

NANO TOOLS FOR LEADERS®

FIVE STEPS FOR MANAGING CULTURE CHANGE

Nano Tools for Leaders® are fast, effective leadership tools that you can learn and start using in less than 15 minutes — with the potential to significantly impact your success as a leader and the engagement and productivity of the people you lead.

Contributor: Sigal Barsade, PhD, Joseph Frank Bernstein Professor of Management, The Wharton School, University of Pennsylvania.

THE GOAL:

Don't leave culture change to chance — create and manage it.

NANOTOOL:

As companies adapt to changes in markets, consumer expectations, and varied and new regulations, they are being forced to develop new strategies and change their structures. However, for those changes to be successful the organization's culture needs to be in alignment with its strategy and its structure — a process that often requires a culture change.

Some leaders believe that cultural change is too complex to be managed — or that it takes too long to yield measurable results to make it worth dealing with. This can be good news for wiser leaders who understand that cultural change can be planned and managed: they can gain an advantage over their competition.

To manage culture change, the first step is to observe and understand your organization's culture as it is now, and to determine which values will best align with your strategy and structure. Once you decide what your values need to be, design a Cultural Change Plan using the action steps below.

ACTION STEPS:

Driving cultural change requires active and intentional leadership. Whether you are changing the culture of a team, a division, or an entire enterprise, use these five steps to manage the process:

- 1. Quantitatively measure your current cultural values.** The first step to culture change is knowing where your current culture stands; that is, what employees believe your organization's current values are. This will allow you to get a good idea of how much change is needed and enable accountability and the ability to track your culture change more precisely over time.
- 2. Intentionally align culture, strategy, and structure.** Be sure that the culture change fits with the firm's or group's business strategy and that both fit with the organization's structure (its formal systems and policies). Reconsider formal reporting relationships, job descriptions, selection and recruiting practices, performance appraisal, reward or compensation structures, and training and development. Supporting change and innovation both structurally and culturally have been found to be critical to the success of culture change initiatives. Make changes where appropriate to support the new culture.



- 3. Ensure staff and stakeholder participation.** Change can't succeed without the meaningful involvement of many people throughout the organization. Participation can range from individually offering ideas, solutions, and reactions to concepts, to taking part in team meetings to design and build the new culture and organizational structure. Use a balanced approach, keeping in mind that input from a wide range of people can generate excitement and motivation to change, but make sure that you have a separate change structure in place (e.g., change sponsor, change committee) that can make timely and clear decisions to prevent an ambiguous vision or delay key actions.
- 4. Communicate and demonstrate the change, again and again and again and then ... again.** Frequent, redundant, and copious communication — both upward and downward — is necessary during the change process. Use words and actions to convey the vision of the desired future, and repeat your message much more often than you think is necessary. Most leaders greatly underestimate how many repetitions it takes for a message to sink in. Role model appropriate behaviors by demonstrating your constant commitment to the future state and provide a vivid image of what it will look and feel like. Use new language or metaphors to create memorable images (one long-term care organization described its facilities as a collection of neighborhoods or houses rather than an institution). Leaders clearly and visibly dedicated to change have been found to be one of the singular success factors of culture change.
- 5. Manage the emotional response — yours and your employees.** Leadership effectiveness in times of change has been found to be critically related to the use of emotional intelligence. Employee emotions have a strong influence on how they approach change, and leaders need to be as analytical and strategize as much about their emotional messages as their cognitive ones. Pay attention to and read others' emotions, and empathize and engage in perspective-taking to better predict how employees will respond to the change. Manage the anxiety, periods of anger, and need for emotional regulation that can naturally arise at critical points in a culture change. See the Emotional Contagion Nano Tool for ideas. Most importantly, always role model the change you are trying to create — both emotionally and cognitively.

HOW COMPANIES USE IT:

- When Ford took over the Jaguar company, they implemented a culture change to better compete given the changes in the car industry. Specifically, they wanted an organizational culture that moved from traditional manufacturing techniques and values to new values of flexibility, initiative, and responsibility. To engage in this culture change, Jaguar first assessed the employees' current beliefs and attitudes to know where things stood. They then engaged in an extensive set of multiple communication and participation strategies, including three-day management workshops about the change; union workshops; participation of both management and union together to best implement the change; supervisor workshops; selection and training of a cadre of internal facilitators to cascade the culture change through the organization; and a two-day workshop for all 3000 employees, led by the internal facilitators, to understand the new culture needed to match the new strategy, and the structural supports for this culture. Through extensive communication and participation, employees were able to more effectively understand and accept the culture change.
- The importance of leader role modeling can be seen by the head of a department in a public sector organization in which there was poor morale, no mutual trust, and a strong desire to leave the organization. The leader wanted to change the culture to one with an aggressive work ethic, increased teamwork, and positive emotions and enthusiasm. For his first seven months, he personally demonstrated these values frequently and consistently. He also built in structural supports, including a team identity, awards, celebrations, integration of teamwork in performance

appraisal criteria, and changes in the physical structure of the department to better support interaction as a team. Within a year, the department went from people leaving the department, to more people trying to transfer in than there were positions available.

- See the Additional Resources links below for more examples and research findings.

ADDITIONAL RESOURCES:

- “Managing Organizational Culture Change: The Case for Long-Term Care,” Donald E. Gibson, Sigal G. Barsade, *Journal of Social Work in Long-Term Care*, Vol. 2, No. 1 / 2, 2003.
- “What’s Love Got To Do With It? A Longitudinal Study of the Culture of Companionate Love and Employee and Client Outcomes in the Long-Term Care Setting,” Sigal G. Barsade, Olivia A. O’Neill, *Administrative Science Quarterly*, 2014 (forthcoming).
- Sigal Barsade is faculty director of [High-Potential Leaders: Accelerating Your Impact](#), and teaches in numerous other Executive Education programs, including the [Advanced Management Program](#), [Leading Organizational Change](#), and [Women’s Executive Leadership: Business Strategies for Success](#).

ABOUT NANO TOOLS:

Nano Tools for Leaders® was conceived and developed by Deb Giffen, MCC, Director of Innovative Learning Solutions at Wharton Executive Education. It is jointly sponsored by Wharton Executive Education and Wharton’s Center for Leadership and Change Management, Wharton Professor of Management Michael Useem, Director. Nano Tools’ Academic Director is John Paul MacDuffie, Wharton Associate Professor of Management, and Director of the Program on Vehicle and Mobility Innovation (PVMI) at Wharton’s Mack Institute for Innovation Management.