

## **The yin and yang of change**

*The key to a better workplace: Achieve a balance between the structural and cultural forces at play, GRAHAM LOWE writes in the **Globe and Mail**.*

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One of the great truisms of 21st-century workplaces is that change is relentless. As management experts observe, in a world of heightened risk and uncertainty, the expectation of constant workplace change almost becomes comforting. The downsizing, restructuring, mergers and acquisitions that so many Canadian employees have experienced firsthand are proof enough that change has become the norm.

But something's wrong with this popular image of workplaces being incessantly remoulded, like silly putty in the hands of a six-year-old.

Why does research show that most major organizational change initiatives fail to achieve their intended goals? What stands in the way of the changes needed to foster innovation and productivity or create the kind of healthy and fulfilling work environment that engages and retains employees?

These questions raise the basic paradox of workplace change. To help unravel this paradox, think of workplace change in terms of yin and yang, with complementary but opposing forces in constant tension. These forces are structures and cultures, the hard and soft sides of every workplace.

Structures are visible in organization charts, head counts, job classifications, information technology and rules about how work should be done.

Culture is the organization as a community -- the workplace's social glue created by shared meanings of how life in the office, at the service counter or on the production line ought to be lived.

So the paradox comes down to this: The more that organizations change their structures, the greater the need for supporting change in elements of culture.

In practice however, structural change goals usually trump cultural change goals.

I often hear leaders belatedly acknowledging the need to 'fix the culture piece' in the wake of disruptive organizational restructuring or downsizing. I also hear managers describe their struggles to create better workplaces that deliver better results. Their goals

vary but the big roadblock is figuring out a change process that resolves the yin and yang, balancing structures and cultures so they are truly complementary. Change ranges on a continuum from superficial to transformational, with the latter requiring significant adjustments in employees' behaviours and attitudes. Creating a healthy workplace is transformational change; introducing only a fitness program is superficial change. Change experts have a standard list of success factors for the kind of transformational change needed to improve work environments and organizational effectiveness. The list includes urgency, vision, leadership, coalition-building, communication and participation.

Yet most transformational change initiatives are driven from the top and target the organization's structures and systems. Success in structural change may depend on building a new culture and new ways of working. This takes time, easily three to five years. Progress is seen in small steps.

This makes it all the more critical that individuals championing a change agenda pay careful attention to the implementation process. The best way to avoid change traps is to align structural and cultural change by ensuring that the change process has integrity.

### **Step 1: Remove barriers**

Effective implementation requires putting in place enabling conditions that help make the organization change-ready. Identifying and removing barriers is crucial. A big barrier to change is inertia: the dead weight of past practices that have gone unchallenged. In part, this stems from a lack of information about alternatives. Remarkably, when larger organizations put employee development, engagement and retention goals on their agendas, they often discover pockets of internal excellence. If this new information generates lessons that help other units improve, then inertia can be overcome.

Time scarcity is one of the greatest change barriers. Overworked, stressed-out employees won't embrace a new change initiative, even one aimed at improving their work environment. "

So if executives want to champion changes to boost performance or improve workplace morale, they could start by freeing up time for employees to get involved in the process.

Lack of support among front-line managers also short-circuits change. As early management consultant Frederick Taylor complained 100 years ago, the greatest opposition his scientific management techniques faced came not from workers -- some of whom protested through strikes -- but in the form of passive resistance among front-line supervisors.

Today, supervisors fear the loss of what little power they have. They may also lack the skills needed to play an enabling role in change, so managers at all levels must be equipped to make positive contributions.

Above all, aligning structural and cultural change is unlikely as long as leaders have the mindset that employees are costs rather than assets.

## **Step 2: Design a process that fits the context**

There is no one best way to renew an organization and no shortlist of best practices. Imposing reorganization from the top often results in staff feeling demoralized, insecure and powerless. Goals won't be met.

So the lesson from this top-down approach is to adopt a process that engages employees in actively renewing the workplace. This makes change a learning activity for the whole organization, allowing for continuing readjustment. That way, structures and cultures evolve together. And structural change won't deflect attention from people goals, which increasingly are strategic priorities.

A case in point is health care, where regionalization of health services in some provinces wrought turmoil on the front lines. As one hospital administrator described a provincial government's decision to redraw regional boundaries, "they just blew us up again."

No wonder the goal of creating better workplaces able to deliver better patient care gets sidelined when health care managers are preoccupied with figuring out how the new regional structure will function.

Mergers are the corporate world's shotgun weddings, intent on getting the parties under one roof in a hurry rather than building a thriving relationship. And the process may grate against the existing employee values.

In the Hewlett-Packard-Compaq merger in the United States and the Telus-BC Tel and Air Canada-Canadian Airlines mergers in Canada, blending very different workplace cultures proved to be more arduous than creating the new corporate entities.

In both Canadian examples, unions duked it out over seniority rights and representation, which divided the employee groups rather than bringing them together.

Respecting local contexts also is important. A cautionary tale comes from a large telecom company that recently introduced the 'fish philosophy' to improve customer service in its call centres. It's based on the playful antics of fishmongers at Seattle's Pike Place Fish market.

The fish philosophy says work should be fun, encouraging a total focus on customers to reduce turnover, foster team work and improve customer service.

Research I took part in found stark differences in employee reactions to this new culture in Vancouver, Toronto and Montreal call centres. The Vancouver centre was newer and staffed by twentysomething workers who, as west coasters, thought fish were "cool" and

knew about the Seattle fish market. However, the longer-established Montreal call centre had an older, more highly educated work force that reacted with cynicism.

The lesson: take an organic approach to culture change by nurturing it from within. Tailor the changes to fit the setting, adapting off-the-shelf culture change programs accordingly.

The key point is to align structures and cultures so they change together. One Canadian employer, MDS Nordion, did this by striving to create a healthy and high-performing workplace within a sweeping strategy for organizational transformation after it was spun off from Atomic Energy of Canada Ltd. in the 1990s. In structural language, this was privatization. But by giving equal priority to employees and performance, MDS Nordion went on to success.

### **Step 3: Guide the change process by strong values**

Values-based change draws on the strengths of existing cultures in organizational renewal. EnCana Corp., a Calgary-based oil and gas company, took an interesting approach. Born in 2002 when Alberta Energy Co. Ltd. and PanCanadian Energy Corp. merged, EnCana set out to create a new high-performance culture.

The centrepiece is a "corporate constitution," which, according to CEO Gwyn Morgan, will "foster complete, transparent accountability" for behaving according to the values as the means for achieving EnCana's vision.

The new culture is rooted in a shared set of "moral principles," which define specific values that guide behaviour. These principles also define behaviours not tolerated, such as "avoiding accountability," "uncaring efforts" and "failure without learning."

We don't have to look far for other successful companies that have taken a values-based approach to change. As Samppa Ruohtula, a manager at Nokia Corp.'s headquarters in Finland, explained to me, Nokia's values provide stability in a dynamic global business and technology environment.

The Nokia way of working rests on four values: customer satisfaction, respect, achievement, and renewal. As Nokia emphasizes, "believing in these core values and living them every day is our common bond and shared philosophy." This is how the world's leading mobile communication company focuses the energies of more than 50,000 employees in 50 countries on its market goals.

Global companies face the task of melding elements from local external cultures with corporate values in a positive way. Research on International Business Machines Corp. employees around the world found that, despite IBM's efforts to create a dominant corporate culture, workplace practices were also shaped by local customs. So the latest management models for changing organizational designs or people policies will get filtered through these local cultural lenses.

The challenge is to draw on strengths of grass-roots cultural elements from inside and outside the workplace. For example, a recently acquired Houston energy company had a hard-driving entrepreneurial culture, which also valued employee recognition and fun. The day a big deal was signed, the president threw a party, complete with a mariachi band and margaritas. While the new multinational owner's head office recognized the need for overarching corporate values, it also realized that Houston's exuberant culture contributed to the company's growth -- a major reason for the acquisition.

Ideally, change should provide opportunities for learning, improvement and talent development. These goals can only be reached if all dimensions of the organization are in sync. That's how rebalancing the yin of structure with the yang of culture will positively shape the future workplace.

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