

Getting Reform To Work For You

By Mark Eaton



Organisations are perfectly designed to get the results they get. Whether good or bad, the performance of an organisation is a direct reflection of how well management teams are able to match what their organisation is capable of delivering to the needs of the customer group they serve, whether these are patients in the NHS, residents for a local council or consumers in the private sector.

The changing economic and social situation in healthcare has led to enormous changes in the



In Grant's¹ model for competitive advantage we see how organisations develop competitive advantage through successfully aligning the organisation's capabilities to the key

success factors they need to deliver in their market.

Figure 1. Grant's Resources, Capabilities & Competitive Advantage Model (2002)

The three aspects of organisational capability defined by grant are shown in Table 1 below.

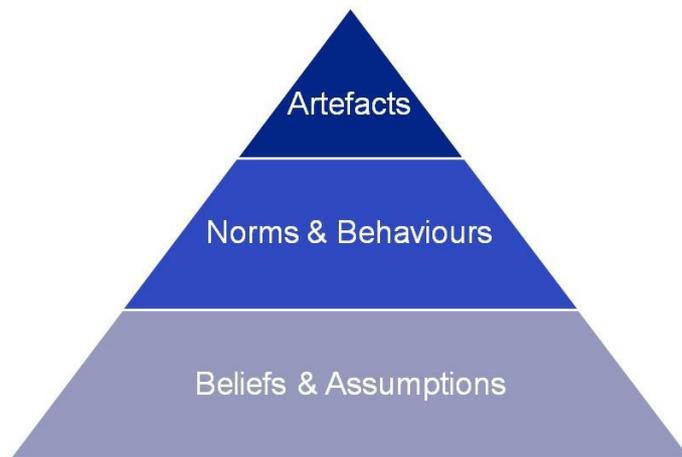
Tangible Assets	Intangible Assets	Human Resources
<ul style="list-style-type: none"> Financial assets such as cash and borrowing capacity Physical assets such as land, plant, equipment and access to mineral reserves 	<ul style="list-style-type: none"> Technological assets such as patents, copyrights and trade secrets Reputation (such as brand) and relationships Organisational culture and environment 	<ul style="list-style-type: none"> Skills and know how Ability to communicate and collaborate Motivation

¹ Grant, R.M. 2002, Contemporary Strategy Analysis, 4 edn, Blackwell Publishers Inc, Oxford.

Focusing on elements of both the Intangible Assets and Human Resources elements of Grant's model, in this article I will focus on why it is that some organisations are able to create an environment where individuals are able to communicate and collaborate and where their teams are motivated, and others can't.

Why do organisations get what they get?

Why is it that like for like organisations with access to people of the same skill levels, with the same equipment, dealing with the same customers can get such widely differing results? Why is it that one automotive manufacturer will produce cars that sell like 'hot cakes' and others go to the wall? Why is it that hospitals dealing with the same types of patients with the same types of staff and equipment can have such a difference in their mortality rates?²



The difference in performance can often be put down to the organisational environment.

In Figure 2 we see how the organisational environment manifests itself as 'artefacts' in terms of the physical performance and operating concepts of a team or

Figure 2 – The manifestation of the organisational environment

What Figure 2 also shows is that these artefacts are built on the Norms and Behaviours within the organisation in terms of the ways of behaving that are tolerated (or authorised), habits and the topics that are 'taboo'.

In turn, these Norms and Behaviours are influenced by the Beliefs and Assumptions of individuals and teams in terms of the ways of thinking within the organisation as well as the explicit beliefs of individuals (such as, 'this is a bad organisation to work in') and implicit cultural assumptions (such as, 'managers make decisions we just carry them out').

What Figure 2 should do is show that creating the right environment is not something that can be done overnight because you are dealing with beliefs and assumptions that may have been engrained

² NHS Institute for Innovation & Improvement – Building & Nurturing an Improvement Culture Guide

within the organisation over many years. Indeed, these beliefs are often reinforced daily through management behaviours and actions. Behaviours that reinforce the status quo can often be seen most notably at the point an organisation wants to actually change. Two examples are given below:

1. An organisation with a history of treating their staff as 'numbers' had created an environment with demotivated staff and poor levels of customer care. To rectify the problems with customer care they launched a programme to transform the way they interacted with clients. An initial team was formed to tackle response times at a call centre. The team achieved impressive results and were feeding back to the Chief Executive when he interrupted them with the phrase, "That's great but when can I bank the cheque?"
2. A hospital had introduced a policy of 'nothing worn below the elbow' to reduce the risk of infection. A senior doctor came onto a ward wearing a shirt which went below the elbow and a nurse approached the doctor to tell him that he needed to roll his sleeves up. The doctor replied, "Don't be silly I'm in a hurry." The nurse reported this to her Matron and was told, "Oh don't worry, just let it go."

In both instances the actions of the leaders involved (the Chief Executive in the first instance and the Matron in the second) reinforced the previous beliefs and assumptions and therefore acted to prevent any change in the organisational environment.



Figure 3 – Building the organisational environment

In reality, within most organisations there is not one single 'uniform environment' but the actual organisational environment will vary from team to team, division to division and so on as shown in Figure

What Figure 3 aims to show is that the organisational environment is the result of the combined micro-environments (the relationships between individuals), team environments and major sub-division environments that exist within the organisation.

Within this complex organisational environment, leaders at every level can have a major impact on their 'local' environment. For example, an ineffective and abrasive divisional leader will negatively affect the performance of every part of their division, whilst an effective team leader of a small front-line team within the division may help create a local environment that makes the incompetence of the divisional leader more bearable for the rest of the team, and vice versa.

The level of complexity within organisational environments affects the duration required for it to change. An environment that is fundamentally 'broken' and where teams don't work together to deliver the results expected of them can't be fixed with a magic wand and a useful quote at this point is that, "The seeds of effective change must be planted by embedding procedural and behavioural changes in the organisation long before any improvement initiative is launched."³

Later in this article I will explore the specific things that need to be done to shape and create the right environment and what can be expected on the journey, but before then I want to tackle the need for organisations to be clear about what they want.

What organisational environment do you want?

Most organisations want an 'effective environment', but what does this mean? Figure 1 showed that competitive advantage is gained by organisations who have the capability to deliver the key success factors in their market and that the capabilities are influenced by the organisational environment. Therefore, an effective environment is simply one that allows you to develop and sustain competitive advantages in your market. Different organisations will operate in different environments and therefore will require different organisational environments to be effective.

Four different types of organisational environment in Table 2 below:⁴

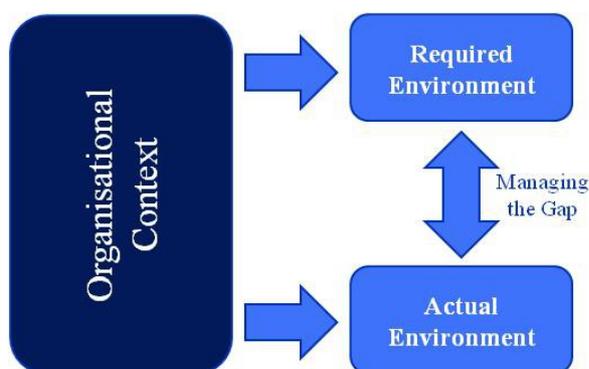
³ Adapted from Michael A. Roberto and Lynne C. Levesque, "The Art of Making Change Initiative Stick", in MIT Sloan Management Review, Summer 2005, p.53-60.

⁴ Adapted from Quinn and Rorbaugh (1983)

<p>The Clan A friendly place to work with good relationships between staff and managers. Commitment is high and there is significant investment in developing the potential of individuals. Teamwork, participation and consensus is encouraged and success is defined by the team</p>	<p>Adhocracy A dynamic environment where leaders operate with autonomy and flexibly. They encourage their teams to be creative and ‘stick their necks’ out, calculated risk taking is encouraged and teams form and reform. Experimentation is the lifeblood of the adhocracy based organisation and individual freedom and initiative is encouraged.</p>
<p>The Hierarchy The traditional approach where command flows through a chain of command. This is still the basic structure of most organisations. Position brings authority, whilst the role of junior leaders is normally limited to organising activity keeping an eye on the smooth delivery of the objectives of their superiors. Stability, formal rules and procedures, security and dependable delivery are the keys to success in this environment.</p>	<p>Market Focused In this environment the organisation focuses on delivering the results required of them by the external environment. Market focused organisations are externally focused, driven by results and often very competitive. Leaders within the organisation and hard drivers of performance and expect results, with reputations resting on successful delivery of results.</p>

Being clear about what you want from your organisation will have a very big impact on the things you need to do to create it. This clarity of purpose is often hampered by the fact that, “Every enterprise is actually four organisations; the one written down, the one most people believe exists, the one that people wish existed and finally the one that the organisation really needs.”⁵

Obviously, the organisational environment you need to develop will depend on the organisation’s context, in terms of such things as market drivers, competition and stakeholder ‘wants’. Through analysing this context it is possible to define what the gap is between the actual environment the organisation currently has and the required environment that will ensure success.



Creating the ‘right’ environment inside an organisation is really about managing the gap between these two environments as shown in Figure 4 and the specific actions needed to manage this gap is the subject of the next section.

Figure 4 – Managing the Gap

Mind the gap

⁵ A quote from an unnamed NHS Chief Executive in a report by the NHS Institute for Innovation & Improvement

Whilst the context described above will vary from organisation to organisation, and therefore the actual environment that each organisation is looking to create will vary, there are some common steps that organisations will need to take to create the right environment and manage the gap between actual and required performance.

Specifically, the actions that need to be taken can be summarised below in Table 3 below.⁶

Action to be taken	Commentary
Link actions and improvements to what really matters	Making it clear why certain things need to be done and why the change needs to happen is essential to success. Be 'future orientated' and provide leadership and vision for others.
Remember organisations are perfectly designed to get the results they get	If you want to change the results you will have to change the systems, culture and processes that deliver the results.
Make quality and improvement everybody's responsibility	Organisations exist to effectively deliver results. Leaders have a duty to promote the required changes and continue to support it throughout but every individual needs to be involved in delivering them.
Be responsive and flexible	No one approach fixes all issues and leaders need to be flexible and avoid complication (and jargon). They also need to set an appropriate pace of change that balances a need to continue delivering services and products with the need to make the change swiftly.
Celebrate and communicate	Don't get hung up on the small issues (Are patients customers? Is it quality or innovation we have achieved?) Instead, focus on celebrating every success and encouraging the 'early adopters' who will help sell it to the rest of the organisation.
Adapt & Evolve	As you make your changes be aware that the world will continue to change. Some things will work and other won't and the occasional problem should not stop the changes, but regular problems with implementation will require you to evolve and adapt to keep moving forward.

Supporting these generic actions to create an effective environment are some specific dos and don'ts that I have summarised in Table 4 below.⁷

⁶ This is a commentary on the points raised in Penn State University's Innovation Insight Number 22 (2009)

⁷ Adapted from 'A Culture for Continuous Improvement', Khaled Mabrouk, Institute of Industrial Engineers, 2009

Dos	Don'ts
Do be clear about what you want, the performance you expect and how you want the organisation to 'work'	Don't use improvement activities as a punishment
Do measure performance and keep the team up to date with progress and next steps	Don't allow 'tribal thinking' between departments to prevent communication and improvement
Do maintain close to the needs of your customers and the market	Don't let conflicts escalate into open warfare
Do engage and educate leaders in how you want them to interact with the workforce	Don't focus purely on financial performance improvement
Do publicly praise success	Don't give up. Significant improvement is a long term investment and requires on-going commitment.

Being clear about the required performance and the timescales that teams need to achieve also need to be defined and the quote⁸, "Some is not a number. Soon is not a time," is relevant to the thinking at this point.

In the last section I will explore some of the things that will ensure the success of your drive to change your organisation's environment.

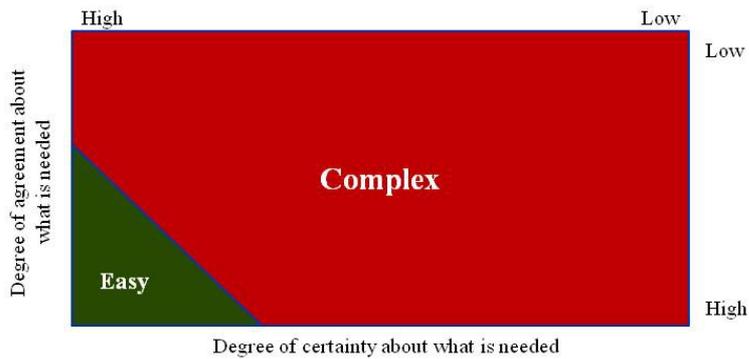
Enabling it to work

Whilst determining what type of organisational environment will deliver the right result for your organisation is the first step, at some point words and analysis have to be turned into actions.

Whether the implementation is easy or complex will depend on two main factors as shown in Figure 5⁹.

⁸ Source unknown

⁹ Adapted from Stacey RD. Strategic management and organizational dynamics. London: Pitmann Publishing, 1996.



Being clear about what is required and gaining consensus from the main stakeholders will make the process a lot easier to implement.

Supporting this is the need to ensure that words and actions are in alignment. Two examples will serve to illustrate this point;

1. A manufacturer had a policy stating that people were the organisation's most valuable asset and yet the experience of the staff at the front line was that they were just 'numbers' and that the organisational leaders did not really care about them.
2. A Chief Executive claimed that the organisation was family friendly and focused on the needs of individuals and yet they continually organised meetings with their management teams late in the evening.

Summary

What I have attempted to do in this article is to demonstrate that organisations need to look outward to find out what the context is that they operate in before they look inward and identify what the required changes in their operating environments will be. Taking a long-term view of the changes required (mostly because they will take a long time) and ensuring consistency in the messages that are put out both through official channels (such as newsletters and announcements) is aligned with the unofficial messages that people receive (such as the behaviours of local leaders) will ensure success.