



Modern Comptrollership

Changing Management Culture: Models and Strategies to Make It Happen



Modern
Comptrollership

**Changing Management Culture:
Models and Strategies to Make It Happen**

Treasury Board of Canada Secretariat

June 2003

We would like to express our appreciation to the **Transportation Safety Board of Canada (TSB)** for the contribution made in the development of this publication.

Particularly, we would like to express our thanks to the following people from TSB:

David Kinsman, Executive Director

Jean Laporte, Director, Corporate Services

© Her Majesty the Queen in Right of Canada,
represented by the President of the Treasury Board, 2003
Catalogue No. BT22-90/2003
ISBN 0-662-67508-8

This document is available in alternative formats
and on the Treasury Board of Canada Secretariat Web site at the following address:
<http://www.tbs-sct.gc.ca/>

FOREWORD

The attached document is a guide to changing management culture. For purposes of illustration, this guide focusses on Modern Comptrollership, but it is generic in nature and its approach can be applied to any effort to change management culture in support of Canada's efforts to modernize and enhance the excellence of our Public Service. It poses a considerable challenge, however, because it involves deep-seated transformations in how we perform and perceive our work.

The guide helps to meet that challenge by taking us step by step through the process of culture change. It describes various change models and suggests which one might be suitable for a particular organization or set of circumstances. It breaks down the change process into stages and examines each in detail. It indicates what problems to expect and how to maximize the chances of success. And it estimates the time and effort that will be needed to make the change work.

The process will be different for each organization, but the guide notes common requirements for achieving a change in culture:

- strong leadership, a vision, and a change team or guiding coalition charged with implementation;
- perseverance and commitment to follow through;
- understanding the current culture, where the resistance will come from; and
- the courage to tackle resistance head-on.

Above all, change requires the active engagement of the highest levels of the organization, particularly deputy ministers and heads of agencies. That is why this guide is important. It makes culture change understandable and doable. Whether for Modern Comptrollership or other management change initiatives, it is a valuable addition to the manager's toolbox. With it we are more capable of advancing toward our shared goal: achieving results for Canadians.

TABLE OF CONTENTS

Foreword	i
Introduction	1
Purpose	2
Approach	2
Change models	2
Find a change model to fit the situation	3
Stages of culture change	4
Stage 1:	
Understanding—Where are we now? Where do we want to be?	6
The need for change	6
Understand personal leadership style	7
Understand the organization’s culture	7
Review past change efforts	7
Stage 2:	
Vision and Strategic Planning—Building a Thorough Blueprint	8
Create a vision	8
Analyze the gap between vision and present reality	9
Develop plan and performance indicators	9
Stage 3:	
Implementing—How do we make it happen? Reshaping cultures	11
The role of the deputy minister or head of agency	11
Make the case	12
Techniques for communicating well	12
Capacity building	13
Stage 4:	
Transition	15
Deal with resistance to change	16
Get external systems consistent	16
Stage 5:	
Following up	17
Report on results	18
Summary	19
Appendix 1: Assessing the Current Culture	21

INTRODUCTION

Jack Welch, General Electric's legendary CEO, accidentally blew up a factory early in his years as an engineer. He was experimenting with a new product when suddenly the roof went. In most organizations, that would have ended his career. Jack's boss was surprisingly calm, walking him through the issues involved: Was it a reasonable risk he had taken? Was the project consistent with the values and goals of the company? The corporate culture supported what Jack had been doing, and both he and the product line went on to thrive.

Culture is often described as “the way we do things around here.” In fact, it is more complex. It is also feelings, underlying beliefs, values, history, and assumptions about an organization. Those are rooted in experiences, stories, and behaviour patterns sometimes decades or centuries old. The culture tells people what is and is not acceptable. Culture is enduring, difficult to develop or reshape.

Despite that, fundamental culture change is necessary for the reforms envisaged in *Results for Canadians: A Management Framework for the Government of Canada*.

Governments everywhere are undergoing basic management reform. Canada has one of the finest public services in the world; its excellence is the legacy of generations of dedicated public service employees and over three decades of reform initiatives. But the process of modernization is never complete.

New initiatives underway all seek Public Service renewal. In the words of the Clerk of the Privy Council, we are poised for an even more aggressive assault on management excellence. Modern Comptrollership offers preparation for this assault. It focusses on the fundamentals in order to build a strong foundation for modern management.

At the heart of Modern Comptrollership is a commitment to delivering results for Canadians, based on a culture of shared public service values and ethics. Strong leadership, a motivated workforce, and clear accountabilities enable managers to make sound decisions, viewing actions through a lens of risk management and performance measurement.

Modern Comptrollership is the latest in a continuum of management improvement efforts in the Government of Canada. It complements other initiatives and provides the foundation for them. For example, improved reporting to Parliament depends on integrated information systems and the ability to explain the results and true costs of services provided to Canadians.

All the reforms seek to promote excellence. But they raise questions: How do we change management culture? What steps should deputy ministers, heads of agencies, and their executive teams take to promote real, lasting change? Who within our departments and agencies should be involved? Since the reforms are complementary, how can we implement them in an integrated fashion? How can we ensure that managers are not themselves overwhelmed? In response to such questions, this document provides a tool kit for managing cultural change.

Purpose

The guide presents a step-by-step approach to managing change, one that deputy ministers, heads of agencies, and their executive teams can follow when undertaking management reforms. The pursuit of management excellence has many labels—reform, renewal, modernization, transformation, realignment—but all are about changing the behaviours that characterize the management culture of the Public Service. For illustration purposes, this guide focusses on Modern Comptrollership, but it is generic in nature and its approach can be applied to any effort to change management culture.

Approach

Three activities contributed to the preparation of this guide:

- a symposium with change management specialists from academia and both former and current senior public service employees;
- an extensive review of the literature; and
- interviews with key deputies and assistant deputy ministers, as well as provincial public service employees and leading academics.

The symposium findings, literature review, and interviews have been published separately, along with an annotated bibliography of the literature on management change.

Based upon these sources, the various models of change found in the literature were summarized into a single five-stage model with three basic approaches: top-down, transformational, and strategic. Each of these approaches is described below. The three were combined in developing the approach adopted within the guide. Nevertheless, circumstances may dictate choosing a particular model, or elements of it, over another.

Change models

No single approach can fit all. Instead, every organization needs its own model of change corresponding to its needs and issues. When change efforts fail, it is common to blame organizational resistance, but this is an inadequate explanation. Change goes wrong for systemic reasons: poor vision, inadequate communications, insufficient planning and resources, failure to make a compelling case, and inconsistent messages with leaders not following through.

Change models fall into three types: top-down; transformational leadership; and strategic approaches. Overall experience shows that with careful and appropriate application, each of the models presented here can be (and has been) used successfully in the public sector. Each model is described in more detail within the research report entitled *Changing Management Culture: Models and Strategies*, produced as part of this project and published separately.

Top-down models emphasize leadership. The CEO can orchestrate relatively rapid change by developing a vision, communicating it, and involving employees. The leaders set goals, clarify desired outcomes, provide feedback, give rewards for desired performance, and take action when goals are not met. They do not ignore the human factor—they care about people and want to see them grow—but they focus on performance driving cultural change, not the reverse.

Transformational leadership. In his latest book, *Managing Politically*, McGill University Professor Henry Mintzberg looked at three federal departments. He has long argued that change bubbles upward. “You can’t drive change down an organization,” he says. “You facilitate the situation so that change can come up. Create a climate where people can individually and collectively think for themselves, take initiatives, and build interesting things. Change grows from the grass roots, where people know what needs to be done.”

Transformational leadership works by influencing the values and priorities of followers, thereby motivating them to achieve more. Leaders inspire followers through the mission, optimism, enthusiasm, and emotional appeal. They provide personal support and encouragement, show concern and offer coaching. They set a personal example, sacrifice for the group, and show good ethics. They challenge people to view problems from new perspectives and to find new solutions, while making it safe for them to express negative emotions and business concerns. Followers then connect more to the mission, seek ways to improve their performance, and thus enhance the organizational culture.

Of course, despite the cover stories in magazines, not all great leaders are larger than life. Many prefer responsible, behind-the-scenes actions. They lead by quiet example and by working through others.

Strategic approaches. Perhaps the best-known author on change is Professor John Kotter. He lays out an eight-step strategy:

1. Establish a sense of urgency.
2. Create the guiding coalition.
3. Develop a vision and strategy.
4. Communicate the change vision.
5. Empower employees for broad-based action.
6. Generate short-term wins.
7. Consolidate gains and produce more change.
8. Anchor new approaches in the culture.

Notably, his model does not start with vision. That only comes after an organization's leaders have established a sense of urgency for change and built a coalition to help them push for it. Skipping the first stages, warns Kotter, will lead to failure.

And although cultural change is critical to long-lasting change, Kotter puts it at the end rather than the start of the process. "Culture changes only after you have successfully altered people's actions," he says, "after the new behaviour produces some group benefit for a period of time, and people see the connection between the new actions and the performance improvement."

Find a change model to fit the situation

A top-down approach apparently can be effective, but only if the leader controls the levers of hiring, promotion, incentives, and dismissal—and pays attention to the people factor and is open to feedback at the same time. New behaviour will eventually be accepted and become the culture.

In another view, culture change comes through changing the way things are done in an organization so that, over time, people will change as well.

A third view holds that if you change how individuals feel and provide them with new experiences, they will eventually adopt the new behaviours, leading to the emergence of a new culture.

What matters is to find what works best in the specific situation, given your understanding of all the factors.

Stages of culture change

Common themes emerged from the interviews with executives and the review of management literature, advising that significant change in complex organizations requires the following:

- strong leadership, a vision, and a change team or guiding coalition charged with implementation;
- perseverance and commitment to follow through;
- understanding of the current culture, where the resistance will come from; and
- the courage to tackle resistance head-on.

The chart on page 5 presents a roadmap for changing management culture.

Stage 1: Before anything else, leaders must build an **understanding** of the organization's current culture by collecting information on the types of behaviours being practised. In other words, they have to understand their own leadership style, the organization's culture, and where it is now.

Stage 2: Next is developing a **vision** of where the organization should be and performing a **gap analysis**; this reveals where the organization falls short of the vision. To fill the gaps, **design a strategic plan** that articulates the vision, outlines priorities for improvement, and establishes measurable targets with an eye to early successes. A team must be established, trained, and mandated to implement the change. Ultimately, the whole organization must be involved, although specifics will vary according to the scope of the plan and the nature of the organization.

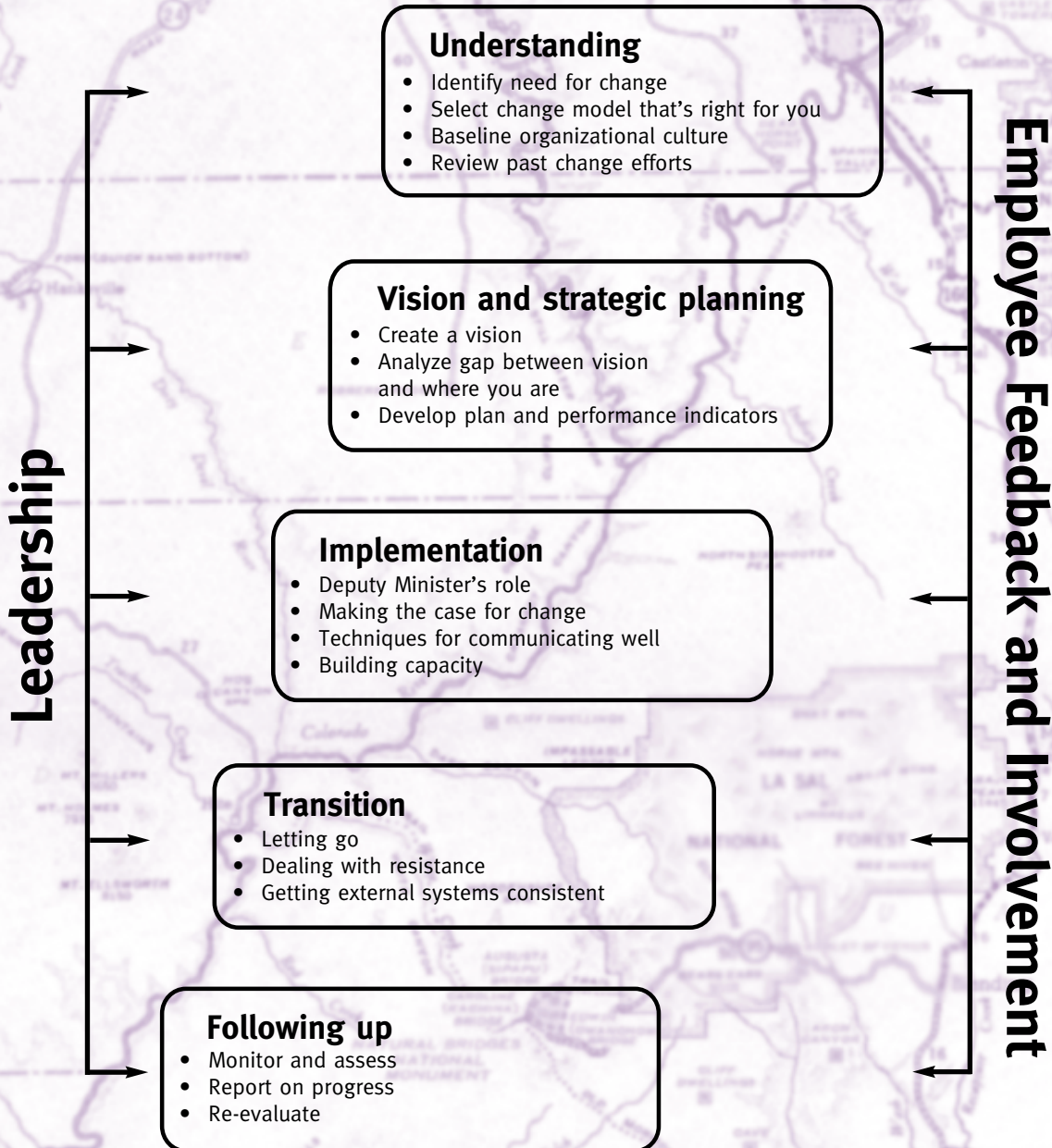
Stage 3: Next comes **implementing the plan**: The deputy minister or agency head and the guiding coalition must make the case for change, communicate again and again (and again), and build capacity.

Stage 4: At the same time, there is a critical **transitional period** in which people "let go" of one set of behaviours as they move to another. This is the stage where many change initiatives begin to lose momentum. It is important to celebrate wins and early successes, communicate widely and often, and find innovative ways of motivating people to adopt the new behaviours, processes, and systems.

Stage 5: Following up. It is important to keep measuring progress, seek feedback, and continue to adjust and improve. Over time, the leadership must build a deeper understanding, update the strategy, and become better at implementation.

Changing Management Culture

A ROADMAP



STAGE 1

Understanding—

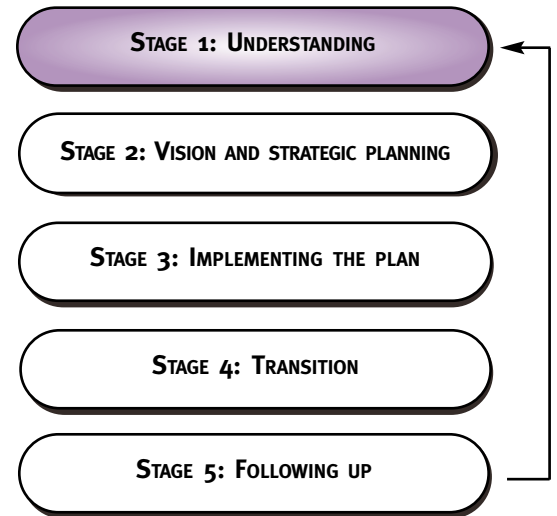
Where are we now?

Where do we want to be?

This section suggests activities to precede the choice of change model. First comes recognizing the need for change and its implications for different parts of the organization. Leaders also have to be aware of their leadership style and understand the organization's current culture well. Reviewing past change efforts for lessons learned is also recommended.

It is tempting for leaders to assume they understand their organizational culture. But Professor Henry Mintzberg of McGill University warns that the deeply rooted understanding that deputy ministers and heads of agencies historically had of their organizations has disappeared in the past three decades. "The process of moving deputies around like musical chairs is destructive to the culture," he laments. "Previously, mandarins knew their departments inside out."

Of course, rotating between organizations offers the benefits of comparison, which can help to illuminate culture. Still, it's important to take the time to study, ask, listen, and understand the culture of the organization—whether you have been there for a few months or for many years.



The need for change

Decades of initiative after initiative have left some individuals cynical of any new call for change. However, the Public Service is guided by an ethic that demands results for Canadians, and to deliver the results it must constantly strive for management excellence. The Clerk of the Privy Council has made Modern Comptrollership one of his four priorities, and so it needs to be acted on. But any major change initiative must ultimately have a compelling benefit or it will fade away when priorities shift.

Deputy ministers and heads of agencies know that modernizing management practices will make it easier to achieve an organization's goals and exercise accountability. Consider what currently constrains achievement of the organization's mission. Modern Comptrollership could offer a solution.

Understand personal leadership style

To succeed, leaders must also understand their leadership style. Are you a quiet, behind-the-scenes leader? Are you an out-front, take-charge type, or do you focus on transforming people? How do you work best with others and influence them? Your personal leadership style will help determine which change model works best. It is important to choose an approach to cultural change that will be comfortable for you and your team.

Understand the organization's culture

Whatever the management reform being implemented, a baseline assessment can help build consensus when setting priorities for improvement. It involves measuring the organization's current behaviours and practices before trying to change them. Organizations are often unaware of the influences that have shaped their cultures. Identify the state of readiness for change, including potential barriers, so that an agenda for change can be developed.

Review past change efforts

Finally, take time to understand previous attempts at change. Which worked well, and why? Failures can point to subtle systemic barriers that need to be removed.

An improved understanding of all the building blocks—strong leadership, understanding the organization, building the case for change—provides a sound foundation for the second stage: developing a strategic plan. Without a thorough understanding, the wrong strategy might be selected.

STAGE 2:

Vision and Strategic Planning—Building a Thorough Blueprint

Building on the understanding gained in Stage 1, this stage articulates a **vision** of what the organization should look like. This opens the way for a **gap analysis**, noting differences between where the organization is and where it wants to be. Out of this emerges a **strategic plan** to communicate the vision, document the gap between here and there, identify priorities for improvement and early success, set measurable targets, and specify how to report on progress.

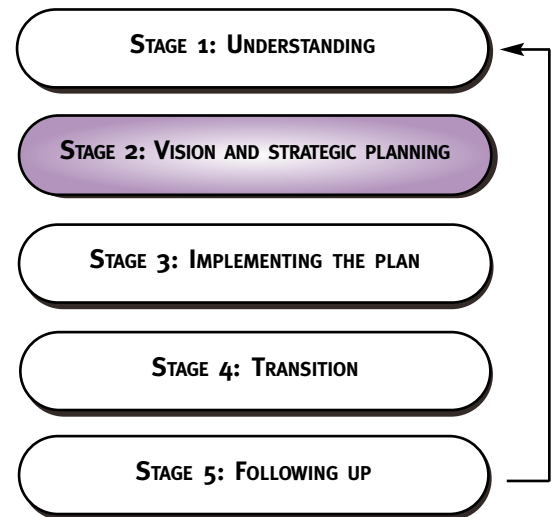
Create a vision

Early in Stage 2, choose your change team carefully. Identify members and ensure that they receive special training in change management, problem solving, and dispute resolution. It may be effective to choose teams with representation from all key stakeholder groups.

Involve the whole organization.

Favourite tools include town hall meetings or “workout” sessions and large-group meetings where everyone could participate. This gives a balance not attainable from listening only to a vocal few.

Michael Nurse, Associate Deputy Minister of Public Works and Government Services Canada, recommends setting aside three months for the leader and supporting team to criss-cross the organization and hear people out. Then come right back for



another three months with the strategy when it is developed. “There is nothing wrong with having a view early, but first you need to listen,” he stresses. “You then return, melding what you heard with your own vision.” That approach is backed by the findings of management researcher Jim Collins, author of *Built to Last* and *Good to Great*; he points out that in many of the most successful companies the vision emerges over time, not as a first step.

Ultimately, however, people need a clear idea of where to go. The vision needs to be specific in some respects. For example, calling for “harmonious staff relations” is not as meaningful as a measurable like “employee questions are answered promptly.”

The vision needs to allow employees to integrate present, past and future practices. It must also convince them that the program will make a positive contribution to society, help individual clients, and increase job satisfaction.

Michelle d’Auray, Chief Information Officer for the Government of Canada, is spearheading the Government On-Line (GOL) initiative. She advises that the vision should be challenging but doable. The GOL initiative grew out of a conviction at Industry Canada that the Internet would change the way we do business. They had no change model to start with but did follow the “Gartner Model” for project management in information technology and had a small project team that designed the implementation plan.

They adopted two guiding principles, “a whole of government approach” and “the user is at the centre.”

Change projects work better if they are defined incrementally versus scaring staff with an overwhelming “big picture.” The entire senior management team needs to be supportive, reiterate the project, repeat it again, build performance ties to the project, and have it reverberate throughout the organization. The Prime Minister and the Clerk of the Privy Council need to continue their public support.

If you set the vision too broadly, it scares them. If you set it too low, it bores them. You need Goldilocks management—not too big, not too small, but just right.

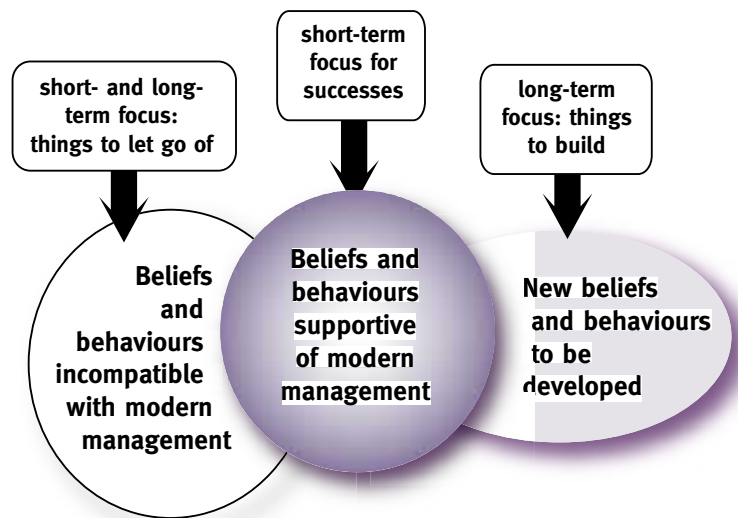
Analyze the gap between vision and present reality

Once the vision begins to take shape, with due consultation and feedback, refresh your understanding by performing a **gap analysis**.

When deciding the next steps, plan for early successes to generate enthusiasm and help overcome feelings of fatigue. Don’t count on successes to happen spontaneously; make sure they occur.

Corporate culture is difficult and slow to change. It is prudent to identify modern management features that the current culture supports, and to fast-track some of them. Develop **priorities for improvement and early success**.

Develop plan and performance indicators



Planning involves identifying expected results and how to achieve them. How will you recognize success? Measure results.

Supplement generic targets with organization-specific ones. Know your baseline and measure progress. Make sure that you measure results (the change in behaviour)—not activities, such as number of meetings held.

Set the example by using integrated information to measure success.

The change management team must develop a work plan for discussion throughout the organization and approval by the executive team. The assessment will reveal the need for major or minor changes.

The strategy should specify time frames and demonstrable outcomes. Ideally, the strategic plan sets out methods and timings for reporting progress. Special attention must be given to timings for the various change elements. For example, new information systems and training in their use must be carefully co-ordinated with the introduction of new processes and new accountabilities.

Integrate with other initiatives. If it is to stick, any change needs to be integrated with other initiatives. Bill Blundell is a co-chair of the Standards Advisory Board

for Modern Comptrollership; he observes that when he was introducing a major cultural change initiative as CEO of General Electric Canada, he spent more time with the VP Human Resources than the VP Finance. Doug Timmins at the Auditor General's office says that, over time, management reforms should become integrated with overall management excellence. Furthermore, the implementation plan should be continuously updated to support ongoing improvement and integration of future initiatives.

Set up a budget. The last step at this stage is to set up a budget. Most change projects underachieve because they are underfunded. Consider making strategic investments to propel implementation. When building a team, invest in training in teamwork, problem solving, and conflict resolution. Estimate the financial and management time costs and set aside those amounts.

Art Daniels, Assistant Deputy Minister in the cabinet office for Ontario Public Service Excellence and Innovation, has a reputation for innovation. He believes, however, that for anything new he wants to try, there is somebody out there ahead of him, doing it, so he finds him or her and uses that person as an example.

“To change culture, you have to tell stories of people who broke down those barriers. Unless you’re first, look to best practices,” he says.

When he wanted to introduce a single-window delivery system in his department in Ontario, he looked to Service New Brunswick, which already had it. He has also brought representatives of Australia’s Centrelink—a single window on government entitlement—to Ontario three times, each time firing up staff who heard about that venture.

“Visions have to be anchored in some reality. You need a target,” he says.

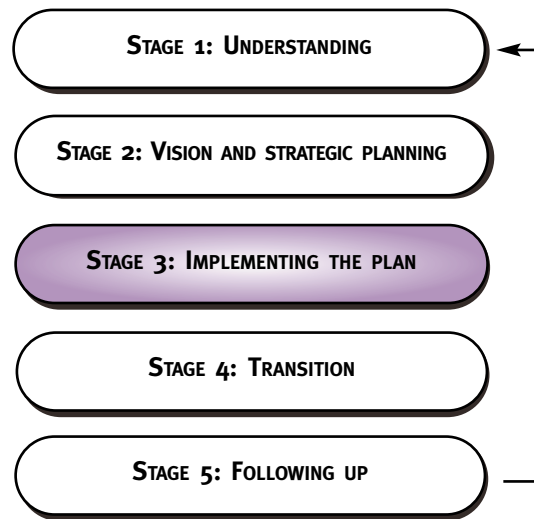
In the same vein, it’s important not to claim that your initiative is brand new because people are tired of new, disconnected organizational initiatives. Instead, he advises, “Say it has roots, it’s part of a natural evolution. It’s building on what we did before.”

Each year, he highlights another management initiative for Ontario public service employees. Each year he stresses how the latest aspect fits with and enhances everything that has gone before.

STAGE 3:

Implementing—How do we make it happen? Reshaping cultures

Once a vision and plan have been developed, it is time for their implementation. The first step is building a platform, with leaders making the case so that employees can see what is in it for them. Second is communicating the change. Suggestions are provided for reinforcing the desired behaviour: structured incentives; focussing on the people aspects of change; providing opportunities to experience the change first-hand; and developing an infrastructure for consolidating the desired culture (e.g., a centre of expertise).



The role of the deputy minister or head of agency

Be the change you want to see in the world.

— Mahatma Gandhi

Any change initiative depends on implementation for its success. This is a systematic process of discussing how and what, questioning, following through, and ensuring accountability. Support from the top is crucial.

One departmental experience suggests four keys to success:

- *Get the necessary momentum going.*
- *Support it from the centre with leadership and demonstration.*
- *Change beliefs and behaviours through experience—personal experience as well as observing what happens to others.*
- *Listen to the front line to discover the difficulties, contradictions, and dilemmas inherent in the change effort.*

Getting the minister involved is also viewed as a key to success, as is building operations capacity so that managers become as good at implementation as they are at policy.

Bill Blundell stresses that success will come only if deputy ministers and heads of agencies get involved: “It’s all about leadership. It has to come from the top.”

This sentiment is supported by the management literature and by consultations with executives and academics. Deputy ministers and heads of agencies need to articulate clear expectations to the management team and incorporate modern management into the agenda.

That won’t be easy. Senior public service employees estimate that leading a management reform like Modern Comptrollership will take 30 to 50 per cent of the already limited time of a deputy or head in the first months and considerable attention thereafter. This is a marathon, not a hundred-yard dash.

Make the case

To make the case for change to staff, two approaches are often cited:

- The “Burning Platform” / “Burning Bridge”: To build a sense of urgency for change, the leader describes how intolerable the current situation is.
- The “Promised Land”: Again to build energy, the leader describes how wonderful everything will be if the changes are made.

John Kotter says a sense of urgency overcomes complacency; but a crisis is only one way of creating it. Others prefer non-crisis change: “Crisis change tends to end up in an over-reaction and going too far the other way.” According to them, the “Burning Platform” destroys trust; the “Promised Land” inspires people to action and it is more realistic.

The “Promised Land” approach requires showing people what is in it for them. Identify their unmet needs and show how management modernization benefits both the individual and the organization. Also, show how modern management contributes to the mission we share: better service for Canadians.

Social marketing is a multi-factor approach used to convince a group of the benefits of changing behaviour. It is usually selected when the change agent does not have direct power—for example, Health Canada’s very successful social marketing to convince Canadians to smoke less. But social marketing can be used internally as well, getting people to “try” the new behaviour on the understanding that if they don’t like it they can always go back to the old.

The marketing can lead individuals to recognize the need for change—whether it is to stop smoking because of the health danger or to stop avoiding risks because of the dampening effect on innovation. They next must try out the new behaviour.

Horizontal change initiatives, such as Modern Comptrollership, are particularly challenging. Often initiatives launched by central agencies are viewed as imposed from outside. To avoid cynicism, the initiative rationale must be clear. In the case of Modern Comptrollership, for example, employees will be interested in its intended effects on the work environment (e.g., reducing stress) and improving outcomes through promoting proactive techniques (e.g., better information systems and risk management).

Techniques for communicating well

The message conveyed must be simple and compelling. As John Kotter says, “You must be able to describe the vision driving a change in five minutes or less and get a reaction that signifies both understanding and interest or you are in trouble.”

It must also be sustained, says Michael Nurse: “The first time you communicate, you only touch the surface. You have to come back time and time again to reach further down. It’s like throwing a stone in the water. You get a ripple, but it disappears. You need to keep communicating.”

Communicate with passion. “Energy comes from the leadership,” says Nurse.

Two techniques are especially effective: telling stories, and powerful conversations. Leaders must **tell stories** that touch emotions and intellect. This works better than relying solely on charts, graphs, and analysis. Kotter recommends that leaders identify a problem or solution and “then they show this to people in ways that are as concrete as possible. They show with a vehicle you can see, hear, or touch.”

Leaders must also view every one of their conversations as an opportunity to entrench the change effort, through teaching and learning. In each of these **powerful conversations**, they must honestly share feelings, beliefs, and ideas with the other party; assure a clear expression of wants and needs by both sides; and make sure the discussion ends with explicitly stated commitments.

Jack Welch says, “Whenever I had an idea or message I wanted to drive into the organization, I could never say it enough. I repeated it over and over, at every meeting and review, for years, until I could almost gag on the words. I always felt I had to be ‘over the top’ to get hundreds of thousands of people behind an idea.”

Allan Kennedy and Terry Deal, two prominent academics in the field of management culture change, found that managers needed to capture 5 to 10 per cent of each employee’s time to achieve cultural change. That’s 10 to 25 days per employee per year in meetings, training, learning, and discussion.

And remember it’s not just what you say; it’s what you do. It takes more than words and exhortations to inspire staff; what’s effective is action by senior managers to adopt the change themselves. The challenge is to “walk the talk”—to act in a way that builds support for change.

Capacity building

Every organization must build its capacity for culture change. Capacity building involves providing **incentives** to recognize and reinforce new behaviours. In the process, it is important to **focus on people** and ensure that strategies are in place for dealing with the stress of change. One strategy is to provide **learning experiences** for staff, allowing them to try out the new behaviours during the transition period. Finally, deal with gaps in **infrastructure** by identifying and providing tools and training to get the job done.

Incentives: A major incentive for public service employees will be demonstrating how the change helps them better deliver benefits to Canadians. As well, identify what drives job satisfaction for each group in the organization and provide incentives in each area.

At every level, the benefits of adopting change need to be identified. Determine the driving forces for managers to buy into the concept of cultural change, and do the same for each target group within the organization. The findings then need to be properly communicated; otherwise, no organization will change.

Attention to the change can be focussed by setting targets in individual performance contracts and tying results to performance pay. Promotions and desirable assignments should also partly depend on Modern Comptrollership performance. Rewards must be tied to actions that promote modern practices, and to behaviours consistent with modern management.

Focussing on people: Change stirs up feelings and creates stress. It is important to be sensitive to employees’ emotions and understand how they will affect the organization. People tell stories justifying their emotional concerns to colleagues. Ignoring them doesn’t work. The stories can spread like wildfire through the organization, and your change team must have better stories ready to counter them.

The people challenges are

- to build awareness and acceptance of changing roles and responsibilities;
- to articulate competencies and skills;
- to assess what is needed for new competencies; and
- to enact learning plans to meet needs.

Any new program requires thoughtfully targeted training and development, based on the understanding developed in Stage 1 and the needs revealed by gap analysis. It is important to ensure that training and development will be available to staff when needed.

Sometimes the date for introducing an initiative must change to fit with available training and development.

USEFUL TOOLS

Change initiatives need to be supported by tools that simplify implementation and promote consistency. With Modern Comptrollership, the Treasury Board of Canada Secretariat has developed a set of resources. Among them:

- *Results for Canadians: A Management Framework for the Government of Canada*
- *Modern Comptrollership: The Foundation of Modern Management*
- *Integrated Risk Management Framework*
- *Changing Management Culture: Models and Strategies to Make It Happen* (with companion research report and annotated bibliography)
- Leading practice case studies and testimonials
- *Baseline Capacity Assessment*

Available at: http://www.tbs-sct.gc.ca/cmo_mfc

Learning experiences: Learning opportunities help staff visualize and experience the behaviours being promoted. Again, the opportunities must address the gaps identified earlier (and those that emerge). It is easier to learn to swim by taking lessons than by being thrown off the end of the dock. To advance from cognitive to behavioural acceptance, people need “safe”

Serge Rainville, Assistant Deputy Minister, Government Travel Modernization Office, warns that the driving force should be the advantages of empowering managers. But don't empower without providing the appropriate training and tools. Otherwise it becomes “a poisoned gift” to staff. And while there may not be a burning platform, Modern Comptrollership is important. It's not a crisis. It's a necessity in the new world. The old-fashioned ways of doing things have to change.

experiences with the new approach, involving experimentation and questioning to resolve personal concerns.

There are many ways to bring experiential learning to those most affected by change. In presentations and classroom training, bring in those who have done it, who have lived through the change. Seeing real people who have made the transition can help ease the fears of those who have yet to experience it.

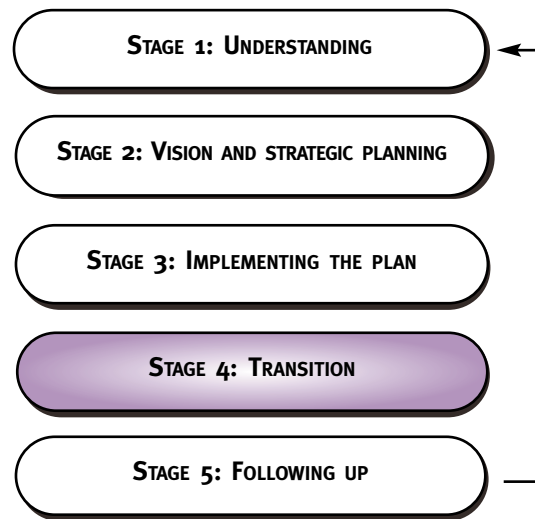
Infrastructure: Make sure the infrastructure supports the change. Identify opportunities for strategic investments. Provide the necessary resources and tools. Ensure that performance appraisals, promotions, incentive pay, training, information systems, in short, every part of the organization has been examined and (if necessary) overhauled to become consistent with modern management practices.

Think of what tools your staff will need and how to provide them. National Defence, for example, is setting up a Centre of Expertise on strategic change, so people can quickly locate resources and seek support. The tools should be those that staff need to become effective. Too often, dedicated public service employees with a good program to deliver are limited by inadequate or inappropriate tools—“square wheels.”

STAGE 4:

Transition

With implementation under way, next comes providing help through the transition, when people are letting go of one set of behaviours and moving to another. Priorities are dealing head-on with resistance to change, getting external systems consistent with the desired culture, and supporting staff through the transition. People must be motivated to adopt the new culture by means of constant communication, celebration of wins, and rewards for successes.



It may look difficult, but it's quite safe holding on to the first bar, and it's fine when you have grasped the second bar. It's when you let go that you are vulnerable.

— *Karl Wallenda, aerialist, of the Flying Wallendas*

A critical juncture for any change initiative is the period of transition, of letting go. This is the in-between time, which presents its own risk. Some people are reluctant to adopt a new behaviour before others. Some cling to the old ways until they are really sure it is safe to switch.

Elements of the old culture hang on and continue to claim our allegiance. Change requires that we drop them.

As Assistant Deputy Minister, Corporate Services, Indian and Northern Affairs Canada, Brent DiBartolo (now Assistant Secretary, Labour Relations and Compensation Operations, at Treasury Board of Canada Secretariat) successfully modernized delegation and accountability. He realized this was a very control-oriented department, with limited delegation. Finance was a gatekeeper rather than a service provider. Line managers, who understood the programs, could not make decisions. The result was a loss of accountability and effectiveness. He decided to eliminate departmental spending limits and delegate to managers the full Treasury Board limits. "It took hours to convince people there was a discontinuity between what we were doing and the new accountability," he says. "People can't be held accountable if they can't make decisions. It took six months to get the message across, and another six months for people to get their new roles clear, with a lot of support from the top during the delicate transition period. At the end, though, people found their jobs were better, and lower levels were doing better work. They had made the leap into the future."

Culture has deep roots that cannot easily be pulled out—certainly not by exhortation. Ingrained habits and procedures must be questioned and discarded if they no longer fit.

It is difficult to examine and change personal beliefs and behaviour. The trick is to be both actor and observer—in effect, to be on the dance floor, yet have a view from the balcony.

Deal with resistance to change

MANAGING THE TRANSITION

The following techniques may assist in adopting the desired change:

- regular updates and communications (e.g., newsletter, brochures, on-line chat groups);
- regular meetings with staff to update them on progress, discuss implementation issues, and involve them in identifying solutions;
- regular discussion of the initiative on management meeting agendas;
- regular reporting on the “state of management”;
- regular updating of baseline data on the state of modern comptrollership culture within the organization;
- outreach to other organizations undertaking similar change initiatives;
- identifying and rewarding those who make a difference in the organization;
- institutionalizing modern comptrollership practices wherever possible (e.g., ensure that they provide a base for learning programs, hiring, and promotions)

Resistance to implementation is a common phenomenon. Not all employees will embrace the change; their concerns need to be heard and dealt with openly and fairly. The biggest challenge is reducing fear. Regular newsletters, town hall meetings, and face-to-face meetings will help people understand the opportunities and benefits for them and for the organization.

Some people are unable, or unwilling, to adapt to the new culture and meet new performance expectations. Dealing with them can be arduous. The leader’s approach to such situations can have a powerful impact on other staff. Similarly, if employees’ concerns are disregarded, resistance is likely to increase.

There are strategies to reduce fear and ease transition: breaking down the project into smaller phases; providing periods of stability between the phases; and regular and open communication.

Get external systems consistent

Deputies and heads of agencies must show consistency by “walking the talk.” Equally important is external consistency. Are the minister and partners in agreement? Does the human resources policy on promotions reflect modern management competencies?

Henry Mintzberg cautions, as long as the public environment and media condemn mistakes and losses and do not praise risks that are taken and successes achieved, there is an asymmetrical reward system. “You can get killed for taking risks that go badly, but gain nothing for taking risks that turn out well.” Deputies and heads understand this issue and must work for positive outcomes. Organizations can learn from good stories, too.

For many, it is tough to let go of the previous culture and add new ways of dealing with risk, control, and information. Most crucial is not to get stuck in between, frozen by fear.

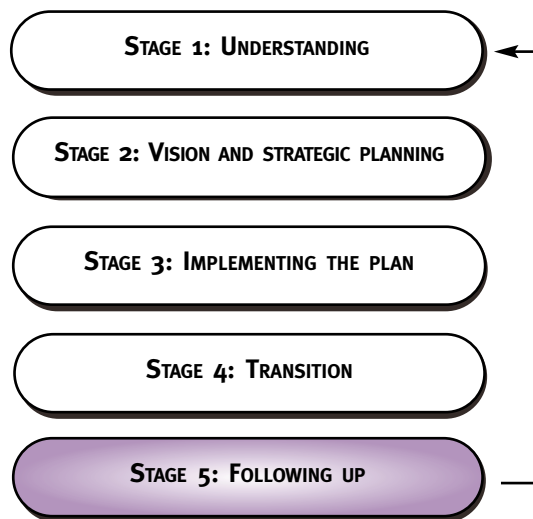
We often hear that changing organizational culture is like turning around an ocean liner. It could well take 7 to 10 years to introduce Modern Comptrollership. This does not justify going slowly; instead, all the more attention should be given to getting things going, building momentum, and building a critical mass of support. The danger is not moving quickly enough and being unprepared for transition problems.

STAGE 5:

Following up

It is important to keep returning to the first stage to check where things are. What progress has been made? What has brought about success or failure? Measure how far you have advanced toward your goal. Reporting and other regular communications will help sustain the momentum of change.

Successful change efforts create a new culture that reflects the vision and that supports and enhances desired behaviours. But after a successful transition, it is important to reflect on what went well, and what didn't. Measuring and reporting on progress is important; these are ways of learning from the change, getting better at it, and fostering an environment that excels at continuous improvement.



Statistics Canada has been named the top statistical agency in the world by The Economist, and Chief Statistician Ivan Fellegi is well respected both in Canada and abroad. The agency launched cultural change in the 1970s to overcome insular and parochial attitudes, as well as internal divisions.

Fellegi believes, “Cultural change will only come if you devise mechanisms that prompt people to change their behaviour.” To reduce insularity, for example, he insisted that managers establish bilateral committees with provinces and key clients, to meet regularly; this, he knew, would force an agenda to be created and issues to emerge. Putting everything on a cost-recovery basis forced managers to discover what clients wanted since they wouldn’t pay for unneeded services. “Simply putting that structure in place was far more effective than me preaching until I was blue in the face, and we had a cultural change that benefited the organization,” he says.

To break down internal divisions, he established inter-branch staffing and training processes, generic rather than job-specific competitions, and slow rotations. Performance appraisals took on a corporate outlook. He sees the need for consistency in cultural change: “You can’t have an ever-changing list of changes without losing credibility.” And consistency needs to be reinforced by persistence since there are cynics who will try to outlast you. “Communication—provide the leadership people are looking for, a common purpose that is clear, makes sense, is consistent,” he says. “Don’t write a manual; that’s utterly the wrong way in my experience.”

Fellegi was open and told staff what he was doing. He avoided detailed rules, allowing employees to figure out how to attain goals. But by creating mechanisms requiring follow-up—those meetings had to take place and cost recovery continue—he ensured that the cultural change proceeded. And he monitored progress. Corporate progress at Statistics Canada is reported in an annual address to staff. Fellegi meets with all the EXs as a group and individually, including skip-level meetings. Staff surveys round out the picture.

Report on results

Document your process and progress. Let everyone know how you have done compared to your targets, whether the news is good or bad.

As modern management practices become established within the organization, it will become important to market the principles and practices to partner agencies with which you work. Stage 1 (Understanding) must be repeatedly revisited. A one-time staff survey needs to be followed up; repeated measurement helps assess progress and reassures staff.

There will inevitably be mistakes and unwelcome surprises. The change process must foresee these and be able to respond. Adopting the new management culture must remain a priority, not simply something to mention in passing in a quarterly report. The effort must continue, with a focus on results.

The deputy minister or agency head and the entire senior management team must spearhead the process, communicating regularly and at all levels, having powerful conversations, creating stories, listening to staff, responding to concerns, and embodying the change they want to see in the culture.

TOOLS TO MEASURE CULTURE CHANGE

Identify benchmarks and articulate the targets and measures for documenting progress toward the vision. The measures need to be consistent with the organization's mission, aligned to the change objectives, and supportive of those most affected by the change. Carefully planned reporting will help sustain the momentum for change; it will highlight progress, give special emphasis to early wins, and enable you to celebrate successes.

The following questions and indicators could be included in your reporting and ongoing data collection strategy.

Corporate perspective

- Are there quick results made visible to all, and do executives use the results of short-term wins to demonstrate progress?
- Are new projects and initiatives being launched to make more significant changes to processes, technology, and systems?
- Are there recognition and reward systems that inspire, promote optimism, and build self-confidence?

People

- Do leaders discuss the vision, goals, and strategies in routine management meetings as well as in formal and informal gatherings?
- Are leaders seeking to take advantage of new situations to further the change effort?
- Are change leaders and promoters gaining more influence?
- Are supervisors actively trying to remove barriers that keep people from behaving according to the vision?
- Do people regularly recognize and celebrate important achievements?
- Do people regularly use stories, images, and visible events to advance change efforts?

SUMMARY

Change can come in many forms. It can be fast or slow, and each organization will have its own reasons for selecting a particular approach. Managers are free to choose a change model most suited to their style and to develop a strategic plan that meets the needs of the organization. Experience strongly suggests basing the choice on a greater understanding of several relevant factors, such as the organization's readiness for change and areas of potential resistance, and following the sequence of stages outlined here. It also suggests there are core capacities that need to be developed, including the ability to bring staff concerns to the surface through open sessions, surveys, powerful conversations, and dialogues.

This guide notes cultural undercurrents that will inevitably affect how change is perceived in the organization and, to some degree, how successful the change initiative will be. To overcome those hurdles, managers must consciously strive to understand the organization and the behaviours and beliefs defining its culture. More important, they must take action to remove barriers, build capacity and, above all, communicate passionately at all stages.

The investment will pay off in the longer term: the resulting more mature organizational culture will be better able to cope with future change, and the organization will be more effective at achieving its mission of better results for Canadians.

APPENDIX 1: Assessing the Current Culture

Before implementing a change agenda, it is important to first baseline the organization's level of engagement with the desired set of practices, develop its cultural profile, and identify its overall readiness for change. This information will help in identifying which change strategies and techniques to use, as well as which type of plan for change is needed. It will also assist in identifying implementation progress by providing a baseline of practices for comparison.

<i>Categories and subquestions and indicators</i>	<i>Methods</i>
<p>EXTENT TO WHICH DESIRED BEHAVIOURS ARE PRACTISED — ESTABLISHING A BASELINE</p> <ul style="list-style-type: none"> ■ To what extent does the organization demonstrate the desired behaviours? ■ What attitudes and perceptions surround the behaviours you wish to influence (i.e., how tied to current behaviours are organization members)? 	<p>Organizational surveys; focus groups made up of target communities that form subcultures within the organization</p>
<p>EFFECTS OF THE CHANGE AGENDA — MAKING THE CASE FOR CHANGE</p> <ul style="list-style-type: none"> ■ How will the economic and human effects of not changing (i.e., the cost of doing nothing) be measured? ■ What are the estimated human and economic savings from adopting the changes? 	<p>Efficiency questions within organizational survey combined with statistical analysis, case studies</p>
<p>ORGANIZATIONAL READINESS FOR CHANGE AND SELECTING CHANGE TECHNIQUES</p> <p>Climate: Some cultures embrace needed change while others resist it. Three attributes seem to determine a culture's receptivity to change: sense of community; shared vision; positive outlook.</p>	<p>Organizational survey, combined with targeted in-person interviews with key leaders and knowledge holders within the organization</p>

APPENDIX 1:
Assessing the Current Culture (cont'd)

<p>Support: How much organizational support is there for adopting the desired behaviours (i.e., are members of the organization receptive)?</p> <p>What supporting information and tools (frameworks, learning opportunities, dialogue, feedback) do organization members feel they need to successfully adopt desired practices?</p> <p>How might current value systems interfere with adoption of the desired changes?</p> <p>Do subcultures differ in the way they view the values associated with desired behaviours?</p> <p>Who will support change the most, and how can their support be leveraged?</p>	<p>Organizational surveys, focus groups with target groups</p>
<p>CORPORATE CONSIDERATIONS</p>	
<p>Corporate history: Investigate the roots of the organization's culture. What were the values of the people who built its institutions, and how are they reflected in the organizational structure, rules, and procedures?</p>	<p>Interviews with long-time employees and managers</p>
<p>Environment: Consider the nature of the organization's services and component institutions. How have they evolved over the years? Do the institutions reflect modern governance?</p>	<p>Review of literature on the history of the organization</p>
<p>Region: Take into account regional differences and their effect.</p>	<p>Environmental scan</p>

<p>Key organizational tasks: Bear in mind the nature of the business lines. Identify key stakeholders and consider their views.</p>	<p>Client satisfaction surveys; analysis of service delivery processes and performance measures</p>
<p>PEOPLE</p>	
<p>Leadership style: Consider which types of leaders excel in the organization. Why is that so, and which aspects of the culture does it reflect? Which behaviours of leaders get rewarded?</p>	<p>Survey of managers; 360-degree feedback</p>
<p>Employee base: What attracts people to the organization? What retains them? Which parts of Canadian society do new hires come from? Where are hiring efforts most successful?</p>	<p>Employee survey analysis of selection criteria and turnover rates.</p>

(adapted from John Kotter and Judd Allen, William Baun and Shari Levine)