

Achieving Real Cultural Change – A CEO’s Perspective

David Shedd

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"Except for the people, the hours, the work, the stress,
and the pay, this is the best job I ever had!"

*How important are
ethics in today's
society?*





ONCE YOU'VE MASTERED THIS SIMPLE TECHNIQUE, WE'LL MOVE ON TO SOMETHING MORE CHALLENGING, LIKE CHANGING YOUR CORPORATE CULTURE.



David Shedd

- Ten years as President of \$200M group of manufacturing and services companies.
- Senior Vice President and COO of \$900M company.
- Author of *Build a Better B2B Business*

Some of my Experience with Cultural Change

- Positive:
 - Created a safety culture that lead to world-class safety.
 - 53 employees a year saved from being injured
 - 13 of those 53 saved from being hospitalized with permanent injuries (lost fingers, broken backs, etc.)
- Negative:
 - As part of a corporate-wide team, strove to create a culture of “best in class” operational excellence throughout 50+ different operations.
 - Initiative had early success
 - However, after a lot of money was spent, the initiative just fizzled out with only moderate improvement.

“The hardest part of a business transformation is changing the culture – the mindset and instincts of the people in the company.”

Lou Gerstner (Former CEO of IBM)

1. Clearly Define the Desired Culture

- What are the attributes of the culture?
- What is acceptable behavior in the culture?
 - Be specific with vivid examples
 - Jim sticking finger in electrical socket

2. Over-Communicate

- Teach and train
- Ask Ask Ask
- Repeat repeat repeat
- Use stories; they resonate and are remembered
- “About the time that you are writing a line you have written so often that you want to throw up, that is the time the American people will hear it.” President Richard Nixon

3. Leadership Example

- “Example is not the main thing in influencing others. It is the only thing. Example is leadership.” Albert Schweitzer
- Does the leadership embody the new culture in their actions, words, and behaviors?

4. Relentless Follow-Up

- Non-stop follow-up, support and encouragement.
- Start every meeting discussing the culture change and the progress towards the new culture.

5. Create Conditions to Align with Culture

- Does the physical environment reflect and allow for the acceptance of the new culture?
- Are the incentives aligned to match the new culture?
 - The incentives are not paramount to the cultural change; but they cannot be mis-aligned

6. Share Good and Bad Examples

- Pass on success stories
- But, be honest about the difficulty and share the failures.
 - “I was not wearing a hard hat.”
- Story-telling is crucial

7. Involve the Individual

- “Hah!! I am the CEO, I know what is right and I know what the employees are going through!”
 - Rigid standardization and perverse incentives in the operational excellence cultural change
- “People often resent change when they have no involvement in how it should be implemented. So, contrary to popular belief, people do not resist change, they resist being controlled.” Ken Blanchard

8. Accountability

- Need to think upfront, what happens if key employees do not accept the new cultural values and goals?
- Non-believers need to be expelled.
 - “He will most likely die on the job. But, he will not die on the job while he is working for my company!!”

9. Patience and Persistence

- It can take 1 – 3 takes years to really change the mindset and instincts of the people in the company.
 - You cannot do it all at once

THAT CONCLUDES OUR 2 DAY
INTERNATIONAL SALES MEETING.
WE COVERED OUR 9 NEW
PRODUCT INTROS...



YOUR NEW COMPENSATION &
SALES TERRITORY PLANS...
RECENT REGULATORY ISSUES...
OUR NEW POSITION STATEMENT...
CRM SYSTEM CHANGES...



AND OUR COMPLETE SHIFT IN
VERTICAL MARKET FOCUS.



comi5

9. Patience and Persistence

- It can take 1 – 3 takes years to really change the mindset and instincts of the people in the company.
 - You cannot do it all at once
 - Think “Wayne Gretzky” to ensure that the culture will still be relevant in 1 – 3 years.
- Until the new culture truly lives, it is like melting ice every day (80 calories a degree)
 - Can you keep the attention and effort for that long?
 - Is it really that important?
 - Will it continue to be that important?
- What can you do to keep things fresh over the years?
 - Safety training, safety huddles, safety at all meetings, safety audits, BBSO's (behavioral-based safety observations), safety stories, sharing safety failures, safety “Think”, safety statements.
 - New ideas and suggestions to reinforce the cultural change need to come from throughout the organization
 - Top down from the leadership team
 - From corporate staff
 - From middle management
 - Bottom up from the workers on the plant floor and the employees on the front lines

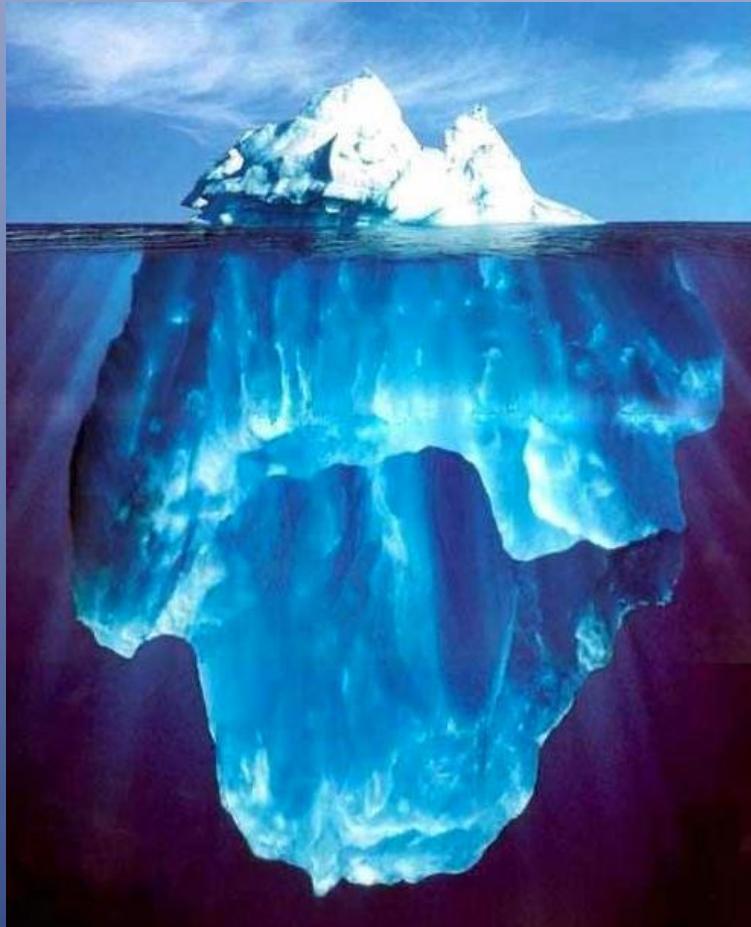
The Tell – Tale Signs

- What are the tell-tale signs that point out when the cultural change initiative is veering off course or just plain dying out?

Some Tell – Tale Signs

- Dramatic change in business makes it less critical or a big, new initiative is in place
- It is just stale with people just going through the motions
 - Operational improvement
 - ISO 9001 quality
- Key employees leave the organization
 - What did they say in their exit interviews?
 - “What do you mean you don’t do exit interviews?!?!!”
- The “rank and file” just don’t believe any more
- It is taking too long; no improvement over the last month or year.

Cultural Change Iceberg



90% of the work comes in the unglamorous daily focus
and attention to driving the cultural change

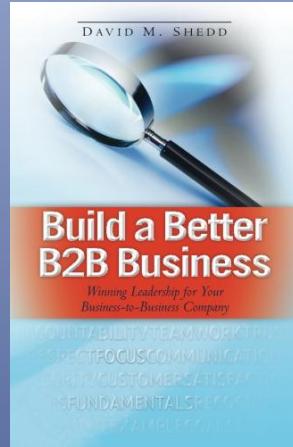
Summary

- Having the right culture in your company is vital
 - The leadership needs to ensure that there is a proper and unified culture throughout the company that enables the business to achieve its critical goals.
- Cultural change is hard and can take 1 – 3 years.
 - It requires working all of the 9 fundamentals of cultural change discussed.
- Undertaking a cultural change needs to be lead by the leadership of the company.
 - Yet, an outsider's perspective and advice ("a pair of fresh eyes") can be invaluable to ask the "stupid questions" and be a sounding board and objective observer.

A Call to Action

- No matter what level of leadership you are in, begin today to move the culture of your business area in the direction that you want it to go.
 - Just get started and do something different (even one thing) when you get back to the office to improve the culture – “the mindset and instincts of your people.”
- Contact me today for a free half hour consultation.
 - [Click here](mailto:DavidShedd@cox.net) to E-Mail me at DavidShedd@cox.net
 - Put “Free 30 Minute Consultation” in the subject line.
 - Provide a few details as follows:
 - Name, company, E-Mail, website, phone number.
 - Write down the three most critical culture / cultural change issues that your company is facing.
 - Suggest three different times for the consultation.
 - I will respond back to you within 3 days

Thank You



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