



Publications and Case Studies

Implementing Major Change Processes

- ▶ A major reason for failure of mergers and acquisitions is poor post merger integration, especially of cultures. Human factors are increasingly held responsible and are underestimated
- ▶ Successful integration requires a thorough understanding of both company's cultures, unfreezing the existing culture, a realistic view of the future, widescale involvement and early problem identification
- ▶ Culture change comes from linking attitudes and behaviours to values and requires a disciplined process for implementing behavioural change
- ▶ When SmithKline Beecham was created in 1989, creating a new culture between equals, the involvement of as many people as possible and the changing of behaviours were identified early as keys to success
- ▶ At SKB keeping the momentum for implementation was dependent on the willingness of people to welcome change in pursuit of a common purpose bigger than themselves
- ▶ Dedicated leadership is key to all change processes and top management is where the process starts
- ▶ Successful change requires the willingness to fail and to abandon what has long been successful
- ▶ The hardest part of re-engineering is getting people to let go of their old ways. Human behaviour seems infinitely more intricate than even the most complex processes
- ▶ Change is easier where there is clear and honest communication, reduced uncertainty, improved performance incentives and purchasing management prepared to build their credibility
- ▶ Invest first and foremost in the top management team, who need to face reality, lead by example, introduce a different language, support the next level of management and show commitment
- ▶ In order to bring about fundamental change tackle the culture change first
- ▶ People need to be supported through the process of change, to which there is often a natural resistance

Mergers and Acquisitions

Mergers often disappoint

There was a time when change was approached entirely from the point of view of processes and structures. If the right organisational structure is put in place, and appropriate work processes designed, then change would happen. This is a rational view. However, this does not seem to be the case.

- ▶ A number of studies carried out on large mergers and acquisitions in the 1980s and 1990s showed disturbing results
- ▶ McKinsey researched 116 acquisitions in the 1980s. 77% of them failed to achieve the success target of earning back their capital in three years
- ▶ PA Consulting studied the performance of 28 banks in 1989 which had merged or made major acquisitions. 80% of these suffered worse share price performance than their peers over 5 years
- ▶ Mercer Management Consultants studied 150 acquisitions and mergers in 1995. 50% of these had shown below average returns to shareholders over 3 years
- ▶ Coopers and Lybrand analysed 125 merger / acquisition companies in 1996. 66% had turned in low revenues, low cash flow and low profitability compared with projections
- ▶ Mercer Management Consultants made another study in 1997, this time of 215 mergers and acquisitions. Those done in the 1980s showed a failure rate of 63%, based on target returns to shareholders after three years. The failure rate for deals done in the 1990s fell to 48%

Failure because of poor post merger management

The primary reasons for failure were often cited as poor strategy, weak core businesses, large target size, overly optimistic appraisals, conflicting corporate cultures, poor and slow post merger integration and clashing management styles and egos. The recognition that failure was to do with culture and integration tended to grow in importance with time. In the most recent research by Mercer Management Consulting, showing an improvement between the 1980s and the 1990s, "the improvement, says Mercer, is not

related to strategy or price but rather to improved postmerger management". (quote from Alexandra Reed Lajoux "The Art of M&A Integration"). Lajoux goes on to say.

"If people are an organisation's most important resource, the most important aspect of the postmerger integration must be the task of retaining key human resources from both companies and then merging at all levels."

Postmerger staff turnover is very high, even amongst those not threatened by the merger. A study of mergers by Fortune 500 found that 60% of key managers left within 5 years of the merger

Human factors are responsible

In their book *Managing Mergers, Acquisitions and Strategic Alliances*, Sue Cartwright and Cary Cooper state that human factors are increasingly held responsible for M&A failure. Success takes more than getting the sums right. It is also cultural compatibility and the way in which the integration process is managed.

Cartwright and Cooper state: "Most organisations are ill prepared for the scale of problems they have to face. In the absence of any human merger audit, or carefully formulated human merger integration plan, most organisations muddle through. It is not uncommon for companies to be experiencing abnormally high and unwelcome staff turnover three years after the merger. As one manager put it "those who underestimate or ignore the human factor do so at their peril".

Cultural compatibility

It appears that it is important to improve post merger integration. A merger / acquisition compatibility audit, looking at attitudes, cultural differences, assessing managers, spotting potential points of resistance and points of leverage, could be carried out to provide raw material on which to build a merger integration plan. Such an integration plan could address the human process

aspects of the merger, and particularly these points cited by The British Institute of Management as contributing factors to unsuccessful mergers: ,

- ▶ Underestimating the difficulty of merging two cultures
- ▶ Underestimating the difficulty of skills transfer
- ▶ Demotivation of employees at the acquired company
- ▶ Departure of key people from the acquired company
- ▶ Too much effort devoted to doing the deal and not enough to post acquisition planning and integration
- ▶ Decision-making delayed by unclear responsibilities and post acquisition conflicts

Post merger integration of cultures

Better post merger integration (e.g. quicker, deeper and less disruptive) could provide benefits by retaining key people, stopping a drop in motivation, knowing what needs to be dealt with (reality check) and managing attitudes and behaviours according to what is needed in the new culture.

Cartwright and Cooper continue "Any decision radically to change, integrate or maintain the existing culture requires an understanding of the cultural and subcultural values and beliefs throughout the acquired or merged organisation. While an initial assessment of the culture should have been made at the pre-combination stage, the accuracy of that assessment should be addressed early in the post-acquisition period. This is necessary if employee response patterns are to be accurately predicted, and should become the foundation of any well-planned merger or acquisition integration programme. This necessity has been well exemplified by reports of expensive and unsuccessful programmes of cultural change at AT&T (Buchowicz 1990)."

According to Cartwright and Cooper any effective programme of cultural change or integration should ideally incorporate the following elements:

- ▶ An understanding of both cultures
- ▶ Unfreezing the existing culture by giving an assertive

message that change will be necessary

- ▶ The presentation of a positive and a realistic view of the future - rational justification, explaining why the change is taking place
- ▶ The widescale involvement of organisational members
- ▶ A realistic timescale
- ▶ A process of monitoring the progress of any culture change or integration and to identify problems before they escalate

Assessing the compatibility of the two companies is a strong indicator in itself of how the merger / acquisition is to be handled. Assessing compatibility requires looking at the cultural and subcultural values and beliefs, including attitudes, mindsets, norms, taboo subjects, systemic forces, and turning points in the organisation's history.

Audit to know reality

To increase the chances of success the integration plan could lead with the audit, and include a communications programme making sure the messages coming from the top are congruent and borne out by the behaviours of the senior management team (SMT), coaching the greatest points of resistance and the greatest points of leverage and providing a map to help the SMT through the process. The benefits could be a faster, deeper more lasting integration with less loss of productivity and disruption.

There are obviously other important elements to make a successful merger, including strategy, pricing, assessing the real long term benefits accurately, economies of scale and market position. These are the areas where many business leaders and managers feel reasonably comfortable. Dealing with the cultural and human issues are less well covered. In his book Images of Organisations, Gareth Morgan explains how companies have histories that distinguish them from other firms, i.e. organisational, culture, values, attitudes, norms and practices evolving through time. Each firm constructs its own reality and reinforces this over time. This process "allows people to see and understand particular events, actions, objects, utterances or situations in distinctive ways". If

these views are too far apart, there will be at best a lack of understanding and at worst outright conflict.

Honesty and clear communication

In *Acquisitions - The Human Factor* by John Hunt, S Lees, J Grumbar, PD Vivian of the London Business School, researched 40 UK Acquisitions of which 45% were friendly, 45% were partly contested and 10% were hostile. They concluded there were seven good dimensions of buyer behaviour:

- ▶ **They stuck to their word**
- ▶ **Clear vision well communicated**
- ▶ **Acquiror brought benefits to acquired**
- ▶ **Clear policy decision on interface between buyer and seller unambiguously communicated to all levels on both sides**
- ▶ **Good communication and clarity for the "people shape" in the future so people know where they stand in the new organisation. Honourable settlements for those being made redundant**
- ▶ **Improved performance incentives**
- ▶ **Purchasing management earning credibility and respect of acquired**

Uncertainty demotivates

Those in the acquired groups inevitably suffered anxiety and uncertainty about the future, leading to a downturn in commitment and motivation, so this needed to be reduced as far as possible. The handling of the implementation has a strong correlation with both the buyers and sellers assessment of success.

In *Managing Mergers and Acquisitions* Bengosson also agreed that uncertainty was very damaging, and suggested that acquirors present the workforce with a clear operational scheme of the first months and a continually updated calendar for planned change.

Corporate culture shock was the reason given by many companies for their failure to reap the benefits of otherwise promising deals. These include management style, routines, perks,

privileges and employee participation in decision-making. Still less measurable are traditions, roots, reputations and relative ages of the companies. All these have a profound influence on the ability of companies to integrate and are of paramount importance in cross-border M&As. Cultural awareness has a fundamental impact on any international acquisition.

Merger Case Study - SmithKline Beecham

Now I will look at some key elements in the Smith Kline Beecham merger, researched from the book *From Promise to Performance - A Journey of transformation* by Robert Bauman (former CEO of SKB), Peter Jackson (former HR Director of SKB) and Joanne Lawrence (former VP of Corporate Communications at SKB).

Importance of new culture

The Merger Management Committee (MMC) was quick to identify the importance of creating a new culture and driving the changes deep in human terms. "Many managers fail to see the merger as simply the first step. When one culture is allowed to take over, it often means that the very culture that led to the need for change is allowed to perpetuate. Without change in the culture or the way the company works, the problems that sparked the merger remain." This was a shrewd and enlightened view in 1989 when many were still giving most credence to the strategy and processes.

Changing behaviours

They also saw the changing of employee behaviour to be a vital step in achieving this. "For a company to continuously win we believe it must see change itself as an end. This means creating an organisation where employee behaviour not only serves as one of the key drivers of today's business strategy, but also continuously shapes and defines that strategy."

The MMC came up with Five Requisites for success:

- ▶ **A winning attitude - to establish purpose, identify competition, outline strategy and determine the milestones**
- ▶ **The organisation as hero - where everyone works together in pursuit of a higher purpose and employees own and deliver the business outcomes and see themselves as major contributors to the business goals**
- ▶ **Cumulative learning - to continuously study changing business and management trends, to learn from each other and to build on existing practices where appropriate**
- ▶ **Strategic communication - to educate, rather than market, creating a coherent strategic context, and put out clear, simple messages like "Now we are one"**
- ▶ **Aligned behaviour and strategy - "hardwiring the soft stuff". To achieve this integrated model, an organisation must first decide which key drivers are important to realise its strategy. Once self analysis has defined these core behaviours they are used to drive everything the company does. Rewards linked to performance to support this**

Hardwiring the soft stuff

At this stage the merger management committee (MMC) was putting a great deal of emphasis on human and communication issues, to do with attitudes, purpose and identification, learning, communication and behaviours. A key concept appears to be "hardwiring the soft stuff", making "soft" issues have a real impact on the hard, so they are not add-ons but are driving the harder side, the strategy, the structure, decision-making. This helps the senior managers work out exactly what attitudes, values, behaviours they want for the company on a long term basis, providing the building blocks for the new culture.

The MMC saw four key stages of integration of which one was developing a new culture alongside strategy, structure and designing an entire management system. They brought teams from both companies together early to work on the merger, fostering a spirit of equality and collaboration. It was stressed that this was a merger of equals.

Uncertainty must be avoided

Management studied why so many mergers failed to produce their promised results. They concluded that long term success was directly related to the amount of emotional turmoil and uncertainty that existed, the length of time it had been allowed to go on, and whether it had been used constructively to build the integrated company. It seemed the longer the period, the lower the productivity and the less likely that the new company could attain its promised potential. So they resolved to move as quickly as practical, involve as many people as practical and make the employees the heroes. They minimised uncertainty by providing clear guidelines and standard procedures so all decisions are data driven.

Clear and simple communication was seen to be key. The SKB promise to become a new and better healthcare company was summed up in the phrase "Simply the Best". The immediate merger message, "Now we are one", was displayed in every SKB place of work in people's native languages. To counteract the fact that at a time of uncertainty many managers were unavailable to their staff for chunks of time, a major merger communication campaign was run throughout.

The MMC ran an exhaustive series of employee roadshows to explain the vision and the strategy once these had been put together (6 months after the merger) and to inspire people, attended by the top two people. They allowed task force teams to challenge the assumptions behind decision-making rather than just the conclusions. This fostered an atmosphere of involvement and openness.

People regress to old ways

Despite all their efforts, seven months after the merger it seemed to be losing momentum. Especially disappointing were sales and cost saving projections from Pharmaceuticals. People had regressed to their pre-merger cliques. People were going back to their old habits. They fired the Head of Pharmaceuticals sending shockwaves through

the company. There were disagreements about the budget and the businesses, but the problem was seen to be more fundamental. "It was about people - about their willingness not just to accept change, but to welcome and seek it aggressively in pursuit of a common purpose that was bigger than themselves".

It appears it is vital to build collaboration and an environment for change. To do this you must decide on the attitudes and behaviours required and strengthen cross border communication and cooperation in order to bring people together to achieve a common purpose and a specific objective.

Changing the culture is vital and takes time

To counteract the fall in momentum, the new culture had to be developed. It was agreed the new culture would take 3-5 years to design and implement, but would become a way of life and affect everyone. The results of a corporate identity analysis in 1989 identified both companies as paternalistic, disempowering and risk averse. The MMC decided to focus five important values: performance improvement, innovation, customer orientation, people as partners and integrity.

Linking values and behaviours

These values were then attached to Leadership Practices which would guide behaviour. Each employee is expected to (for example):

- ▶ ***Find opportunities for constantly challenging and improving personal performance***
- ▶ ***Work with his / her people individually and as a team to determine new targets***
- ▶ ***Initiate and display a willingness to change in order to obtain and to sustain competitive advantage***
- ▶ ***Help all employees to achieve their full potential***
- ▶ ***Communicate with all constituents openly and honestly***

To do this they decided to involve a core team, part of the executive management committee (EMC), who were key influencers in terms of the

organisation's respect and in their understanding of the need for behavioural change, committed to staying with the company 3-5 years and in positions of leverage.

This was all backed by the "Simply Better" campaign and changes to the appraisal system and the way managers were rewarded, to attract the attention of the next 250 managers. The new appraisal system was then taken down to the next 5000 managers and therefore seen as a major tool for bringing in new attitudes and behaviours.

Disciplined process for implementing behavioural change

"Simply Better" lost momentum after a year or so. Commitment was good, communication strong "What they hadn't realised was that the missing link, the vital flaw in the Simply Better initiative, was the lack of a disciplined process for implementing behavioural change. The members of the EMC erroneously assumed that good managers have the necessary skills to develop plans for serious cultural initiatives. So while the Values were promoting "work better", by and large the organisation didn't know how to work any differently than it was. In the vacuum left by the EMC, the sectors each started to do their own thing, often using the broad based total quality management principles. While these were good efforts done in the right spirit, they undermined the single culture needed. Instead of one language and one set of behaviours, multiple interpretations were springing up in different parts of the company depending on which training adviser a sector, function or manager consulted. "

To ensure everyone behaves differently it was seen to be important that business and behaviours were closely tied to performance. "Simply Better" had not become a priority for many of the influential managers despite being first on the MMC agenda at every meeting. Once initially put in place they tended to think "I know all about this culture stuff" and go back to the pressures of the business.

The effort continued through “Simply Better” to align everyone in the company towards well defined corporate goals. Values and the business were brought together, to link day-to-day work with long term performance. They set up a huge internal training programme for employees, to be given by certified internal trainers drawn from line management, not HR, and not attached to one particular part of the business.

It was agreed that to change behaviours it would take:

- ▶ **Discipline and planning**
- ▶ **Customer focus**
- ▶ **Disciplined use of methods and tools**
- ▶ **An open environment**
- ▶ **Commitment**
- ▶ **Investment in training**
- ▶ **A common language**
- ▶ **Years**

And it was worth doing. The benefits lay in the ability to focus people on the new group and the new culture, to work together towards common goals. In measurable financial terms there was also a payback of involving people and making them more responsible for their own areas of work. By 1992, 250 work teams had been initiated to follow up grassroots ideas, and made a combined saving of £100m pa.

Looking back eight years to the merger, the authors felt there were seven retrospective learnings. Change:

- ▶ **Requires a holistic approach**
- ▶ **Must be planned**
- ▶ **Requires dedicated leadership**
- ▶ **Requires the development of internal competencies**
- ▶ **Takes time, perseverance and hard work**
- ▶ **Requires balancing complexity**
- ▶ **Is an iterative process**

Re-engineering

Now I will look at another area where extensive change processes are implemented, “Re-engineering”. When “Re-engineering the Corporation” was published by Hammer and Champy in 1993, it was hailed as the “most well-reasoned book since In Search of Excellence and the hottest management concept since the quality movement” by Business Week. The book was all about changing processes and how to bring about fundamental changes in the way companies are run and in people’s behaviours. It is significant that within two years both Hammer and Champy had written further books based on their experience of re-engineering with hundreds of companies. Both of these later books concentrated much more attention on the human angle.

People are complex

In the Re-engineering Revolution Handbook (1995) Hammer concludes: “the hardest part of re-engineering is living through the change, getting people to let go of their old ways and embrace the new ones”. And he adds, with a hint of despair, “the vagaries of human behaviour seem infinitely more intricate than even the most complex processes”.

Michael Hammer listed 10 reasons why re-engineering may not succeed, including

- ▶ **Lack of requisite leadership. It needs strong, committed, executive leadership from the top. This is a primary ingredient. It requires broad perspective and the ability to overcome the status quo of middle managers. Hammer talks of subconscious resistance, which may come out as rationalising the changes as being OK for us personally but disastrous for the company, as passive aggression. But then he goes on to say “A leader is someone in a position to compel the compliance of all parties . . .If all else fails, the leader can simply demand that people contribute . . . that they subordinate their own domains to the needs of the processes.... A leader needs to be one part visionary, one part communicator, one part leg-breaker.” Hammer has seen the problem but I do not think he has yet seen the solution. In many industries and companies, demanding compliance**

simply does not work

- ▶ “The hallmark of a successful organisation is its willingness to abandon what has long been successful”. Everything must be on the table, process, rewards, structures, job titles. The company needs to create the environment in which re-engineering can succeed. This means the organisation’s climate of opinion, the mindset and attitude of its people. This takes a major shift in the attitudes of many people. He goes on to say “a willingness to fail has long been a prerequisite for success.” That may be so, but it often goes unrecognised. When they merged in 1989 both Smith Kline Beckman and Beecham assessed themselves as being places where making mistakes and looking bad were things to be avoided, resulting in a block on creativity. They recognised they needed to change that
- ▶ Implementation needs to be fast, improvisational and iterative. This means people have to be flexible and willing to take on new ideas, try them out and adjust them. In the merger to create ABB Percy Barnevik gave people permission to do this by stating he would be satisfied if 6 out of 10 decisions turned out to be right. (From ABB - The Dancing Company by Kevin Barham and Claudia Helmer FT / Pitman Publishing 1998)
- ▶ Attention must be paid to the personal needs of the individuals it will affect. How will they benefit? Be sensitive to their feelings. You need to convince people why it is necessary. In other words, you cannot ignore the fears and the aspirations of people. This is quite an admission from the man who says leaders should be one third “leg-breaker”

Communication, behaviour, measurement

Hammer believes the re-engineering process must be backed up by

- ▶ Signals (explicit communications)
- ▶ Symbols (personal behaviour) and
- ▶ Systems (measurements and rewards)

All three must support the message. All these are human elements. The profile of a re-engineer is defined as: process orientation; holistic perspective; creative; restless; enthusiastic; optimistic; persistent; tactful; team player; communicative; real worldly. In other words, a well rounded and psychologically mature person.

Linking values and behaviours

Hammer also recognises how disruptive immature and dysfunctional behaviours are, which he lists as not listening, idea killing, personal attacks, silence and oversharing. These behaviours are rife in many organisations, and hard to change without an awareness of them and a systematic campaign to change them, working with both individuals and groups.

Linking behaviours to values is one way to encourage change. Hammer states that “Widely shared and deeply held values represent an alternative to traditional management control. If an organisation’s leadership can convince people to embrace a set of values and use them to guide their behaviour, then that leadership will be relatively confident that people will do the right thing”. Values need to be reflected in the process designs, demonstrated by leadership’s personal behaviour, used in difficult situations, incorporated into management and reward systems, stated clearly.

Change starts at the top

Hammer’s re-engineering partner, James Champy, wrote Re-engineering Management in 1995, to explain why re-engineering had not lived up to its promise. The book focuses on the difficulties the leaders and managers face. He advises to “start at the echelons of top management, who have to walk their talk and communicate values. They have to embody purpose and live the questions. They have to bring about a fundamental revolution in actual management practice in order to overcome the resistance of lower managerial levels”. To bring management into re-engineering they have to let go of control. “Finally, and most difficult, we must embrace the great paradox of the human will: that most often, the only way to gain control is to give it up”, is Champy’s answer to the management’s problem of “what happens to us if we are no longer controlling things”. He encourages managers to let go of perfectionism (this is similar to the permission to make mistakes which was present in

both ABB and SKB), let go of any feeling of despair about people (by which he means trusting people to take responsibility and to want to make things work) and to have motivating explanations for people, because people are no longer prepared to be blindly led.

Changing attitudes

In talking about his own re-engineering project, Laurence English President of Cigna Healthcare stated "But structure wasn't the only issue. We needed an attitude adjustment too."

Attitude is key to being able to implement change within a company. Increasingly those leading change have had to recognise there are deep, often unconscious attitudes, which block progress. The people themselves who hold these attitudes are often unaware of them. They may see themselves as being willing, but there is resistance to change which can come out in all sorts of ways. Hammer wrote about resistance. "People may rationalise it by saying the change is OK for me but not for the organisation; or it comes out in passive aggression, the unspoken refusal to cooperate; or by using nit-picking and delaying tactics; or by claiming lack of information and lack of training. He goes on to say resistance is natural and inevitable. It is not only amongst those who will lose, but also those who fear responsibility, accountability and transparency. You must treat the disease and not the symptoms. There is no set way of dealing with resistance - it needs to be managed". He recommends managing it by positive and negative incentives, using information to reduce uncertainty, intervention to support and reassure people on a one to one basis; convincing people it is inevitable; involving people in the process.

Assessing the culture

Champy recommends a cultural audit to see what is really shared. According to Champy, for culture change:

- ▶ **Allow people to monitor their own behaviour**

- ▶ **Don't live too long with those who refuse to change**
- ▶ **Change the design of work to enable people to change their behaviours**
- ▶ **Cultural change takes years rather than months**
- ▶ **Re-engineer the management processes to support updated values**

Champy muses "Is there any hope for change when the culture of the company, reinforced by senior management, is unwilling, or downright hostile. For real change . . . the answer is no." He is admitting that you cannot command people to make changes, to act and work in a certain way. You need to tackle the reasons behind the resistance and turn people around. "The greatest enemy of a new, reengineered culture of willingness is cynicism, self-regarding fear and mistrust".

Importance of behavioural change

Both Hammer and Champy stress the importance of behavioural change on the re-engineering implementation process, in order to create an environment in which re-engineering can succeed. This begins with an audit to assess where the organisation is at the start, opinions, mindsets, norms, behaviours, looking at resistance, leverage, level of willingness to abandon current ways and take on change. Immediate training is needed for the top team in Signals (explicit communication), Symbols (personal behaviour), Systems (rewards and measurements to back up desired behaviours).

A programme is needed to use the points of leverage to get the messages further down the organisation. This could include individual and team coaching. Coaching could also be used specifically on issues of giving up control and that paradox to bring the benefit of a faster, deeper, more sustainable re-engineering outcome.

Culture change at the Heathrow Express project

Coaching was used with great effect in another change project, one that concentrated on cultural change. In Fast track to change on the Heathrow Express Sue Lownds sets out what was important

to bring about such a change. In 1995, whilst building the new Heathrow-Paddington link, the tunnel collapsed under the airport, throwing the whole project into chaos. If the style of the building contracting industry was anything to go by, they faced the prospect of acrimony, late completion and lawsuits. It was decided that the contractors had to think and act in a different way in order to get back on track, creating “a no blame no shame culture”, increasing collaboration between contractor and client and creating a seamless team, cohesive and cross-organisational.

In order to do this a message had to be spread right through the project: “we are operating as one team”. To attain this needed a deep involvement by senior managers in day to day cultural activities and regular contact with front line teams and suppliers

Change starts at the top

The first principle was to invest first and foremost in the top management team, who needed to face reality, lead by example, bring in a different language with words like trust, support the next level of management and conduct all their activities with vision, tenacity and commitment. To support this they brought in from outside a team of independent change facilitators who could roam around and mix with the key influencers, and identify and gain support from allies early, using training and coaching. The Change Facilitators worked on the “soft” change: interpersonal, behavioural, mentalities, attitudes, atmosphere, communication, consideration.

Role of coaching

Coaching enabled the top management to admit and analyse their own strengths and weaknesses (this idea of admitting imperfections again) and see how they could work more effectively. The senior managers had to demonstrate sustained and visible examples of required behaviours, communicating, listening, learning, acting non-aggressively and fostering teamwork. This was

seen to be the only way to win over waverers

Tackle the culture change first

In order to bring about such fundamental change it was decided they would tackle the culture change first and work towards gaining full participation in implementation. The three keys for this were:

- ▶ **Communicating a clear concept and reason for change**
- ▶ **The personal conviction of the senior managers and**
- ▶ **Painstaking follow through**

Through this programme they managed to change the culture and the way of working on the project into one, collaborative team with a common goal, and succeeded to get back on track and open the link on time and within budget.

What is culture?

Gaining a deep understanding of people and culture runs as a strong theme through this study. In his book *Beyond the Quick Fix*, published in 1984, Ralph Kilmann described culture as the invisible force behind any organisation, a hidden yet unifying theme that provides meaning, direction and mobilisation. Operationally it is defined as shared values, beliefs, expectations, attitudes, assumptions and norms. Culture has the power to steer behaviour in the opposite direction intended by top management if it is not aligned. The basic assumptions made about human nature, what people want, fear, resist, support and defend, underlie the success or failure of all the systems and decision-making processes. Probing the depths of the human psyche will allow more realistic assumptions to be made about how people think and act in today’s organisations.

Culture is formed by the questions: what does the organisation expect of its people? what behaviours does it reward: what is acceptable in terms of social conduct? People in an organisation frequently follow norms that have long since outlived their usefulness.

According to Kilmann the principles for success include realising that the dynamics of a business and business issues are not simple, but complex, that attention needs to be paid to the human systems, that fundamental changes take place in thoughts, perceptions and values and that there is an understanding of the unconscious factors at play. He recommends using external consultants to collect information on organisational and management problems, cultural norms, in order to gain honest feedback.