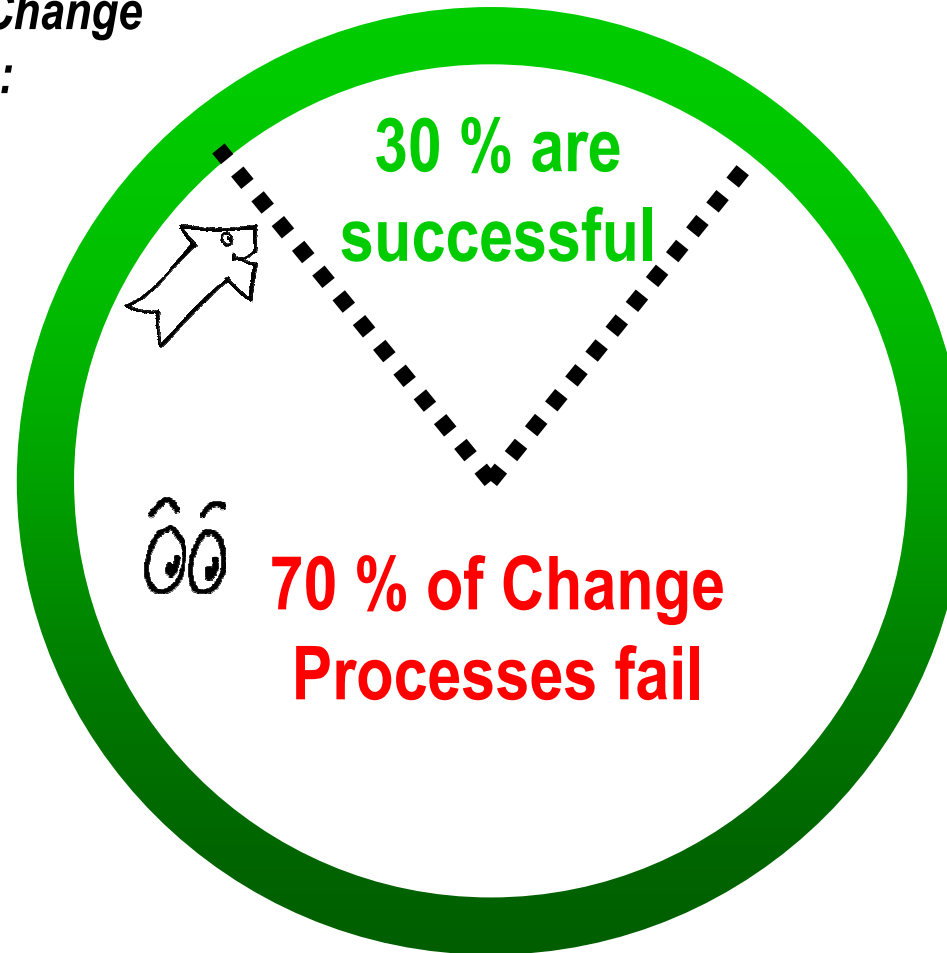


Klaus Eckrich

What research on Change Leadership tells us:



Sources:
Hammer/ Champy
KPMG



Norton/ Kaplan even say: 90 % of Strategy Processes don't bring the results expected!

Cultural Change often is notoriously hard and difficult work

But:



If everybody in the room gives a clear answer to the „Spice Girls‘-Question“

Cultural Change can also be both a challenging and exiting journey!!

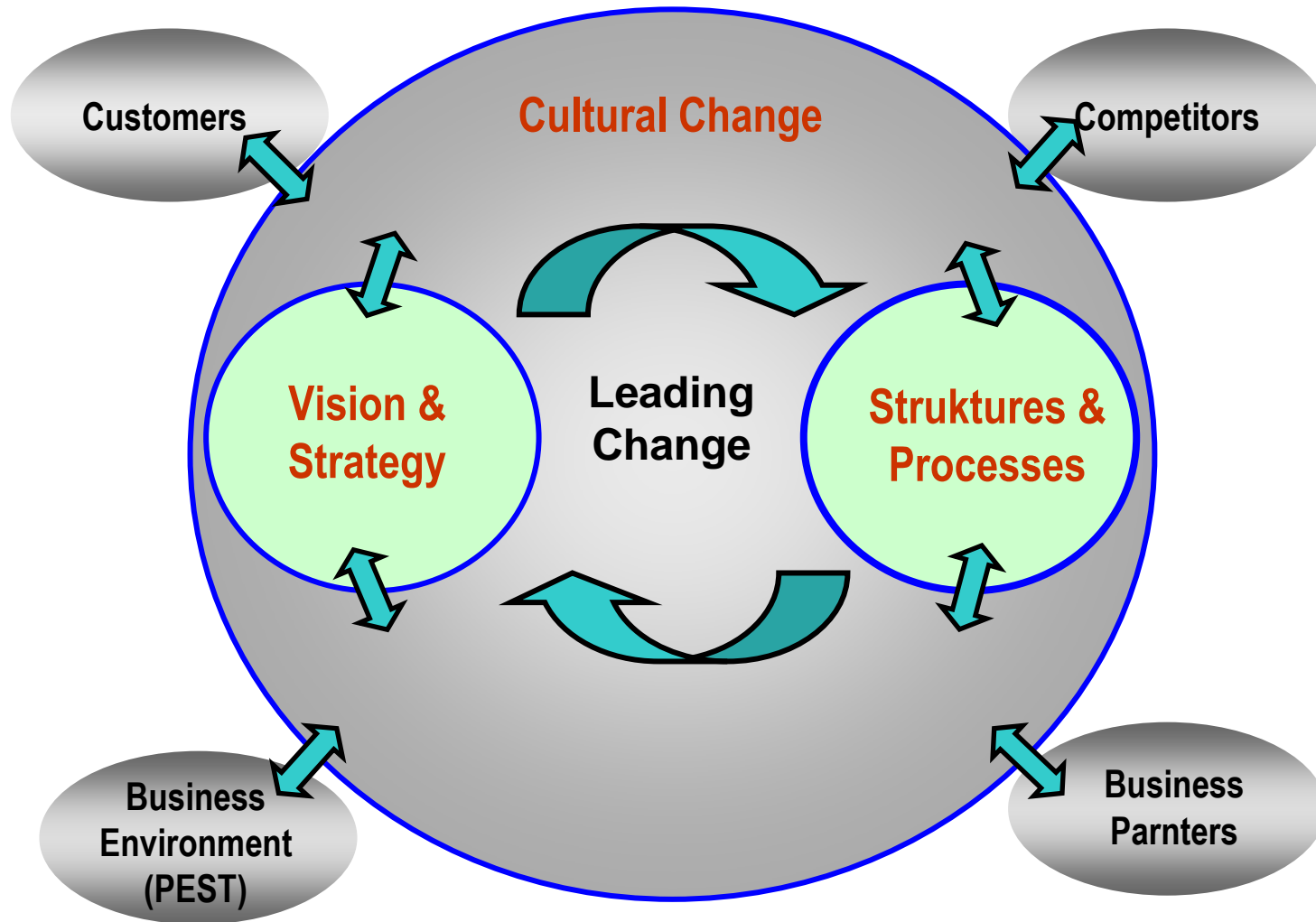
For us Leaders in CC

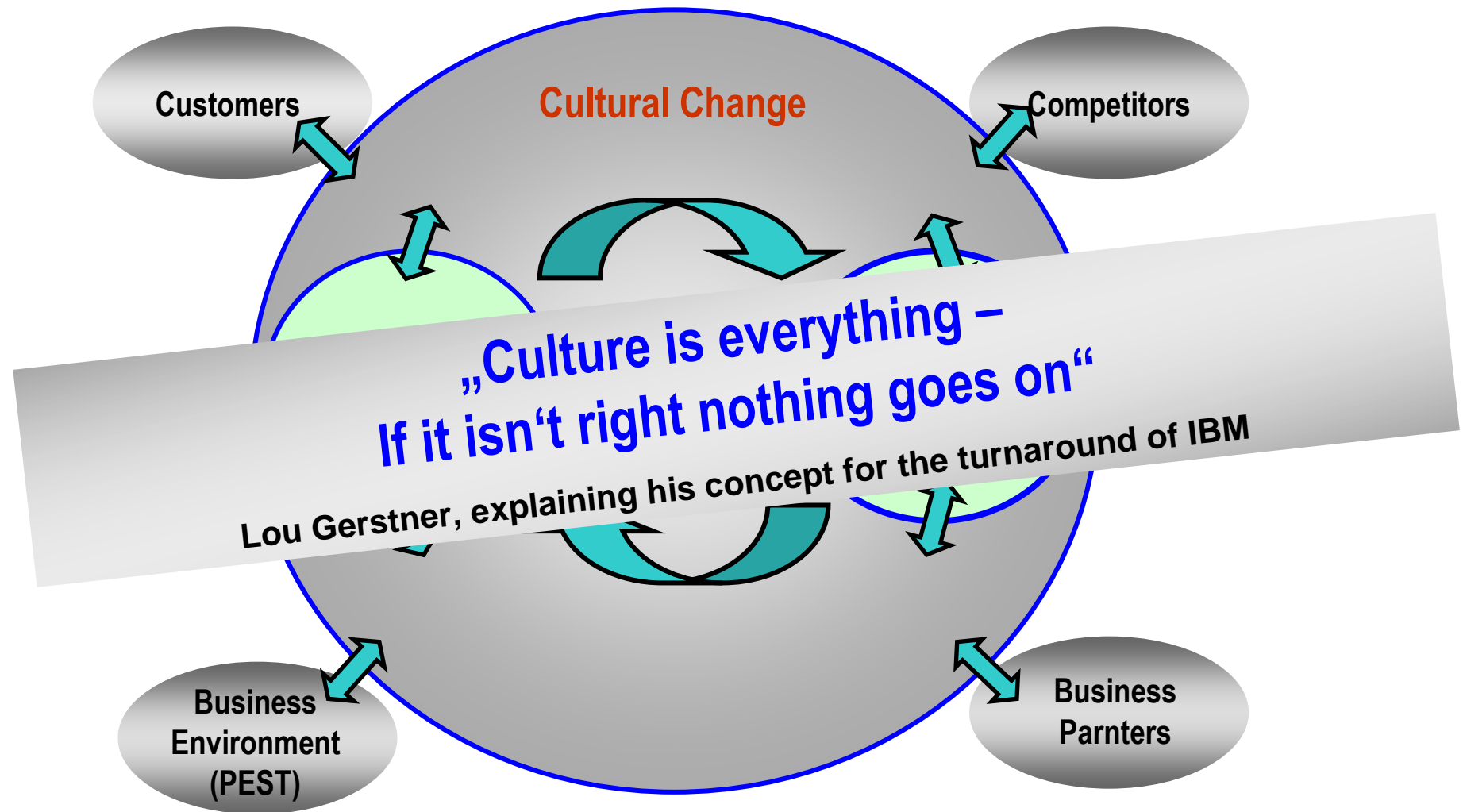
Cultural Change is a

- **discipline rather than**
 - **a short term action**
 - **an annoying task.**

- **To help you to prove your commitment for the cultural change challenge**
- **To give you an idea of benefits, success factors and reasons for disaster**
- **To make you familiar
with basic concepts of culture and a
pathway that makes changing the mindset in a company workable**
- **To make a starting point for CC Change TODAY!**

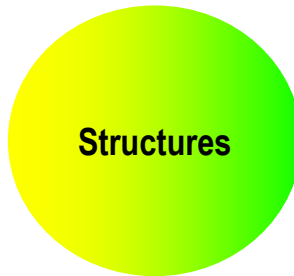
- **Cultural Change: Understanding the comprehensive context**
- **A roadmap: Five Steps to make change happen AND sustainable at CC**
- **„Workshops“: Try it out and experience**
- **Why Cultural Change becomes painful and how to prevent CC from failures**
- **Conclusion**





Just one typical example

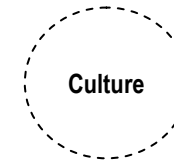
2003 / 2004



- Restructuring the corporate site
- Merger of two divisions + acquisitions



- First time: A shared Vision and Strategy



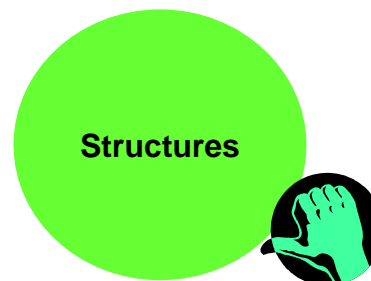
- There is some odd thing called culture
- First ideas what it could mean

2008

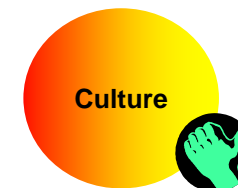


- Much more Professionalism, esp. Products, M&A
- Priority of TOP-Management
- ,But': DANGER to stretch structures too quickly and put to loose culture out of sight again

www.changehouse.de



- Matrix.
- Project-Management
- Team,
- Cross Cultural Capacities



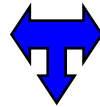
- Slowly but constantly changing day to day business
- Growing understanding: Culture as task of line Management rather than only of HR

Some Standard Attitudes to Cultural Change : 25 Excuses

1. Why change it? It's working all right.
2. We've been doing it this way for 5/50/500 years.
3. Everybody does it this way.
4. The Consultant/Boss/Staff/Shareholders/Government etc. won't like it.
5. The Unions won't accept it.
6. Of course I like it, but..... (Please complete).
7. We've tried it before.
8. It won't work in a small place like ours.
9. It won't work in a big place like ours.
10. It just won't work.
11. It might work but it would cause too much trouble.
12. We haven't the money.
13. We haven't the staff.
14. We haven't the equipment.
15. We haven't the time.
16. It needs further investigation.
17. You can't teach an old dog new tricks.
18. We'd lose money on it.
19. Let's wait till the next financial year.
20. Let's wait for the new organisation / standards / chairman's report etc.
21. Let's wait until ???? retires.
22. Let's wait till we get the new computer / office / warehouse etc.
23. We're doing all right without it.
24. We're not as bad as
25. We'll appoint a committee.

Source: Trevor Wood

*Vision
Strategic Goals*



*Restructuration
Prozess improvement*

1. Commitment:

- > Who takes responsibility?
- > What is our common understanding of culture?
- > Why do we focus on culture?



4. Action: ‚Moments of Truth‘

- > What do we really do to change?
- > Who does What?
- > When?
- > What about quality and costs?

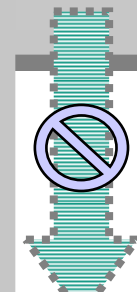


2. The starting Point:

- > What does our current Culture look like?
- > What do we like – what do we need to stop or change?

3. Our new Culture:

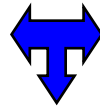
- > How does a culture look like, that effectively supports our strategy and structures?



5. Learnings:

- > Which disasters should we avoid?

*Vision
Strategic Goals*



*Restructuration
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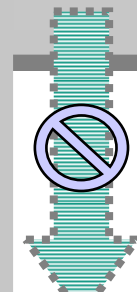
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...



... 100% commitment – 99% is not enough



... commitment from the Top – Bottom-Up does not survive



... full ownership of Line management – HR supports, but can't change anything



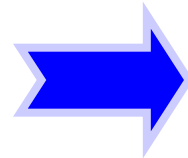
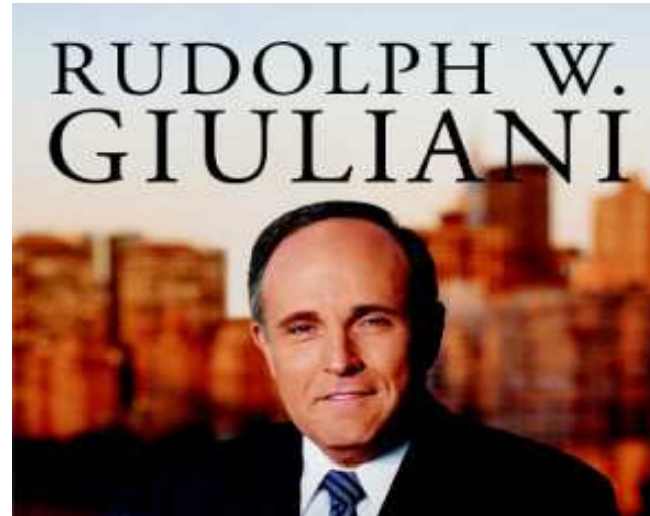
... full ownership of each Line manager – No exclusion zone / No excuses > Bare in mind the „Broken Windows Theorie“!!! 



STOP here!

if you are not shure about your comitment! 

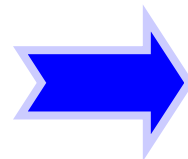
**New York's Mayor from
1993 - 2001**



Murders went down by two thirds

Shootings went down by 75 %

Burglaries went down by 62 %



If you see one broken window in a house, (where nobody cares),

authorities must repair it at once!!!



Geert Hofstede:

“Culture is the **collective programming** of the human mind that **distinguishes** the members of one human group from those of another. Culture in this sense is a **system of collectively held values.**”

Edgar Schein

“Culture is the deeper level of *basic assumptions* and *beliefs* that are **shared by members of an organization**, that operate **unconsciously** and define in a basic ‘**taken for granted**’ fashion an organization's view of its self and its environment.”

With the term **Culture** we refer to ...

- people's system of values,
- people's set of attitudes and
- people's behaviour.

Corporate Culture is specific to each organisation

(Source: adapted from Heinen, E. and Dill, P.; Tompenaars, F.)

Value

is the quality of beeing useful or desirable

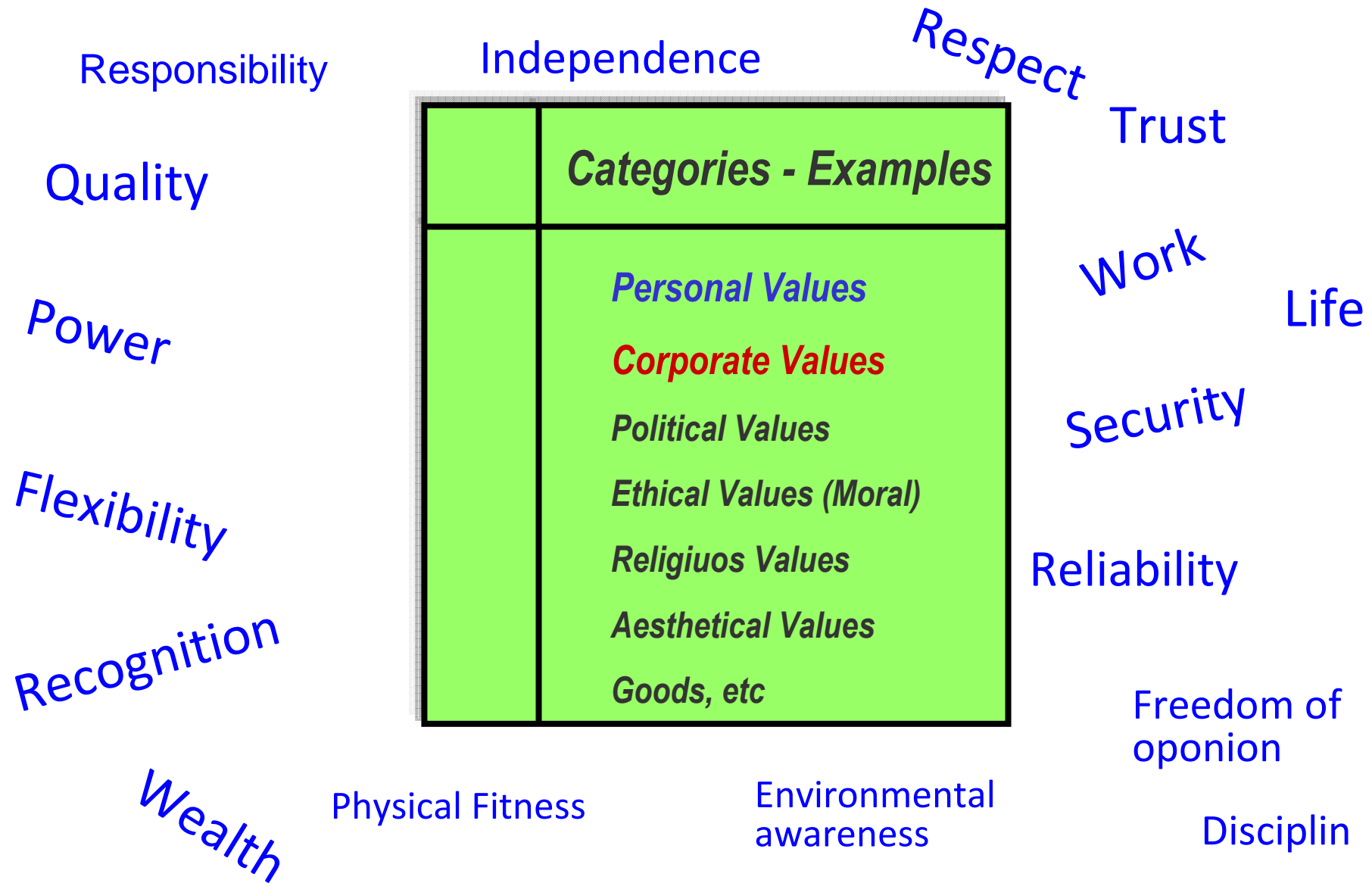
Attitude

is the way of behaving, thinking or feeling

Behaviour

is the specific treatment shown to others

Examples of Values ...



Values mainly are used in a positive sense

e.g.

Respect

Trust

Reliability

But can also be negative or missing

e.g.

**Disrespect or
Missing respect**

**Mistrust or
Missing Trust**

**Unreliability or
Missing Reliability**

Note:

Violence – No Violence

Racism – No racism/ tolerance?



Sekretärin
Secretary (female)

Attitudes – What's that?

Chef (Mann)
Boss (male)

Workaholic

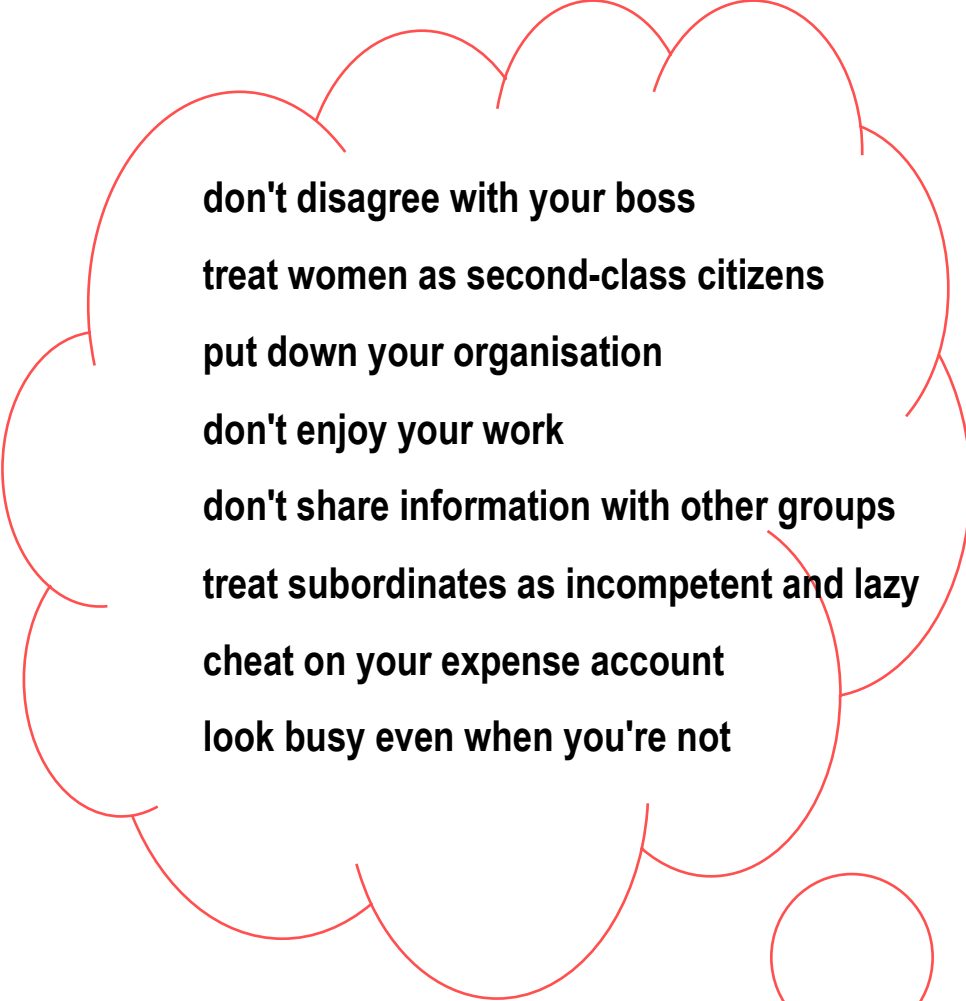
support the work of other groups	versus	put down the work of other groups
always try to improve	versus	don't rock the boat
live for yourself and your family	versus	live for your job and career
be proactive	versus	react only if necessary
be customer oriented	versus	In love with technology
Ready to change	versus	Stick to the past

Source: Trevor Wood

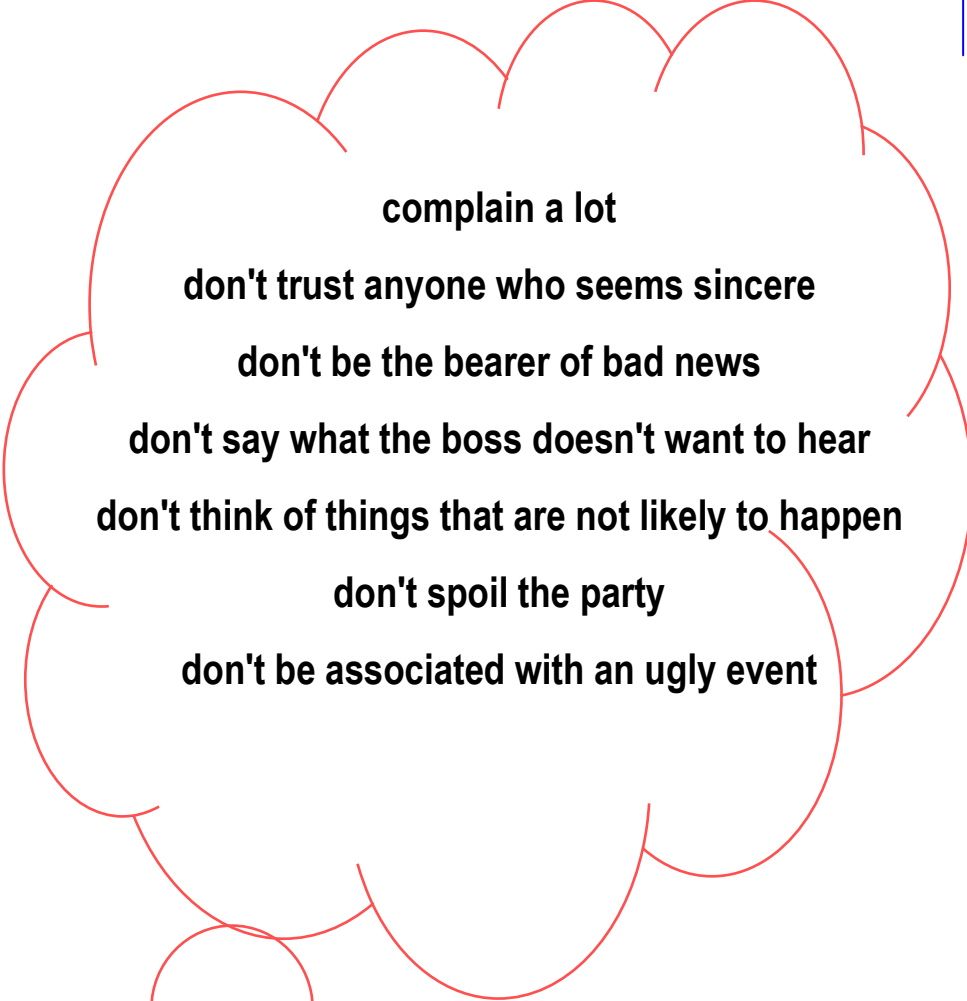


- ❖ bring uncomfortable issues out into the open
- ❖ listen to other members' viewpoints even if you disagree with them
- ❖ encourage zany and bizarre perspectives to insure that nothing important and possible has been overlooked
- ❖ treat everyone with respect and as a potential source of valuable insight and expertise
 - ❖ congratulate those who suggest new ideas and new ways of doing things
 - ❖ don't criticise the organisation in front of clients or customers
 - ❖ enjoy your work and show enthusiasm for a job well done
 - ❖ help and support other groups in the organisation

Source: Trevor Wood

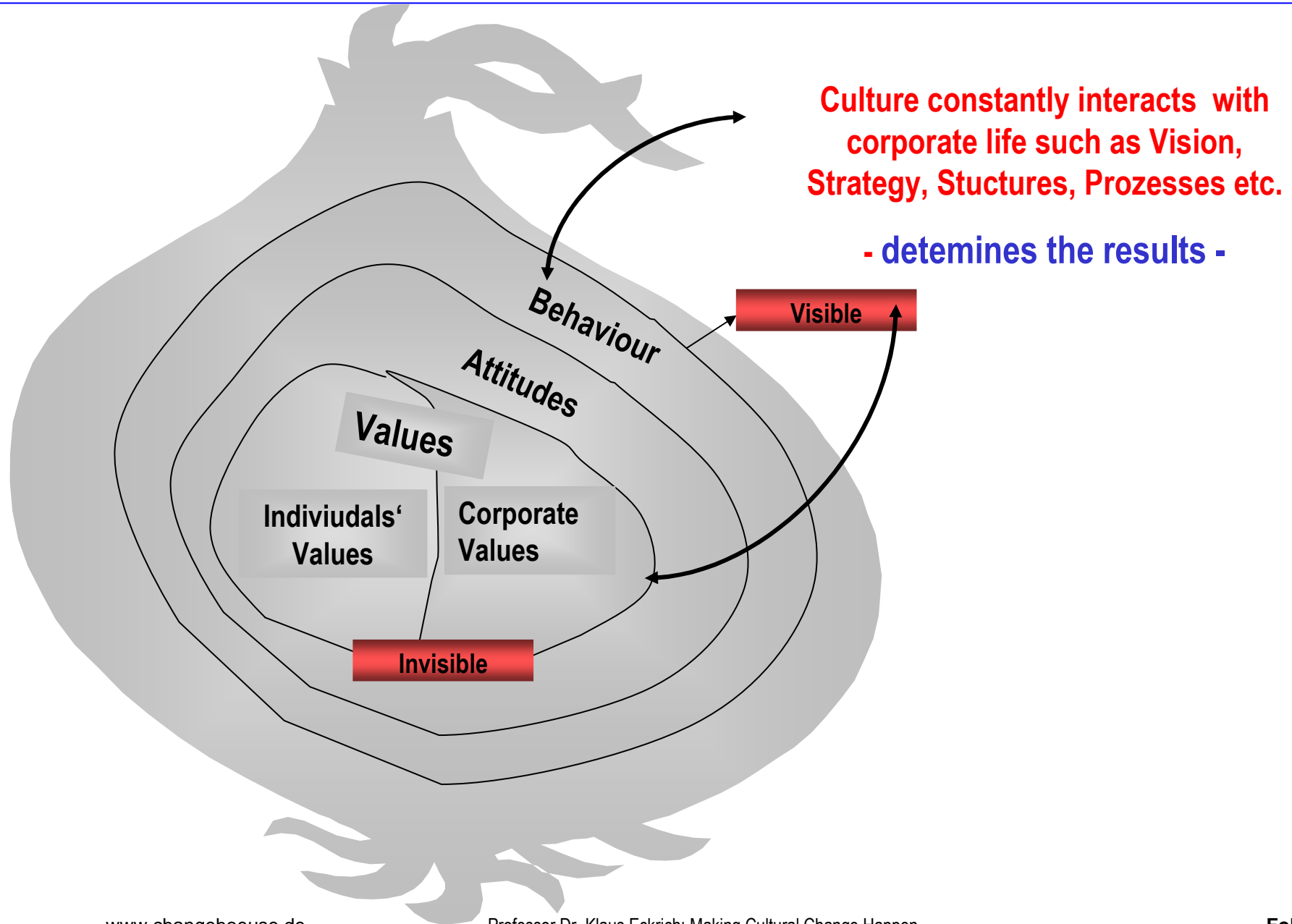


- don't disagree with your boss**
- treat women as second-class citizens**
- put down your organisation**
- don't enjoy your work**
- don't share information with other groups**
- treat subordinates as incompetent and lazy**
- cheat on your expense account**
- look busy even when you're not**



- complain a lot**
- don't trust anyone who seems sincere**
- don't be the bearer of bad news**
- don't say what the boss doesn't want to hear**
- don't think of things that are not likely to happen**
- don't spoil the party**
- don't be associated with an ugly event**

Source: Trevor Wood





In CC, do we need to have ,a culture‘?



What has culture to do with ethics?



How long does it take to change behaviour, attitudes and values?



Your Challenge: Set up a Leadership Process to identify and commit CC's core Values and related attitudes and behaviours!

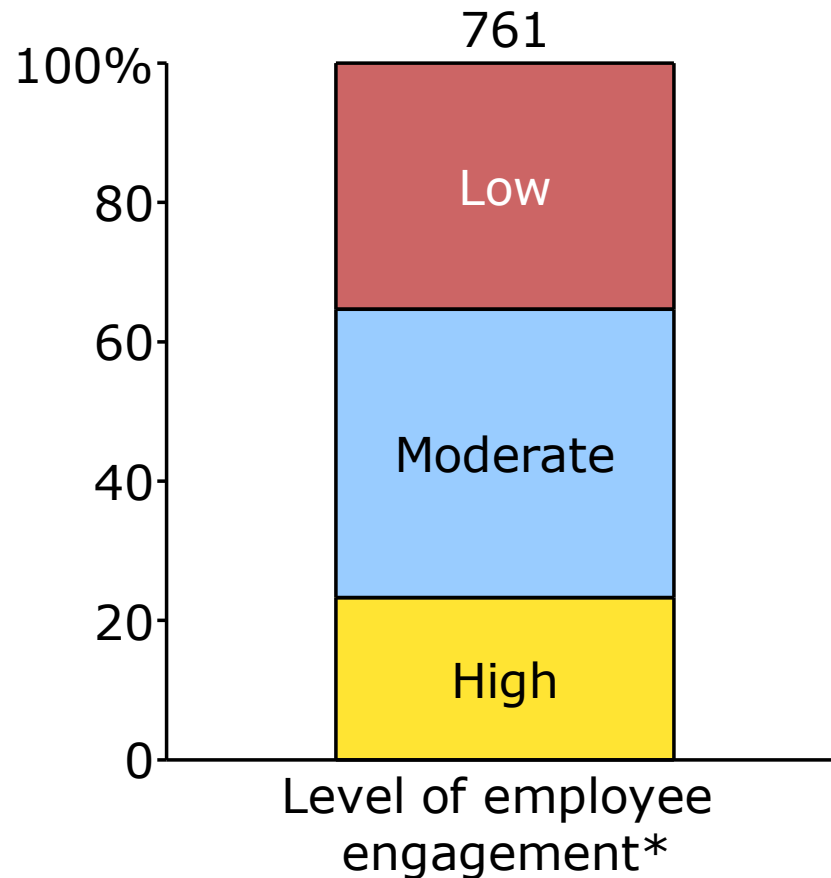
Why is Corporate Culture Important to XY?



Corporate Culture explains one third of financial results of companies.

Employee-orientation is the most important factor.

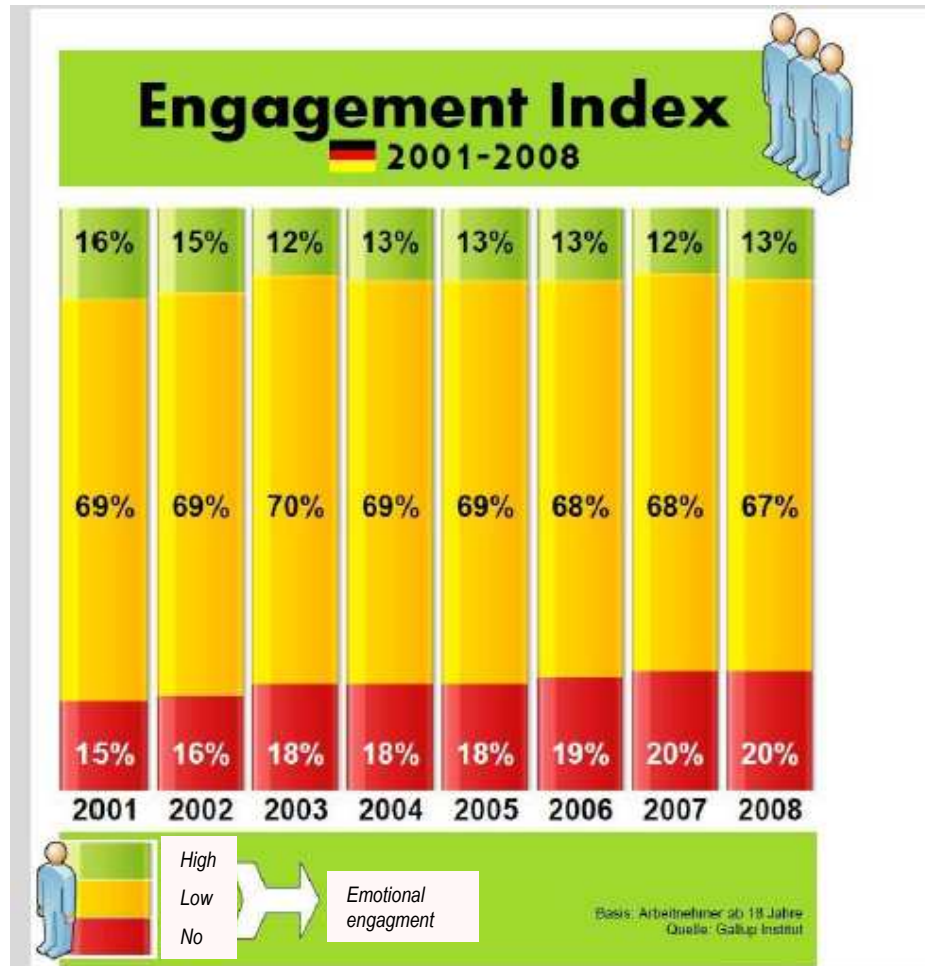
Percent of respondents



- 87% of Americans don't like their jobs¹
- Only 19% of the UK workforce are engaged in their job²
- 18% of Australians are “actively disengaged” - looking for ways to sabotage the plans of their employer and more motivated colleagues²
- 80% of British workers feel let down by their boss and a third don't trust them at all³
- Fewer than half of US workers say they have confidence in senior management⁴

Note: *Employee engagement measured by 'Net Promoter Score' ("How likely would you be to recommend your company as a place to work to a friend or colleague?" 0-10)

Source: Bain/eRewards decision and organisation effectiveness survey 2008 (n=761); 1. Forbes.com, 2. Gallup, 3. UK Investors in People, 4. Rightreality.com



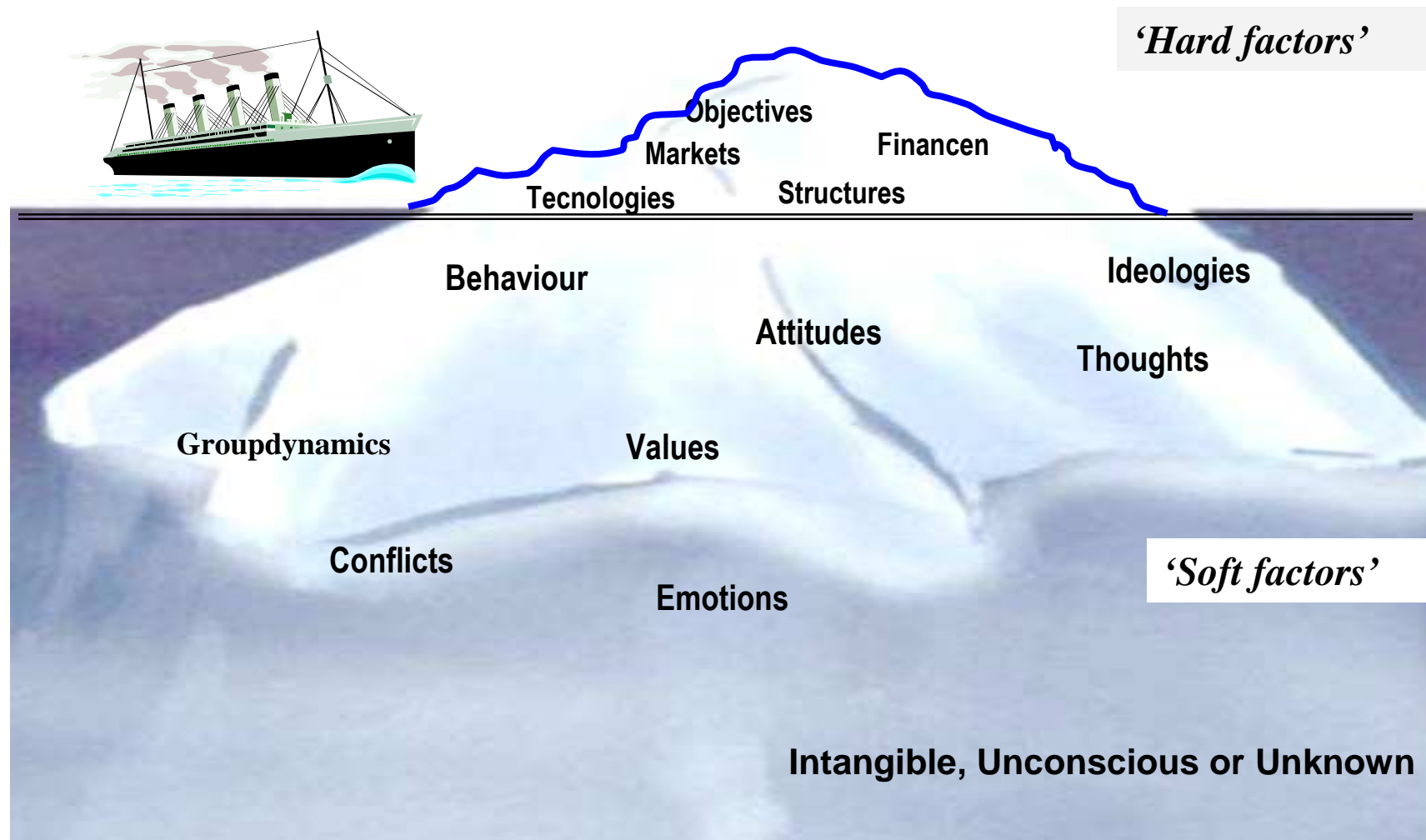
Gallup

Approx. 100 Bn € annual costs because of

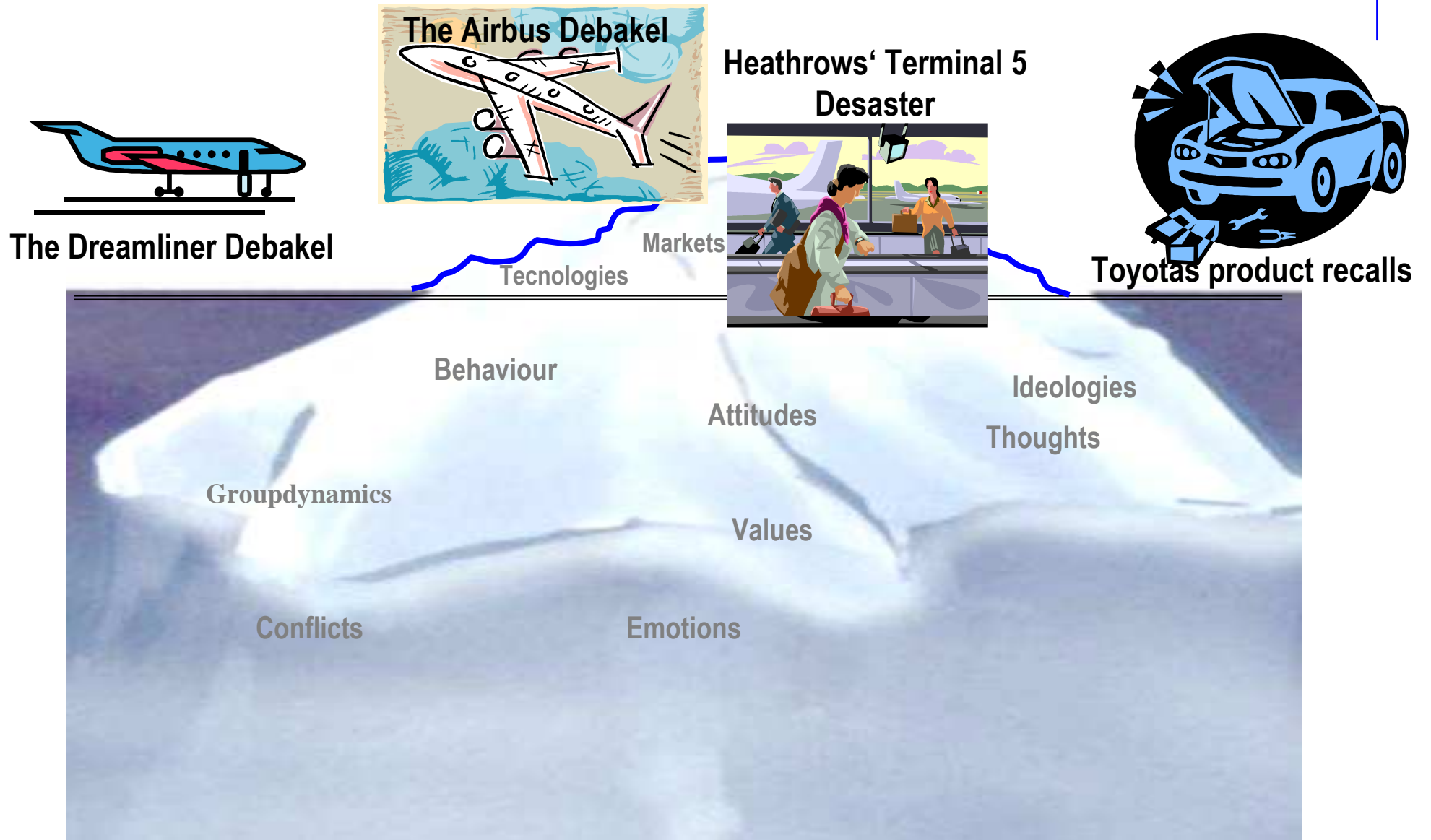
- days absent
- fluctuation
- low productivity

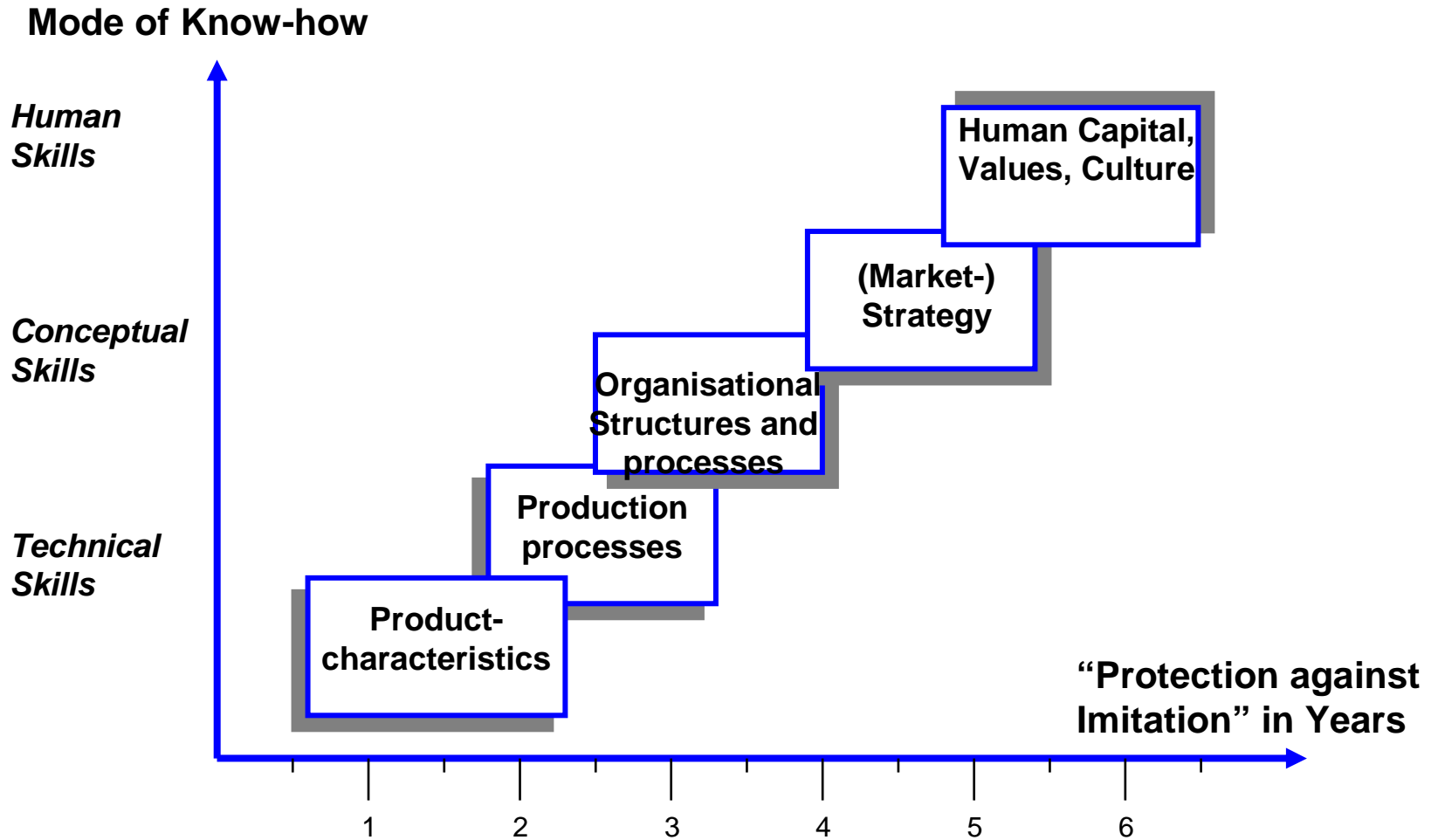
Source: Gallup Institut Potsdam

Tangible, conscious and Known



How The Iceberg-Approach applies to real life





(Source: adopted from Hohmann, R., Bittmann, B. (1994))

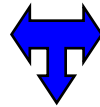
- ✓ Does the leadership team really know what it means ,Commiment' for cultural change?
- ✓ Is there a common and shared understanding about the concept of culture and benefits of cultural change?



What does it mean for CC,
if we miss the hurdle at that stage?



*Vision
Strategic Goals*



*Restructuration
Prozess improvement*

1. Commitment:

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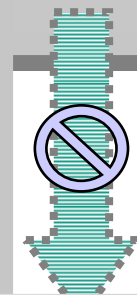
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3. Our new Culture:

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5. Learnings:

- > Which desasters should we avoid?



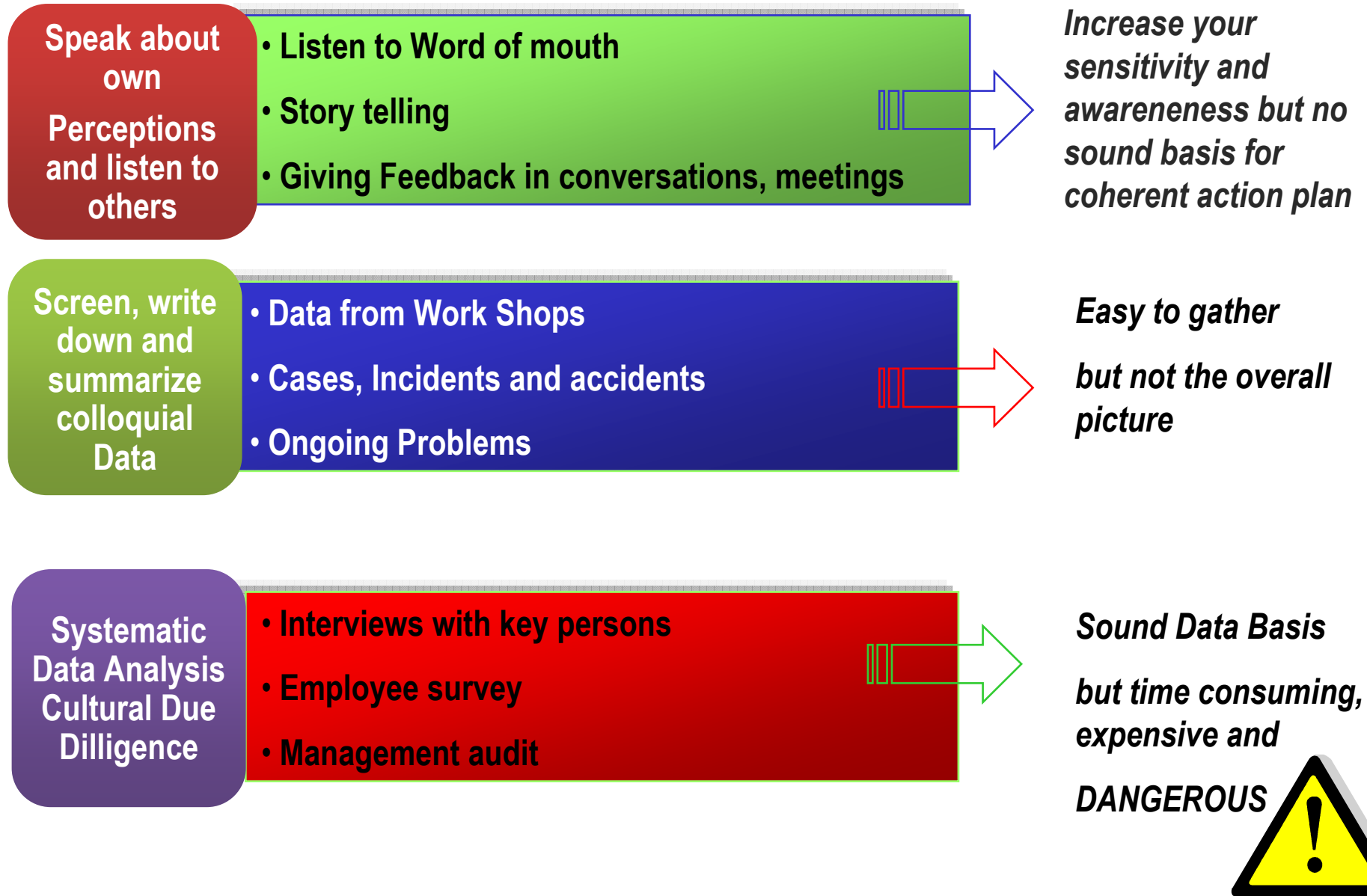
2. The starting Point:

- > What does our current Culture look like?
- > What do we like – what do we need to stop or change?



- You only get what you can measure!
 - Make a clear starting point
- Leave the zone of speculation and personal assumptions

How do we Asses our Current Culture?





Bad Leadership and bad Communication

- We mail to often rather than really speak to each other
- No information from from the top
- Leaders do not decide
- Leaders don't walk the talk

Insufficient Cooperation

- ... No Real Team Spirit
 - Personal contact missing
- No trust in boss and colleagues
 -

Fears,
Pressures
lockages

No open
communication

Too many
experts,

Make Use of colloquial Data

CHANGE HOUSE

Conclusions about Leadership behaviour

- ◆ No Disziplin
- ◆ Leaders don't stick to their promises
- ◆ Lack of Honesty

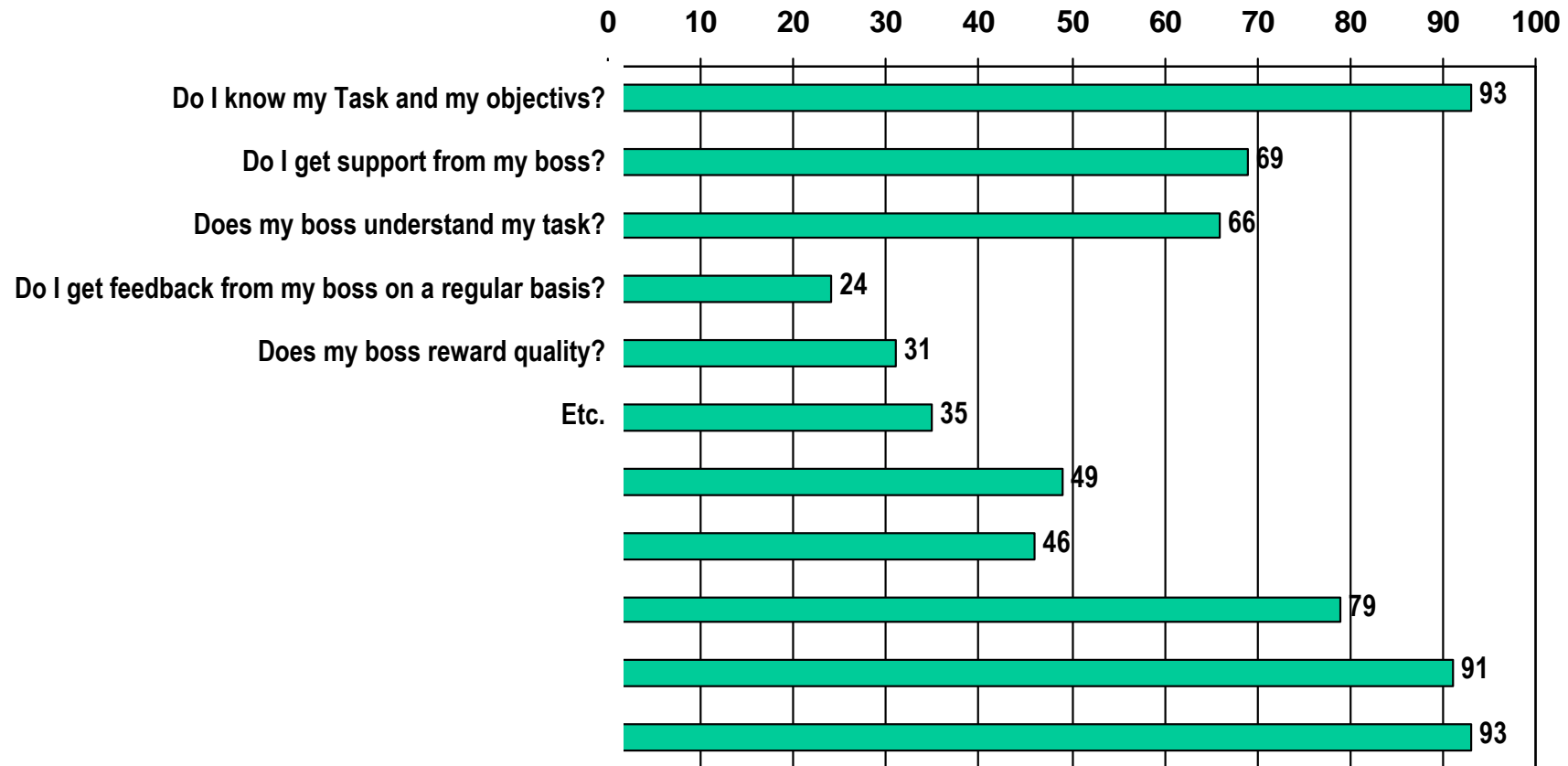
Conclusions about Motivation of People

- ◆ People don't understand executive decisions
- ◆ People feel thrown into doubt, feel rattled
- ◆ No clear decisions

No trust

- ◆ Leaders don't stick to Leadership guidelines
- ◆ Command and control instead of empowerment
- ◆ Will I lose my job?

Cultural Survey: Example of Key Performance Indicator“ (C-KPI) System



In Percent, total > 40 Fragen

Plant with approx. 750 employees, 200x

Don't start to assess culture unless you and the whole leadership team is ready...

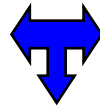


- ✓ ...to accept the results
- ✓ ...to give feedback on the results
- ✓ ...to real change



**What does it mean for CC,
if you fail at that stage?**

*Vision
Strategic Goals*



*Restructuration
Prozess improvement*

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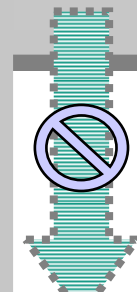
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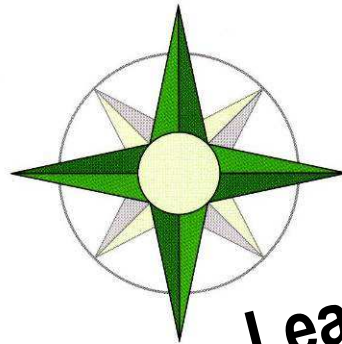
5. Learnings:

- > Which desasters should we avoid?





Our Leadership Compass



Leadership Guidelines

- ❖ Manuals
- ❖ Safety Guides
- ❖ SOP's
- ❖

Providing for clarity and demonstrating a sense of reality

- We encourage openness and candor and are always willing to engage in direct, fair discussion, even when dealing with difficult subjects.

Promoting and Demonstrating Enthusiasm and Inspiration

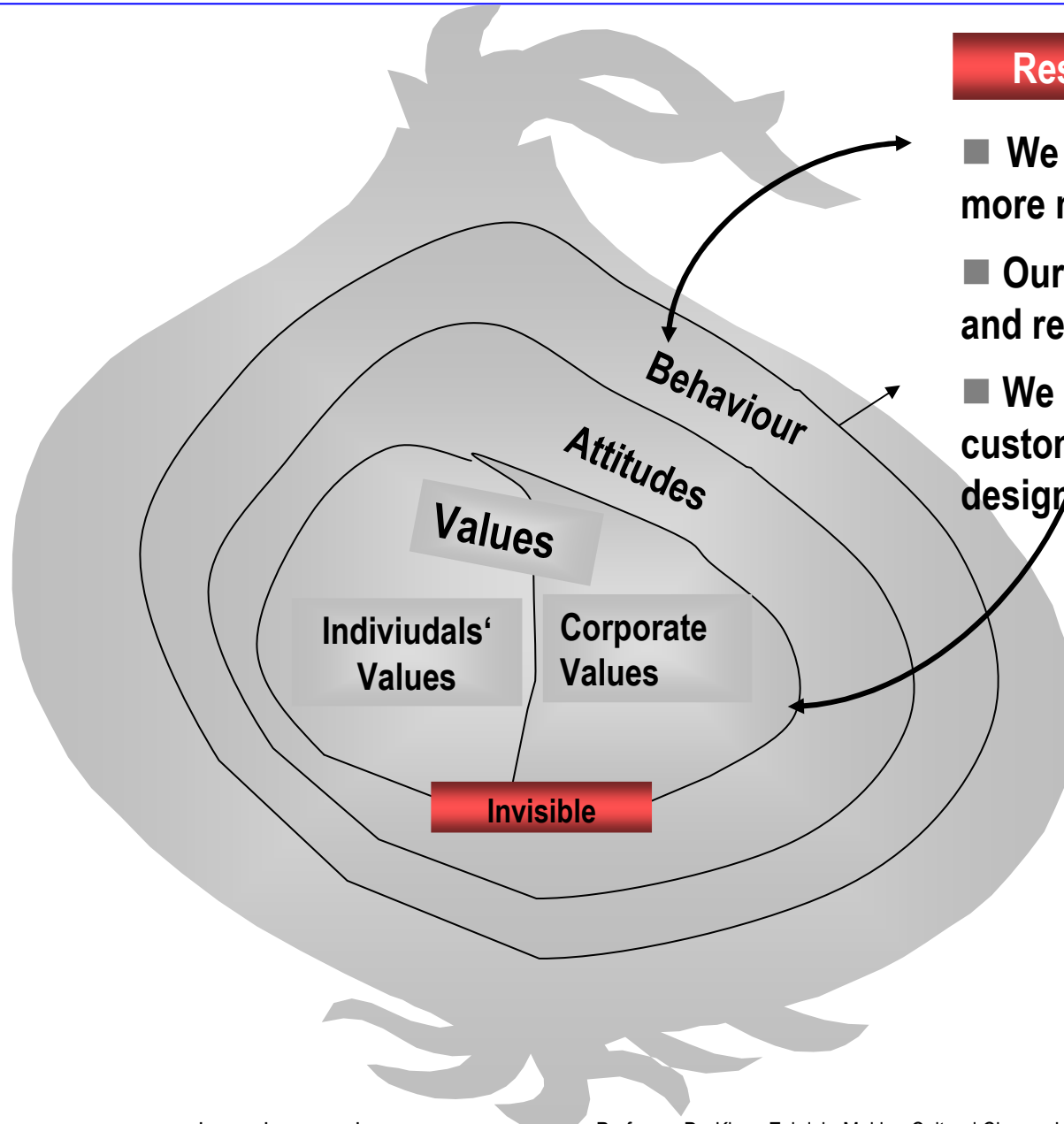
- We create a climate that inspires all employees and business partners – a climate in which all give their best.
- We show passion for our respective tasks as well as optimism and a sense of urgency.
- We focus our attention on employees and, at the same time, foster a sense of accountability.
- We reach both the hearts and the minds of our employees, and show a genuine interest in the employee as a person.

Demonstrating Strategic and Operational Leadership

- We commit ourselves to the roles and responsibilities outlined in "Fit for the Future" and the 2015 strategy. We hereby establish priorities and main-

Being a Role Model for Performance and Speed

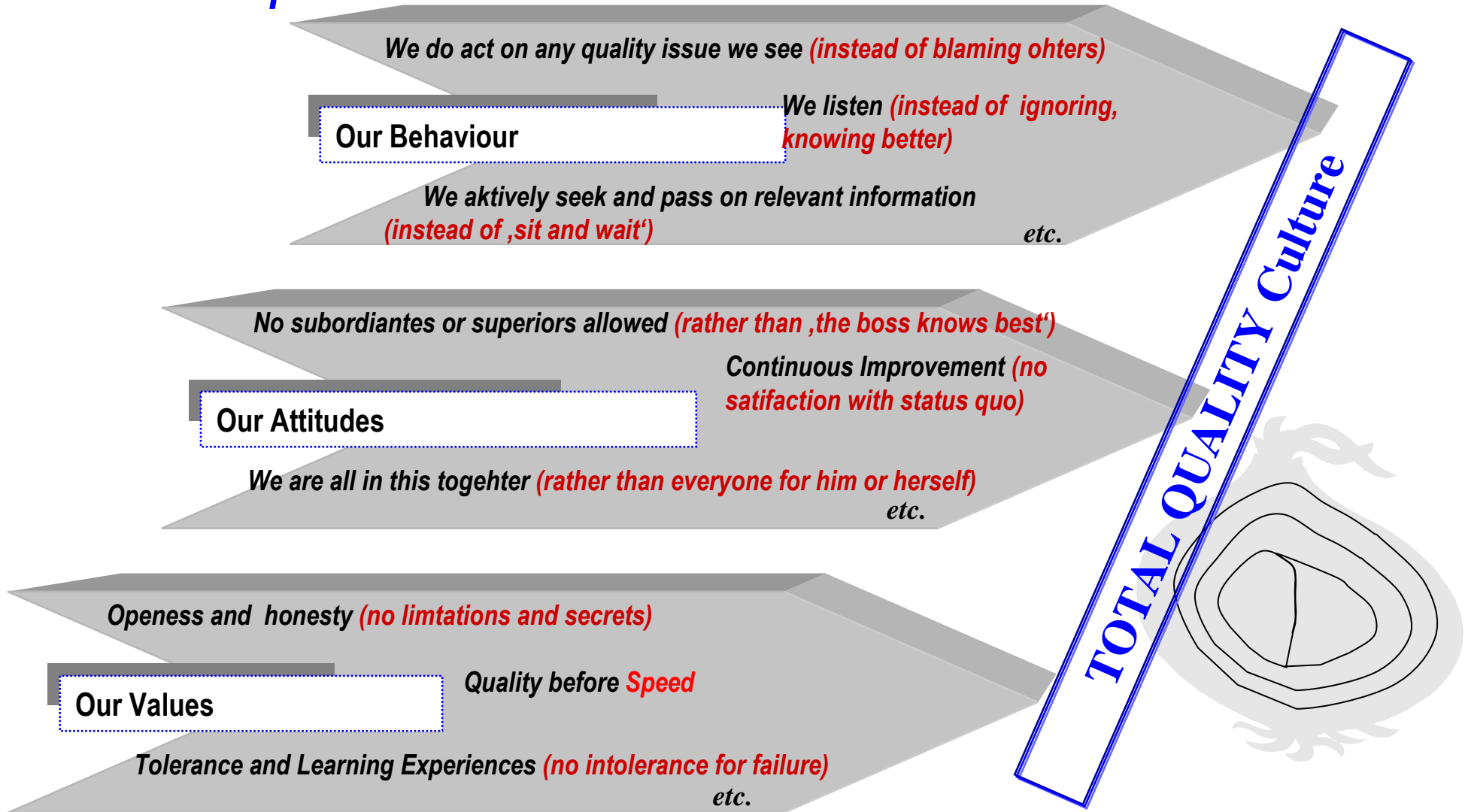
- We strive for a performance culture, and we embody and encourage a "winner's" mindset.
- We agree to establish challenging goals and do not accept targets that merely maintain the status quo.
- We look to learn from our mistakes and cultivate a relationship with our team that strikes an appropriate balance between analysis, comfort, risk-taking and experimentation (for example, we aim for an 80% solution).
- We implement ideas and projects as quickly as possible.
- We accelerate the decision-making process and try to avoid a desire for perfection. We set proper priorities and avoid "analysis to the point of paralysis."
- We "Walk the Talk."
- We avoid bureaucracy or systematically



Results wanted

- We are first class in time to we are more nimble
- Our Desing is best in class quality and reliability standards
- We are best in Integrating the customers and value chain into our design process

Just an Example



Shaping CC's New Culture: Define Core Cultural Discipline's

How could it look like?

Our Behaviour

etc.

Our Attitudes

etc.

Our Values

etc.

A Culture of Reliability

Example: „Leadership Culture“

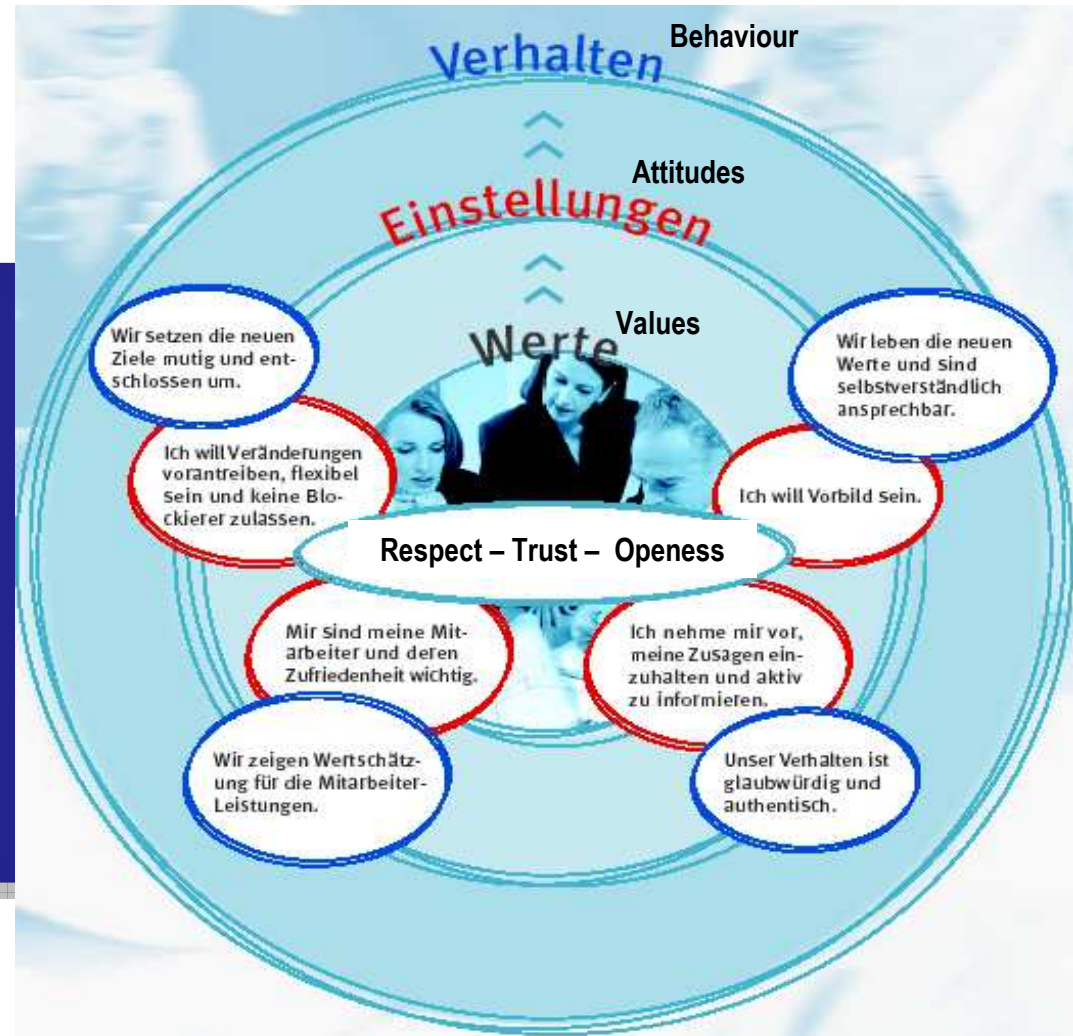
A company in the defense business

Our Core Values

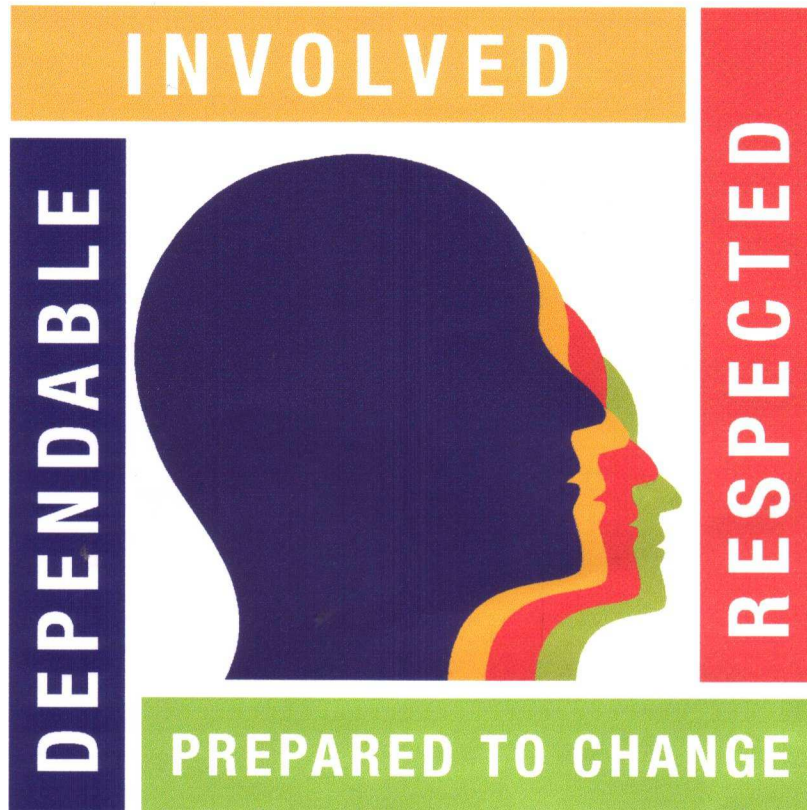
Respect – Trust – Openess

are the heart of our new

Leadership Culture

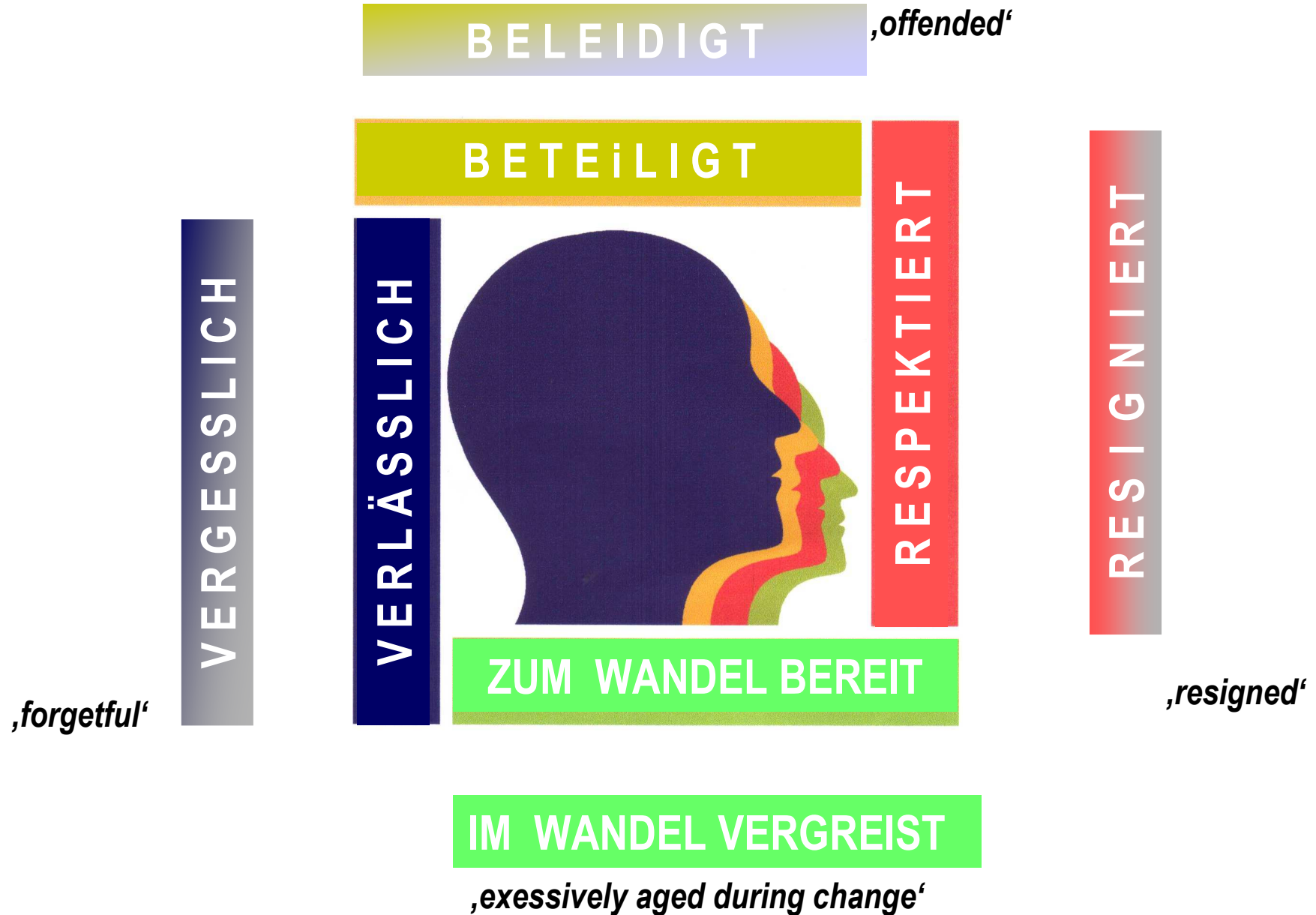


Just one Example





And what might happen during the process...



- Are we clear about our new culture?
- Are we clear about communicating it to our people?
- Posters on the wall help to remind and to refocus, but don't change culture!
- Nice Give aways can turn into cynism!

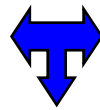


**No booklets, no posters, no ,Give Aways'
if you are not ready to Walk the Talk!**



**What does it mean for CC,
if you walk into the trap at this stage?**

*Vision
Strategic Goals*



*Restructuration
Prozess improvement*

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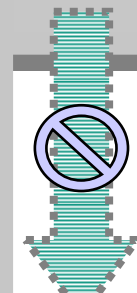


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5. Learnings:

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Bad role model? No change!

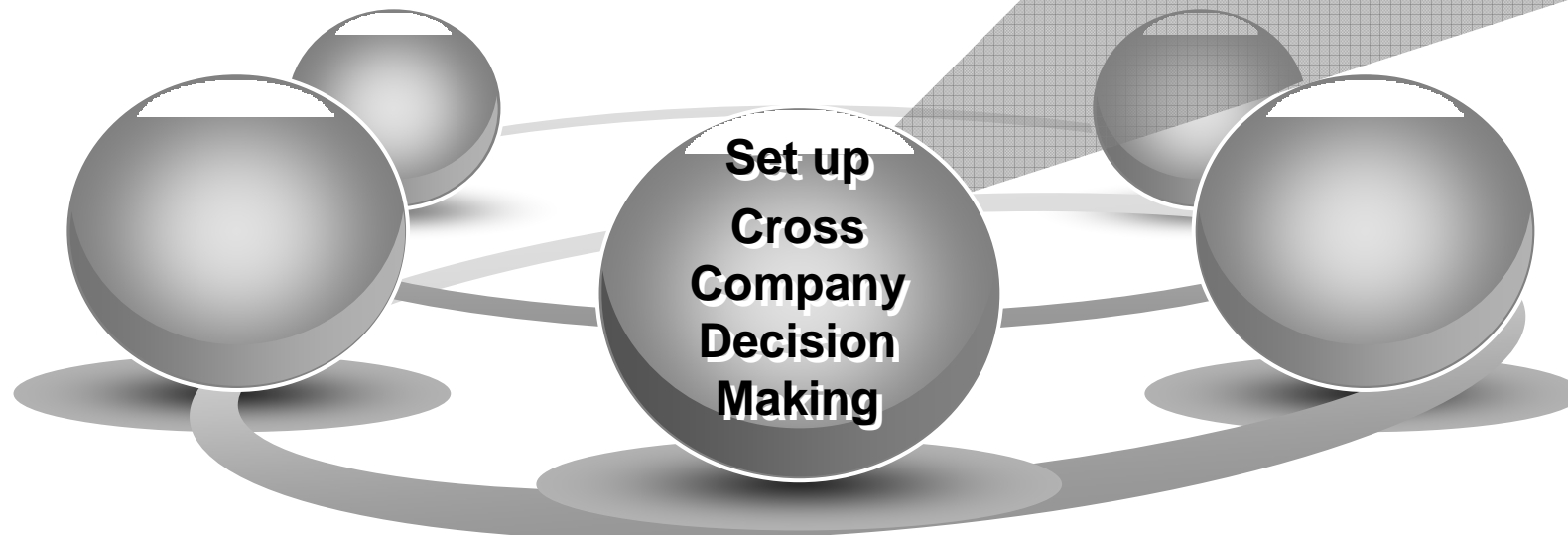


- Followers choose their leaders rather than leaders choose their followers!
- The top leader is the first live the new culture – If he doesn't guess what his followers will do?
- ‚The fish stinks first at his head‘

**Top Executives
are
Role Models.**

- **Ensure Powerful Cross Company Decision Making:**
 - Cross cultural
 - Cross functional
 - cross hierarchical
- **Ensure coherent, continuous PDCA rather than stand alone activities**
- **Organize an effective Team, rather than ‚Speakers‘ Corners‘!**

Culture Board



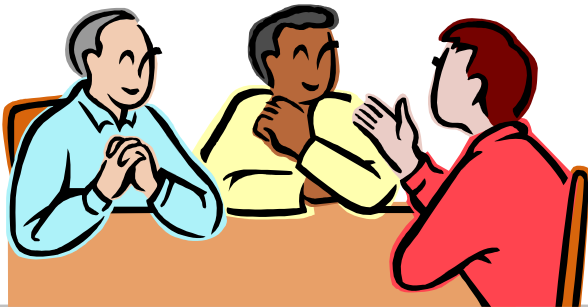
Learning and Development (L&D)



- Use training to close gaps/ develop competencies
- Use coaching and diagnostics to accelerate and focus on individual
- Link individual L&D to organisational L&D
- Learning starts from the TOP
- Cultural learning is integrating rather than segregating
- Line Management owns the process, HR supports!



HR Decisions & Sanctions



- **HR decision follow cultural disciplins**
 - Recruiting
 - L & D
 - Leadership Assessment
 - Promotion
- **In case of notorious ignorance: Change role (from leader to expert) or leave company!**

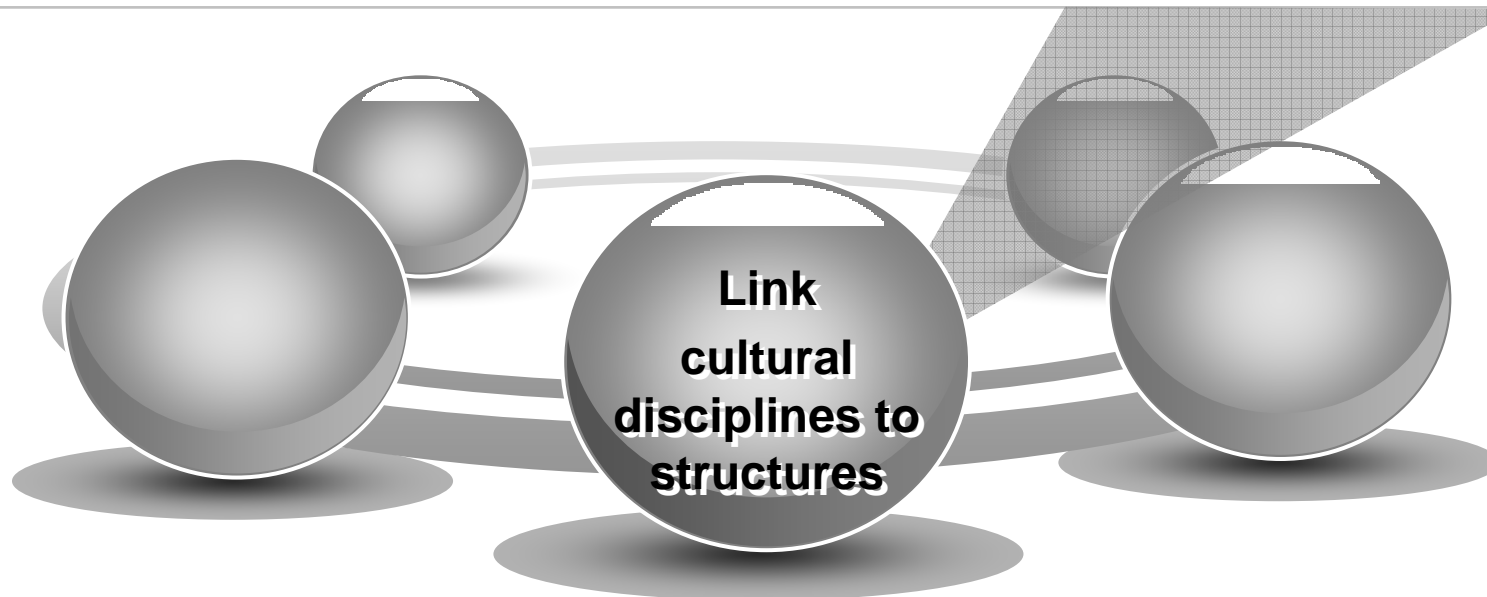
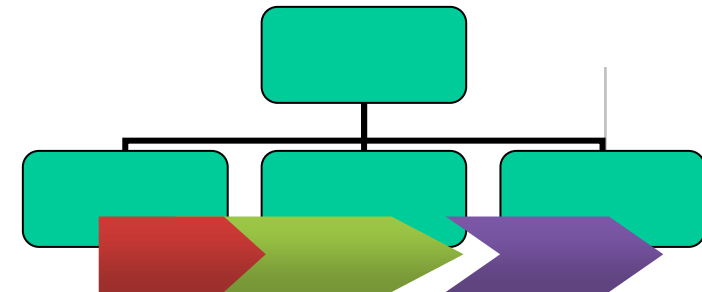
A diagram consisting of five grey, 3D-rendered spheres. One sphere in the center foreground is the largest and contains the text 'Decisions on HR and Sanctions'. It is connected to four other spheres of varying sizes by thin grey lines. The spheres are arranged in a roughly circular pattern, with the central one being the most prominent. The background is white with soft shadows under the spheres.

**Decisions on
HR and
Sanctions**

Check, evaluate and revise

- Management Processes, e.g. Project Management, Quality Management, MBO etc.
 - Value Creating Processes, e.g. Procurement Process, Supply Chain Process, SOP's etc.
- and adapt to Cultural Disciplines

Organisation and process



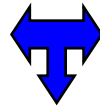
- Are we crystal clear about our roles in the cultural change process?
- Are we clear about effort, time and money to invest?
- Are we clear about the consequence of in consequence in the company?
 - Do we learn our lessons?



What does it mean for CC,
if you act only semi-professional?



*Vision
Strategic Goals*



*Restructuration
Prozess improvement*

1. Commitment:

- > Who takes responsibility?
- > What is our common understanding of culture?
- > Why do we focus on culture?

4. Action: ‚Moments of Truth‘

- > What do we really do to change?
- > Who does What?
- > When?
- > What about quality and costs?

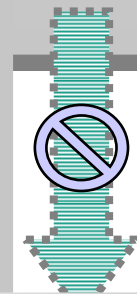


2. The starting Point:

- > What does our current Culture look like?
- > What do we like – what do we need to stop or change?

3. Our new Culture:

- > How does a culture look like, that effectively supports our strategy and structures?



5. Learnings:

- > Which desasters should we avoid?

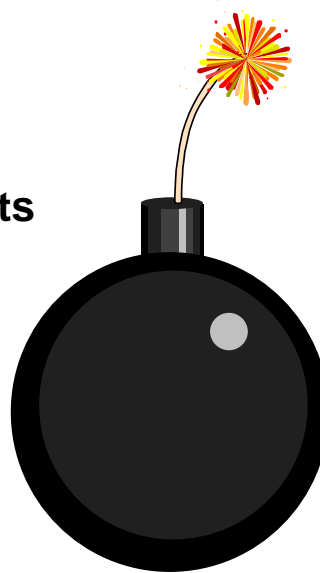


»» TOP Executives delegate responsibility for implementation to lower levels and HR Department



»» Top Leads change Priorites - Good fire fighters but bad strategists

Too busy fire-fighting to take a strategic view?



»» Leaders ignore Role Model Responsibility

»» Leaders don't take themselves seriously - Cultural Change is a lip service

»» Leaders underestimate complexity - no time, no patience, too much costs, loosing energy

»» Strategy not professional, Structures designed ineffectively

»» And what are your reasons?

Your idea still is to win the 'Must win battle'

“Change the culture and mindset in the organization”?

- **Make an honest decision and challenge any statement of commitment**
- **Be clear about consequences of low commitment**
- **No external consultant, no leading business school, no HR Director no internal Trainerteam, no change agent from lower reporting level can change CC's culture.**
- **They all can give you excellent help,**

BUT:

>> > Executives (from top to bottom) are the one and only to lead and support cultural change

- **Cultural Change takes long time and is hard work – BUT: can lead to a great success and be even sexy.**

Thank you and

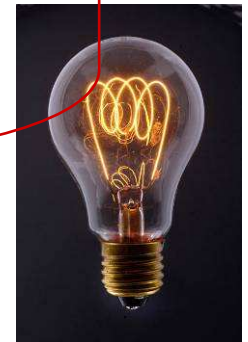
Good luck!

Bearing our Must Win Battle

**“Change the culture and mindset in the organization”
in mind**

... develop and write down a list of arguments, why cultural change within CC is beneficial or even mandatory, according to your view!

Please formulate statements which could help your people (subordinates) to join and support cultural change



Exchange about the culture as you currently perceive it:

... what are values you liked? What are the values that made the company successful in the past?

... please also state some attitudes and behaviours that made your company successful in the past until now.



Exchange about the culture as you currently perceive it:

... what are values, you miss most? What ,negative Values‘ do you feel ,at work‘ in the company?

... please also state some attitudes and typical behaviours that you regard as counter-productive to the companies success.

OOPS!

Think about our corporate culture you perceive actually:

... please brainstorm about the unwritten rules of the game and write them all down!

... please try to make a judgement on the power of the unwritten rules in our organization!



Think of our Must Win Battle

“Change the culture and mindset in the organization”
in mind

... how does a culture look like that effectively supports our strategy and structures?

... please try to identify core values which lead to our success

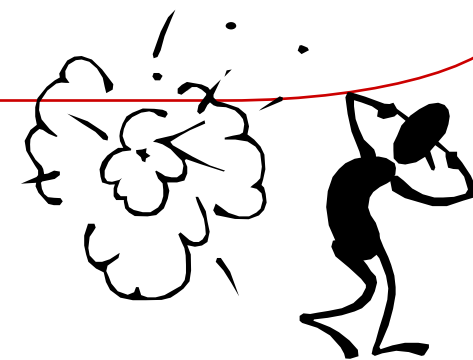
... please also give some examples for attitudes and behaviours
you would like to see more in our organization in the future.



Think of our Must Win Battle

“Change the culture and mindset in the organization”
in mind

**... according to your view
what are the main reasons
that the cultural change process in our company
will fail?**



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