What Makes Change Harder — or Easier

Before you adopt any popular new management approach, it pays to analyze the implicit values embedded in it. Then ask yourself: How well will those values fit our existing organizational culture?
What Makes Change Harder — or Easier

Before you adopt any popular new management approach, it pays to analyze the implicit values embedded in it. Then ask yourself: How well will those values fit our existing organizational culture?

BY MARKUS SPIEGEL, THERESA SCHMIEDEL, AND JAN VOM BROCKE

IN TODAY’S TURBULENT business environment, many companies are undergoing major innovation or change initiatives. These transformational efforts are often accompanied by the introduction of new management practices and methods. The reasons for such changes are many: The “old way” of doing things no longer delivers desired results, a new strategy needs to be implemented, new technologies should be leveraged, or an entire business model needs revamping. Unfortunately, transformational initiatives often fail to live up to expectations or to deliver the intended results in a timely manner.

Our research and consulting experience suggest a key reason for this frequent failure: Organizations often don’t consider that the management practices and methods they are about to introduce come with underlying values and assumptions about how things should get done. We call this the management methods’ embedded culture. Failing to recognize that management approaches build on a specific set of values and assumptions can lead to friction with the culture of the organization into which a new method is introduced.

But it does not have to be this way. Being aware that management methods and practices are not culturally neutral, but instead come with an embedded culture, can be a powerful lever to strengthen change efforts and increase the odds for success, so you can achieve your goals.

Culture and methods need to fit together to function well and be effective. This can play out in two different ways. If the values embedded in the new management method you are adopting fit your current organizational culture, they can help you perform quickly. If, however, the values embedded in the method are not congruent with your existing organizational culture, you must transform the culture by practicing and rewarding new behaviors. In the latter case, the management method becomes a vehicle for cultural change, because it delivers experiences that require new behavior.

In either case, it’s worth analyzing both the values of your organizational culture and those of the new management approach in order to identify areas with potential conflicts and a need for adaptation. Such conflicts can be addressed proactively when they are not hidden below the surface, and business leaders can then make better choices about how to successfully implement the new management methods.

If the values embedded in a management approach that you want to adopt conflict with your current organizational culture, you need to foster behaviors that help develop a culture supportive of the organization’s new objectives. This cannot be done by printing shiny posters and flyers that list “new values” that are introduced to employees by managers reading from scripts. To truly unlearn existing behavioral patterns, there must be both a demand for new behavior that builds on the desired values and an opportunity to reward it.

Thinking through how managerial practices will fit with the extant organizational culture is an important first step.

For example, some years ago, the financial services division of a well-known
When implementing a new management method, start the implementation in areas of the organization where the highest cultural readiness for that method can be found.

global company wanted to roll out a “Global Process Excellence Program” to drive a process orientation and boost performance. Part of this initiative was to identify new methods that would quickly help make progress toward these goals across the company’s operations, using a results-oriented improvement approach that emphasized stretch-goal ownership and then disciplined execution against those goals. Executives chose this improvement approach because the company needed to both generate momentum quickly and build the skills to drive larger-scale change from within to address business challenges on multiple fronts.

Within this company, however, various organizational subcultures existed in operations in different markets. By analyzing the fit between the organization’s subcultures and two key values implicit in the process improvement approach — ownership of stretch goals and disciplined execution of them — the company could target change efforts where needed and achieve better results.

Ownership of stretch goals refers to the idea that teams need to set their own, very ambitious, results-oriented goals for crucial business challenges given to them by management. Disciplined execution relates to the controlled implementation of projects. In one market, managers and employees readily adopted ownership of stretch goals — but they needed coaching on how to achieve truly disciplined execution of those goals. In contrast, in operations in another market, disciplined execution was a good fit with the existing organizational culture, but the idea of teams setting ambitious goals was not; teams preferred to either just take goals they were given by their superiors or set low, easy-to-achieve goals to ensure that they could fulfill them and nobody would lose face. The executive sponsoring the change initiative in that market needed to be prepared to challenge teams to set ambitious goals for themselves.

In both cases, the recognition that the new management method was developed with a certain set of assumptions helped to identify necessary adaptations in the given local contexts — and that helped mitigate some implementation risks. Ensuring cultural alignment made the application of the approach much more effective and scalable across the corporate subcultures in different markets.

Different functions in a company can also have somewhat different subcultures. One organization we worked with, for instance, discovered large internal gaps in the perception of the company’s innovativeness. While top management and the supply chain management area viewed the company as highly innovative, people in production and administration perceived only low degrees of innovation. Based on this insight, the company’s leaders understood that, if they wanted to anchor innovation as a value throughout the organization, the company had to start to more consistently communicate internally examples of innovations, such as the novelty of specific products or processes. Such examples could then stimulate fresh thinking and ongoing reflection in other areas of the company.

The existence of subcultures within an organization represents an opportunity for executives leading change. When implementing a new management method, start the implementation in areas of the organization where the highest cultural readiness for that method can be found. After these first pilots are identified, teams that work successfully with the new methods and achieve good results should be rewarded and their stories communicated through the entire organization. That way, their peers will become more open and receptive to experimenting with the new approach — something senior managers can incentivize.

When companies do not face disruptive change, their organizational culture is maintained through continuous reintegration of extant habits, thus institutionalizing underlying values. However, businesses often need to adopt new management approaches and methods to keep pace with change and stay competitive in the market. Becoming cognizant of the fit — or lack of fit — between an existing organizational culture and a new management approach is an important step toward facilitating real change.

Markus Spiegel is a partner at Schaffer Consulting, a management consulting firm based in Stamford, Connecticut. Theresa Schmiedel is an assistant professor of business process management at the University of Liechtenstein in Vaduz, Liechtenstein. Jan vom Brocke holds the Hilti Chair of Business Process Management at the University of Liechtenstein. Comment on this article at http://sloanreview.mit.edu/x/58303, or contact the authors at smrfeedback@mit.edu.

Reprint 58303.
Copyright © Massachusetts Institute of Technology, 2017. All rights reserved.
Articles published in MIT Sloan Management Review are copyrighted by the Massachusetts Institute of Technology unless otherwise specified at the end of an article.

MIT Sloan Management Review articles, permissions, and back issues can be purchased on our Web site: sloanreview.mit.edu or you may order through our Business Service Center (9 a.m.-5 p.m. ET) at the phone numbers listed below. Paper reprints are available in quantities of 250 or more.

**To reproduce or transmit one or more MIT Sloan Management Review articles by electronic or mechanical means** (including photocopying or archiving in any information storage or retrieval system) **requires written permission.**

To request permission, use our Web site: sloanreview.mit.edu or

E-mail: smr-help@mit.edu

Call (US and International): 617-253-7170Fax: 617-258-9739

**Posting of full-text SMR articles on publicly accessible Internet sites is prohibited.** To obtain permission to post articles on secure and/or password-protected intranet sites, e-mail your request to smr-help@mit.edu.