



The Tangible Cultural Approach: A practical guide for change

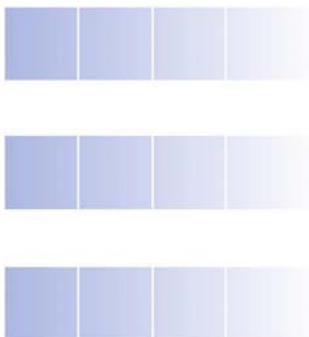
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Executive summary – Organizations undergoing change frequently run into major problems with delays, misinterpretations and low employee morale. Three methods can be used to ease the difficulties of bringing together groups with different perspectives: First, Business Practices provides a surrogate for culture and can be used as concrete starting point for aligning culture. Second, “Right vs. Right” discussions create a respectful basis for looking at specific approaches and determining where the key differences are. Third, participants work with Outcome Narratives to examine likely business situations and work through differences in approaches before they are met in the real world.

In this Executive Technology Report, Peter Andrews, Consulting Faculty Member at the IBM Executive Business Institute, interviews Sara Moulton Reger. Sara is a member of the Almaden Services Research group in IBM Research. She joined this group in 2003 to further develop an approach she had helped develop and used on the PricewaterhouseCoopers Consulting integration with IBM. She has been a consultant since 1988, specializing in change management, organization design, culture transformation and governance. She is the author of Can Two Rights Make a Wrong?: Insights from IBM's Tangible Culture Approach.¹

Peter Andrews One of the things I like about your book is that it provides some help in getting past the many, often muddy, definitions of culture. It's very practical. Two questions: What is organizational culture (or how should we view it) and why should we care?

Sara Moulton Reger Organization culture is often described as "how we do things around here." It is made of beliefs, behaviors, assumptions, norms, and other elements that are mostly invisible but have a big impact on what people do and how they do it. One of its complexities is definition. In fact, one expert we cite, Edgar Schein, identified 11 categories of culture.





Culture is important because it is often cited as a major risk in initiatives such as mergers and acquisitions (M&A), business alliances and partnerships, and transformation. In fact, most studies about M&A and partnerships mention culture clash as a primary reason for failure. Business people recognize the importance of culture in helping or hindering their objectives, but they are rarely sure what they should do about it.

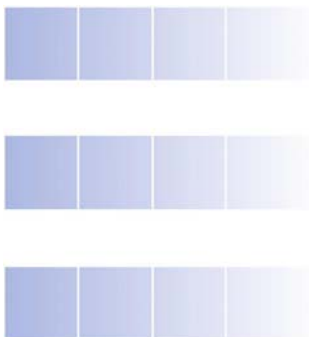
Peter Andrews And what are the consequences of not getting it right?

Sara Moulton Reger That depends on the specific initiative, but certainly underestimating or mishandling the culture risk can ruin the business case for an initiative. For instance, culture clash can cause delays and strife as people wrestle with issues where they don't agree. This raises costs, reduces productivity and can turn attention inward, which can lead to lost revenues. Culture barriers can pull an organization away from the needed changes – in essence, creating an organizational resistance to what leaders are trying to do. And all of this makes it harder to work in the organization, so morale can decrease and key people may leave. So there are a number of negative consequences if culture risks are not properly handled.

Peter Andrews Could you tell me briefly about the methods you use to “get out of the swamp” and move quickly to business value?

Sara Moulton Reger First, we have a tangible surrogate for culture – one that makes the topic easier to understand and action. That concept is Business Practices, and we define it as the “unseen hand” or the unwritten rules that drive action within an organization. Business Practices make organizations unique – even if they use the same process, measures, or policies as other companies, they will execute those elements differently.

Second, we have uncovered a workable definition for culture clash – “Right vs. Right.” This simply means that there are many, many good ways to achieve expectations. That's the good news, but the bad news is that they often conflict with each other. And because the people who advocate each position are indeed right, it is not easy to resolve the conflict. We have a specific technique to surface and reconcile these conflicts, and are also finding that simply using the words “Right vs. Right” can help people to be more constructive and open in considering what to do.





Finally, we have developed a better way to clarify expectations. We call them Outcome Narratives and they are simply structured mini-stories. But they are really powerful because they help people to see what is expected in the context of everyday business. We often say things like, "We will demonstrate personal responsibility." But what does that actually mean? And don't you want to say, "Well, it depends on the situation"?

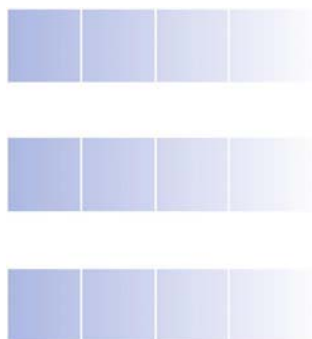
That's what Outcome Narratives do. In some situations, personal responsibility may mean taking care of the problem without even talking with others. In other situations, assembling a team to handle the issue may be personal responsibility. And in others, it may be best to immediately involve a leader, so doing that is the best exercise of personal responsibility. Outcome Narratives take definitions to the next level to help people understand what they need to do. And because they explain expectations in a regular work context, they are an excellent basis for identifying gaps and objectively evaluating progress in the culture change effort.

Peter Andrews I really like the phrasing of Right vs. Right. It's a wonderful rendering that shows respect for all parties. Could you provide an example of how this works in real life?

Sara Moulton Reger Right vs. Right is probably the most important of our developments. And yes, one of its most important aspects is that it does respect people and their points of view. In fact, we've found a number of entrenched groups quickly resolve conflicts by using the technique. One way I like to describe Right vs. Right is to use a non-business example.

Let's say that we take 100 people from the U.S. and 100 people from the UK and transport them in their cars to an unknown city. Then, without defining the rules of the road, we ask them to drive. What will happen? I think we quickly see that there will be accidents, hurt people, and frustration because half will drive on the left and the others on the right. That's Right vs. Right.

It is not inherently better to drive on the right or the left – it is simply a preference. And if we ask these people to resolve it on their own, because their cars are actually made for one or the other, and their habits are established, they are going to press hard to keep doing what they prefer.





In resolving this, we could require driving on the left (or right) – and then help 50 percent of the people get the training and new equipment they need. Or we could establish times that each could drive, and carefully work through the details to make sure that this happens correctly. Or we could build two sets of roads (not optimum, perhaps).

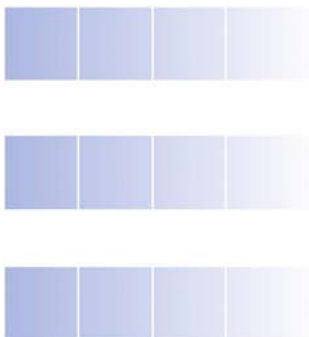
In other words, we need to decide what to do and then align the environment for that decision. It's the same in a business context – surface the Right vs. Right, decide what to do, align the environment for that decision.

Peter Andrews It seems like a lot of the Right vs. Right choices you mention in the book are driven by the scarcity of time. Could you comment? For instance, taking time for review versus being responsive to a client need or an opportunity.

Sara Moulton Reger There are a lot of different areas where Right vs. Right exist. Most of them are simply preferences. For instance, some groups prefer to make consensus decisions. They say that everyone understands and is committed when they do that. Others may say that this simply takes too long and they may prefer to look to leaders or subject matter experts to identify what they'll do. Some groups may want to explore all options. Others want to quickly hone in on the one or two they want to explore in detail before deciding what to do. Some of these Right vs. Rights have time dimensions to them because organizations often prefer certain responses to time and other tradeoffs like quality, cost and risk.

Peter Andrews You use scoring quite a bit as a starting point. How is this helpful? Is this backed up by facilitated discussion?

Sara Moulton Reger The most important part of Right vs. Right is the discussion and decision. The spectrum we use in Right vs. Right is simply a mechanism to facilitate that. Where are people predisposed toward this Right vs. Right combination? We use it to help us determine which Right vs. Rights need to be discussed. In fact, we have found a pretty solid pattern that one-third of the Right vs. Rights that were originally identified as troublesome come back with generally consistent answers in this initial data collection. That means we don't need to discuss them at all, and may indicate that once people saw a different way of thinking, they changed their original view. In fact, we've had people tell us that.





Also, we are able to prioritize which Right vs. Rights we'll discuss in what order. In essence, the spectrum helps us to make the discussions efficient as well as effective. And once the Right vs. Right decision has been made, we use the spectrum to communicate the decision across the organization. It has a built-in "what we want and what we don't want" aspect to it. And it also shows people the tradeoffs that were considered. It is a more thorough way of communicating the expectation. Certainly the primary aspect of Right vs Right is the discussion leading to a decision, and the scoring is a facilitator of that.

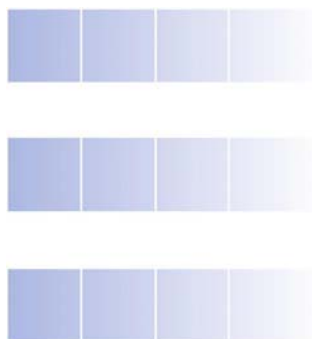
Peter Andrews You touch on the "way things really work" in your book, but it sounded like this is hard to methodically uncover. Any comments?

Sara Moulton Reger That's related to our Business Practices concept. Business Practices are both readily recognized, and unconsciously adhered to, by people. And some are probably recognized as less appropriate, so people may not bring them up. But we've found that people will usually talk freely about the Business Practices if we ask the right questions. We have a table of questions to ask in chapter 6 of the book. Beyond that, techniques such as ethnography may be appropriate. I'd say, in general, most of the important, workable Business Practices are often easy to see because they have become a Right vs. Right. That's a really easy way to discover them.

Peter Andrews Let's return to the Outcome Narratives. The concept is rich, but isn't it the toughest part to execute? Are there ways to build this capability? Or to identify people with a talent for creating good Outcome Narratives?

Sara Moulton Reger Outcome Narratives are a way to design for the "real world" – a way to help people know how to handle sticky situations that are likely to arise that require multiple people to make decisions and take action together. They often cut across multiple processes, and even though this is the real world, we rarely design for it.

And yes, Outcome Narratives are tough to learn at first, but we're learning how to make this process easier. First, the people who write them need to be good writers! And we recommend that two teams of two (one consultant and one client) draft them separately using the Right vs. Right decisions, company values, leadership competencies and other important input. This first step with the two teams is helpful in making sure we don't miss anything. We also recommend that only a few people be involved in the writing process because we all know how difficult it is to write by committee! And when they are drafted, the leaders of the initiative need to review them and make sure that it is their intent.





Peter Andrews Between the lines, it seemed that effective application of your methods requires a creative perspective, not just following a recipe. Would you agree? How do you know, in practice, when things are going wrong? How do you know when things are going right?

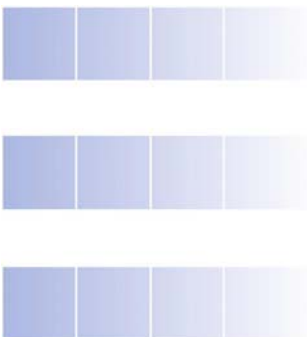
Sara Moulton Reger Generally, culture work doesn't respond well to recipes. In fact, I've been doing this kind of work for about 15 years now and have never done it the same in any two companies or even two similar situations. We are applying Tangible Culture to our own Values transformation at IBM and are tailoring it for our situation. It's the nature of the work – and this is why we explained our concepts of Business Practices, Right vs. Right and Outcome Narratives in good depth in the book. We wanted people to understand them well enough to tailor them. So recipes aren't good, but cooking principles are (to follow the analogy).

For instance, we know that leaders are essential in the process. So one indication of a problem is when leaders want to delegate the responsibility to others. Conversely, leaders who get and stay actively engaged in the process are a first signal that things are going well. Also, Right vs. Right reconciliations that go on and on and on is another signal of a problem. This means that people aren't willing to make a decision, and without those decisions, little, if anything, will happen.

But the flip-side isn't helpful either: making decisions too quickly. This often happens when a few leaders "run over" the others needed in the decision process. If the discussion doesn't get to a genuine decision, we'll have trouble down the road. Thoughtful and timely decisions in Right vs. Right are another good indication that the process is going well – and getting to this place takes strong facilitation.

And finally, we use the Outcome Narratives to gauge the actual culture change itself. If, after 6 to 12 months or so, the organization is not making progress on handling the situations as defined in the Outcome Narratives, then we didn't identify all of the key gaps, didn't select the right actions, or are facing barriers we didn't see coming. I'm happy to report that this hasn't happened yet, and we hope it never does! So making progress, even if not complete progress, on handling things as designed in the Outcome Narratives is another sign of things going right.

Peter Andrews It looks like this is tops down work. Are there grassroots possibilities as well?





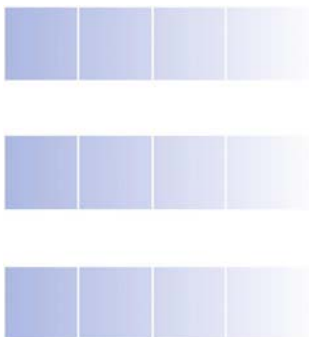
Sara Moulton Reger For big initiatives, the leaders need to drive their expectations. By big initiatives, I mean M&A, business alliances, transformation and major restructuring. But culture isn't only relevant on big initiatives – it is relevant everyday. For instance, a manager or supervisor may need to make a hiring decision and wants to know who the best candidate will be. If he/she only asks about knowledge, skills and experience, the all-important "fit" issue will be left out. Business Practices, and even Outcome Narratives, can help a hiring manager to ask questions that will help determine if a person will "fit" well in an organization with its preferences and expectations. We've also found project teams using the concepts of Business Practices and Right vs. Right to better communicate with each other. In fact, we devoted an entire chapter to these everyday situations where the concepts can be applied to improve communication, decisions and results.

Peter Andrews We've talked about the three major building blocks and these can be done separately, but there really is a holistic view that comes together in practice, isn't there?

Sara Moulton Reger There are four initiatives where we can say emphatically that companies will need to proactively address culture: M&A, business alliances (including outsourcing), major restructuring (such as shared services), and transformation (enabling On Demand business, increasing innovation and the like). These are the situations where the robust approach we recommend is warranted. And we admit that this takes time, but we don't apologize for that. Culture is a complex topic, so it won't respond in a sustainable way to a quick-fix approach.

Peter Andrews Can some of this work be done virtually, or is it necessarily face-to-face?

Sara Moulton Reger That may depend on the organization and its Business Practices toward virtual work. Certainly, using the concepts in an everyday context is possible virtually. For instance, I could proactively ask you about your preferred Business Practices so I can adopt them or adapt to them. We can talk about that over the phone. But if we need to resolve a sticky Right vs. Right conflict, I believe that a face-to-face discussion is needed in most situations. That's why we do the pre-meeting data collection. It helps to optimize the face-to-face time.





Peter Andrews Anything I've missed? Anything you'd like to add?

Sara Moulton Reger We want these concepts, especially the notion of Business Practices and Right vs. Right, to be used regularly by business people. That's why we went so far as to put our method in a book. Some of the people who have read the book say that we have helped to remove some of the mystery around culture, and we're thrilled that people are beginning to use this terminology and approach. We're hoping that this will help companies overcome a keen risk and issue they face every day. Many thanks, Peter, for helping us to tell people about Tangible Culture!

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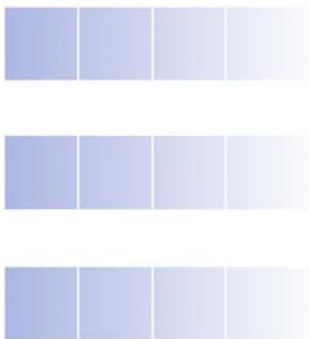
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Knowledge Management: Capturing a company's collective expertise wherever it resides – databases, on paper, in people's minds – and distributing it to where it can yield big payoffs

Pervasive Computing: Combining communications technologies and an array of computing devices (including PDAs, laptops, pagers and servers) to allow users continual access to the data, communications and information services

Realtime: "A sense of ultracompressed time and foreshortened horizons, [a result of technology] compressing to zero the time it takes to get and use information, to learn, to make decisions, to initiate action, to deploy resources, to innovate" (Regis McKenna, *Real Time*, Harvard Business School Publishing, 1997.)





Ease-of-Use: Using user-centric design to make the experience with IT intuitive, less painful and possibly fun

Deep Computing: Using unprecedented processing power, advanced software and sophisticated algorithms to solve problems and derive knowledge from vast amounts of data

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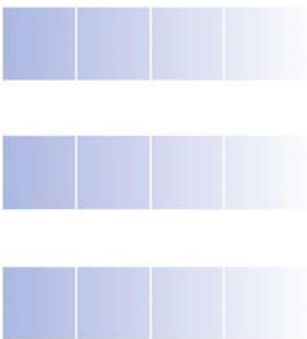
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