



Cultural Revolution

Change the way the company does business in order to change the company is a new lesson in transformation, writes *Gerry Davis*.

Large corporations live or die according to the speed with which they can change their information technology and systems. If they don't get their supply chain working right – and fast – you can bet that their closest competitor will soon be eating their lunch. Failing to take advantage of major technological advances or opportunities may result in being blindsided, out of business or scrambling expensively to catch up.

For example, where it once took Procter & Gamble 18 months to get a product on the shelf, this can now be done in three. But it's not just about the technology. The challenge today is to re-engineer the entire culture of an organisation before its systems are streamlined to make it compete effectively.

Peter Senge writes in *The Fifth Discipline* everyone in the company has to be willing to participate in new ways of doing business. "People want change, they don't want to be changed." He gives three criteria for success: management commitment, universal approval and appropriate measures and rewards. For 'universal approval', read 'culture change.'

Successful change leaders outline the need for change, define the culture that will work best and

then get key teams in place. Specific values and cultural norms need to be debated and defined at the outset to guide recruitment and team behaviours then recruitment decisions must focus on the "new culture" fit as well as on experience and competency. Also critical is highly visible and wide-ranging executive change. In other words, changing the behaviours and values almost always requires rapidly changing the people. A new team is therefore needed. This usually comprises the best internal and external recruits.

Coles Myer CIO Peter Mahler says that only 11 of the 50 at the top of the IT tree when he took over in October 2002 are still in place today. "I had to spill the top three layers. Everyone could re-apply. We removed hundreds of people. Creating a new culture is more important than retaining the experience of the people in the company. The IT experience in telcos, retail and banking is very similar. You don't need to be a retailer to do IT in retailing. But you do need people with the right behaviours and values."

Mahler is a Canadian with a track record of success in turning around IT systems in customer-focused corporations such as the Canadian media

Revolutionaries

Michelle Tredenick NAB CIO

Look for diversity of experience and thought, and hire people who bring something different to the team. You don't simply want the most talented people, but people who work effectively with the team. You want a champion team rather than a team of champions. Stick to your principles and focus on what changes are needed. Resist the temptation to make incremental rather than major change. Be resilient. Look for small successes and reward examples of excellence where you find it. Be consistent in your own behaviour – model the change you are trying to make.

Peter Mahler Coles Myer CIO

It's people, people, people. Get your army in place and your generals working together. Only then can you go forward. On leaders and managers: managers knows how to help people do stuff, the leader has vision and strategy and says, 'There's the hill we're going to climb. Now go climb it.' Leadership is about how to educate your own people. My job is to get out of people's way and let my people do it. They can call on me if they need to. Get satisfaction out of watching your people do the work, even making mistakes. It's about letting go, providing empowerment and guidance, not interference.

Roy Dunbar MasterCard International

Work through other leaders. Respect the organisation that's already there as they know far more than even the CEO. Tap into that knowledge. It's never a perfect strategy that wins. It's the excellence of execution of a 'good enough' strategy. Get your people aligned. If you can get three or four levels down on the same page, you've turned around 90 per cent of the organisation.

Lisa Barry Deloitte consulting partner

Cultural transformation is the lifeblood of change. Make your case for change. Have a clear vision. Develop a strategy. Work out how much organisational capacity there is to enact the change. Introduce strong motivation for change to the business. Communicate effectively and keep on top of messages being transmitted through the organisation.

conglomerate Western International Communications and Belgian telco, Belgacom. "You cannot achieve technological change unless you bring about cultural change. At Coles Myer, we have achieved a breakthrough in leadership. I haven't had the time to do this in other companies. At Coles Myer, we are successfully teaching people how to become leaders. Managers can be the best technology people but have no experience in motivating others or demonstrating vision. We have developed our own training program and put about 200 people through. We are very serious about change."

NEW BLOOD, NEW VALUES

National Australia Bank CIO Michelle Tredenick agrees that new blood is needed to bring about cultural transformation. "Culture change is of prime importance. It's tough and takes a long time. But you have to change the symbols and the behaviours of the leaders. The values have to be visible."

She cites some examples of out-dated values: People are promoted because there've been there a long time; your voice is heard in the company because you have power. "The CIO needs to personify the new values. People who perform should be promoted and rewarded. People should feel able to contribute regardless of their place in the organisation. If you say you have an open door policy and are encouraging diversity, you have to mean it – and demonstrate it."

Accenture Asia Pacific managing director Jane Hemstritch also says that a new team at the top is critical if dramatic change is to be achieved. "The definition of stupidity is to do things the same way each time and then expect a different result. You can't expect people to suddenly do things differently. You usually do need to bring in someone new."

Hemstritch says there are two stages to cultural transformation: Outline the vision; Work out who will support you in achieving it. "The incoming or transformational CIO needs to look at the enterprise and what they need to achieve, consult widely and develop the vision and supporting set of values. They then need to hire new senior executives and quickly

If you always do what you've always done, then you'll always get what you've always got.

let go of others. If you don't, some of the people you don't want will wait you out." Follow-through is also critical. "It's no good just saying things are going to be different. Often CIOs can hang on to the wrong people simply because they have great technical skills. IT is especially vulnerable to not letting go of those people with the wrong behaviours."

CHANGE THE PEOPLE – BUT DON'T CHANGE THE PEOPLE

A different perspective on change comes from one MasterCard global technology and operations president Roy Dunbar, who was named as one of the "20 executives you need to know" by *Business 2.0* magazine.

In an exclusive interview with *Monash Business Review*, he says that when he talks about "changing the people", he does not mean sweeping out the old and bringing in the new, but changing the thinking of the team he has inherited.

Before joining MasterCard in 2004, Dunbar transformed the Indianapolis-based Eli Lilly's use of information technology to increase the pharmaceutical giant's speed to market with new drugs. But his background is not in IT. He has a pharmacy degree, and a business administration degree.

"On changing the people, my focus is first to change the mindset and create enthusiasm about an alternative trajectory or path that builds on the best of what is already in place and adds new elements that will really drive the next phase of value. It's like the concept of successive S-curves which connote how things arise from small beginnings, have a sharp growth phase, and then as maturity and stagnation is reached, the curve flattens. A new curve should jump off from the plateau of the one before, using that as the foundation. In so doing, the people who can change and come with you are incredibly valuable.

"For my part, I actively changed out only one person whose words were most laudable about the new direction but whose actions were indicative of a clear lack of commitment. This person found another position elsewhere within the company."

Dunbar says MasterCard had been exploring a new strategy in the months before he joined. "The top leaders who now report to me were already aware that a change of direction was necessary. Thus, when I arrived all I had to do was plant the right seeds and nurture the people with good leadership and inspiration. A new leader has to be insightful enough to diagnose where the organisation is, what intervention is required (scalpel or machete) and apply that intervention with single-minded focus."

His goals at Eli Lilly were based around four mantras: Get brilliant at the basics; Get inside the mind of the customers; Differentiate to win; Improve your profitability.

"It's not the technology that's the determinant of success today. The main thing is to have a culture that allows you to extract business value from the technology. I haven't stepped into organisations where the technology was palpably broken. But they were missing the notion of looking beyond the technology offering. How the technology could become part of the company's competitive armoury is the most critical point."

Gerry Davis is head of the Heidrick & Struggles business and professional services practice for the Asia Pacific region. Based in the firm's Sydney office, his clients include both large multinational corporations and start-up businesses. gdavis@heidrick.com