

Culture change is free

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First published by Quality World, 2009.

Before describing my epiphany, a confession: I was a culture-change consultant. I had the good fortune to be involved in one of the first corporate culture-change programmes - British Airways in the mid-Eighties. While there was an evident shift away from being an organisation focussed upwards (for answering questions in the House) to an organisation focussed outwards (to the customer) and much cross-functional cooperation, I was often left wondering whether, and if so how, the culture change programme had changed the way the work worked.

I have worse to confess. I trained as a group facilitator (in my defence this was the era of the Tavistock, T-Groups and the like) and would lead one-week 'teamwork' programmes in the Lake District where 'deeper' was certainly 'better' and depths were surpassed by elation through renewal, although I couldn't get the thought out of my mind that we were playing with lives and over time, as we met people from the same organisations, it was clear that little of the 'benefit' achieved in one week of therapy was transferred back to work. I am ashamed to have believed that turning the people on could turn an organisation on.

Being involved with the BA work led to lots of opportunities in the market, culture change was new, 'it had done it for BA...' One of my earliest assignments was with Honeywell Bull's Distribution department. Distribution was the place that took orders from salesmen and fulfilled them (got the stuff to the customers). The boss was Peter Edwards; when we met he told me his problem was that his top team didn't work well together when he was not there. Being a good psychologist and team-developer, I assured him, politely, that he would be part of the problem. He laughed it off, told me I was welcome to conduct an assessment and propose a plan, but if the plan included him changing I could forget it. His disarmingly charming and direct style prevented me from sticking to my principles and marching off.

Distribution, despite its simple purpose, was a mess. Often there was insufficient inventory to fulfil all orders; the consequence was sales people would get hold of Distribution managers to get things changed. Buying was based on budgets, seeking lowest cost, and the result was poor flow, excess inventory of things not moving quickly and insufficient inventory of things being sold. All the decisions about inventory and prioritisation were management decisions. The place epitomised fire-fighting.

The front-line job was a shocker. All day long phones would ring with unhappy sales people beating up people who could do nothing to help. The front line job was to take orders. All the 'failure demand' (as I would call it today) could only be noted and passed on. Management's perpetual tampering with the system was only making things worse.

When I sat down with Peter Edwards my first observation was based on one of the ideas we had been pursuing at BA: Moments of truth. The simple fact was Distribution didn't work because it hadn't been designed from the customers' point of view (that year it got the 'wooden spoon' for 'sales prevention' at the annual sales conference). Edwards agreed to an off-site meeting where managers would be put through their customers' view of them, a view of what was going on at the front line (where the customer gained their view), the causes of

the problems and thus to design a solution. And when they came up with it I felt sure Edwards would be asking for my help with implementation. "No thanks" he said, "we're just going to do it".

And so to my epiphany. Three months later I received a video-tape in the post. When I played it I saw people who I knew as miserable, tired, stressed, unhappy and moaning, speaking as happy, problem-solving, engaged enthusiasts. They were, to use modern parlance, transformed. I cried. I called Peter Edwards to find out what they had done. "Just as we planned" he said. "We all went straight to the front line with the intention of working there until the staff who dealt with our customers could handle everything that came in". As the video testified, these people now had control of inventory and the responsibility and means to solve problems themselves. They were buzzing. That year they got the star prize at the sales conference. It took three months. And it changed their lives.

It's the system stupid

But we did nothing to the people. Their behaviour was a product of changing the system - the way work is designed and managed. Immediately following the Distribution experience I discovered Deming's work. He taught how management's attention should be on the system, not the people, and he illustrated the folly behind many conventional people-management ideas. He reminded us that management was man's invention and it needed re-inventing. But managers don't know about these things.

Fast-forward to today. Frequently, when I take leaders to places in their organisation where Systems Thinking is being employed, they ask: "What have you done to the people?" Again, the answer is "Nothing." The question merely exposes a belief; we have been taught that performance is a 'people thing', we subscribe to the view that 'people are our most important asset'. Yet we fail to understand what really drives behaviour.

In our call centres managers manage their agents' activity; amongst our field engineers managers manage calls per man per day; police officers, social workers and local authority staff have their time filled with paperwork used to justify their activities. These features of our organisations lead to low morale; people are being controlled, their ingenuity is engaged in survival, not contribution. The symptoms -dysfunctional behaviour - are taken as evidence of a 'people problem'; but there is nothing wrong with the people and everything wrong with the system. To put it at its simplest: if we design work into functions and give each function its own target, should we be surprised if they don't cooperate? Why would we think a 'good talking to' or a trip to the Lake District would improve cooperation? Why do we design competition when we could design cooperation?

The biggest of the symptoms, turnover of staff, still a blight on our 'modern' service industry, ought to be a signal to managers. We exported our wrong-headed call centre design to India only to discover it created an even higher turnover of staff despite the relatively high wages. Sickness rates too, should be treated as a signal, not something to respond to with an absence-management programme.

It is no surprise that organisations experiencing problems of low morale, staff dissatisfaction and staff turnover should also have problems with their customers. When you see how the system constrains peoples' behaviour in dealing with customers you realise how absurd it is that organisations should employ internal marketing campaigns in an attempt to get the front

line to behave better with the customer; their behaviour is governed by the system, the responsibility of management. No amount of harrying people to behave 'according to the brand' will change that.

If you design a system where the people who do the work have control of the work, the people change. They take responsibility. It is as Herzberg taught: if you want people to do a good job, design a good job to do.

And that, for management, is the challenge. To design a good job to do, you have to change the system. To change the system, you have to be prepared to change the way you think. Activity management goes out of the window and is replaced by measures that help you understand how to improve your service to the customer. All targets and other arbitrary measures have to go - along with managing by the budget. Management's roles have to change from adversarial roles (controlling the worker) to complementary roles (solving problems beyond the control of the workers). You can only contemplate such 'radical' ideas when you learn that your current means of control are actually not controlling much and, rather, are making things worse.

When measures are derived from the purpose, from the customers' point of view, and put to work where the work is done, innovation can flourish. And as people learn to solve problems, they solve more problems. Edwards always said you know when it is working when you discover people solving problems you didn't know you had.

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It is axiomatic that the system will govern behaviour, but something not understood by managers. Culture-change is appealing: 'what if all my people were positive, contributing, going the extra mile?' But it is fool's gold. Models promoting 'people-process-systems' and the like maintain this deception that keeps us from seeing their inter-dependence. It is ironic; when you change the system your people become your asset, but do nothing to the people, for culture change is free.