

The Alignment Factor:

Addressing Change as a ‘People Challenge’

by Catherine J. Rezak

Quick: *You work for an organization that is spending millions of dollars on a very important new process that will completely change how you work and whom you work with, and will require you to think about your job in a totally new way. The success of the company depends on you and your coworkers!*

Go knock 'em dead, tiger!

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Feeling pretty confident right about now? Didn't think so. Every day in organizations around the world, these kinds of challenges are placed on people who do the work of the organization. Granted, it is rarely expressed so bluntly. Most often, the organization simply announces the initiative, whether it's a new technology, a new process or a new way of thinking ... as if the initiative itself represented the sum total of the change.

This is rarely the case. Change is always about *people*. As jarring as our “go get 'em, tiger” example may be, it at least represents a level of clarity that is often missing in organizations.

The People Piece

Dramatic case studies are not hard to find. Let's take ERP (enterprise resource planning) as an example. For the uninitiated, ERP is a comprehensive — and complicated — technology initiative that promises system-wide efficiencies by sharing common data across every part of an organization. Starstruck, lots of companies have grabbed hold of ERP like Indiana Jones lifting a golden idol from an Incan temple. The results have been about as encouraging. (Remember that giant rolling boulder?)

For example, Hershey's ERP start-up problems cost the company \$150 million in 1999. That same year, FoxMeyer Corp's budgeted ERP installation cost them a \$1 billion lawsuit ... and ended in bankruptcy for the company. Waste Management abandoned their initiative and had to eat the \$150 million cost.

The lesson here is not that you should avoid this ERP business. Or total quality, culture mergers, Six Sigma, CRM, shared services model, supply chain or any other comprehensive change initiative. Many companies have transformed themselves with these powerful initiatives. No, the lesson here is much deeper. And simpler.

Here's how one Nestlé executive summarized in an interview with *CIO* magazine what the company learned: “No major software implementation is really about the software. It's about change management ... When you move to SAP (a specific ERP software), you are changing the way people work ... You are challenging their principles, their beliefs and the way they have done things for many, many years.”

Change is about people. Whatever your major initiative, there's a pretty good chance that for it to work:

- People must change how they think.
- People must change how they act.
- People must buy into the importance of the initiative.

In other words, just because you've installed the software and finished the training, that doesn't mean your work is over. You're just getting warmed up. To produce powerful results, you need to plug the "people variable" into the equation, which change and communications company Paradigm Learning expresses this way:

**Quality of the
Change Initiative**

×

**Alignment
of People**

= Results

The equation is a variation on a theme. This version comes from a change leader at consumer products giant Kimberly-Clark. Michael Fischer uses the equation to describe the reason why their massive supply-chain initiative has been so successful. Kimberly-Clark

realized early in the process that changing an entire organization — or even part of one — is a complicated equation.

Much has been said and written about *the first element of the formula above, the quality of the change initiative*. Though devilishly difficult, this variable has the virtue of being obvious: Install the technology wrong and it isn't going to work, end of discussion. Many consultants and much change management literature focus on this critical first variable.

But it's the second area, *the alignment of people*, that is so often neglected. And it's here that powerful leverage can be found. For transformation to occur and for actual results to be achieved in organizations, there must be alignment of organizational culture — the norms for behavior, the operating principles, the shared understanding of "how things work around here" — and mental models, the often-hidden beliefs, conclusions, assumptions and ways of thinking that drive how individual people perceive the world.

The Great Transfer: Vision, Knowledge, Responsibility

Cultures. Mental models. Paradigms. It would be nice if you could change them by printing a slogan on a coffee cup, but the experience of countless organizational change agents continues to support that this is not the case. People are fiercely resistant to changing the ways they perceive and interact with their world, especially if that change is imposed upon them.

Those organizations that have succeeded in leading the horse to water and getting it to drink suggest that widespread and willing enrollment is positive. According to Marathon Oil Change Manager Gregg Stapleton and IBM Global Services Senior Consultant Holly Benson, change agents must be sensitive to:

- Transferring the vision
- Transferring knowledge
- Transferring responsibility

At this point, the reasonable change agent might conclude, "Oh, so this is a training issue after all, right?"

Making the Case for People: A Media Watch

"Companies will end up dealing with the people issues anyway. They'll either do it before the (technology) implementation when everyone will get on board happily, or after the implementation when the costs of human and monetary capital rise."

"CRM: A Business Solution, Not a Technology"
— WebPro News, 2004

"The difficult part of any CRM initiative is making sure a company's culture and structure are on board."

— Hewlett-Packard Development Company, L.P., 2003

"Commonly cited reasons as to why ERPs don't meet project objectives include: Unclear business objectives ...; poor communications ...; resistance to change within the organization ...; and failure to prepare the organization for change, including inadequate training ..."

"Getting Your ERP Implementation Back on Track"
— Frank R. Parth, MS, MBA, PMP; and Joy Gumz, CPA, PMP
March 2003

Not quite. *Training* implies something you “do to” employees. The goal here is that more elusive activity, which is *learning*. As theorist David Kolb illustrates, learning happens when people choose to embrace a new concept, practice its application in their own contexts, reflect on their experience and ultimately extend its application more comprehensively.

You can't do this with a PowerPoint presentation. Author Michael Robin suggests an intriguing approach to learning in his powerful article “Learning by Doing: Organizations discover that hands-on experience produces the most valuable learning” (*Knowledge Management* magazine, March 2000).

In it, Michael says, “In today’s knowledge-intensive global economy, performance is hard to predict and standardized behavior may not breed success. Businesses need to innovate faster, respond to new challenges, and discover opportunities to create value. In this new situation, traditional training methods fall short in several major areas ... relevance ... time ... and cost.”

The article goes on to state, “One of the clearest impacts on organizational productivity from experience-based learning can be seen in higher levels of retention, which ultimately results in a greater transfer of knowledge into informed action. *While retention levels for traditional learning from lectures or reading are typically just three to five percent, retention levels with experience-based learning have been known to reach 80–90 percent.*”

Technology and Alignment at Marathon Oil

Let's return to the world of SAP for a case study. The organization is Marathon Oil Company, a Houston-based energy company that initiated “Project Renaissance” initiative to implement SAP for more than 2,400 employees around the world.

In addition to the formidable technology component, Marathon treated Renaissance as a people challenge from the very beginning and put a plan in

Discovery learning is a form of experiential learning that:

- Is learner-driven not instructor-driven
- Is team-based
- Treats learning as a cycle, building on each insight
- Allows time for reflection and internalization
- Embraces mistakes as a tool for learning
- Provides the big picture and nurtures new mental models

place for the transfer of *vision*, *knowledge* and *responsibility*. And they used the power of experiential learning to do it.

Partnering with Tampa-based change and communications experts Paradigm Learning, Marathon Oil developed a communication tool called a “Discovery Map.” An eye-popping four-foot-by-six-foot illustration loaded with data, images and metaphors related to the Renaissance initiative, the Discovery Map illustrated three components universal to change initiatives: Marathon’s *current reality* (including their challenges), their vision (or articulation of where it wants

to go) and the means for crossing the map from “here” to “there” (in this case, the SAP technology represented the bridge).

In a structured learning activity, members of the organization interacted with the dynamic content of the Discovery Map, connecting its metaphors to their own experiences.

The end of this story is remarkable: Employees recognized and embraced the value of the challenging SAP technology. Empowered by this sweeping organizational support, Renaissance came in under budget. And after only 13 months of work (a record in the industry), they were up and running.

In their reflections, leaders at the highest levels of the organization cited this “commitment,” not the technology or the software, as the cornerstone of their success.

Marathon got it right: It's about alignment. It's about *people*.

Corn Products Aligns Its Workforce

Imagine a scenario where the entire senior leadership team of an organization is focused on a goal. Now imagine that the majority of the workforce doesn't understand the goal. Not only do they not understand it, they don't even know what the words in the written statement of the goal mean. That was the situation facing Corn Products, a worldwide leader in food ingredients and industrial starch.

In the process of trying to strengthen its bottom line while expanding its product portfolio, “The mantra of the entire senior team became, ‘We must improve working capital, we must improve working capital,’” explains David Spirk, director of management and organizational development. “But during a meeting, one employee raised his hand and asked, ‘What exactly is working capital?’ At that point, I knew we had some work ahead of us.”

Corn Products leaders quickly realized they needed to focus on alignment. They had to ensure that everyone was on the same page if the revitalization process was to succeed. Understanding working capital was only the first step. Buying into the notions that it was critical to success and, even further, that each employee can impact it, was the mission-critical challenge. To do that, Corn Products chose a unique method ... a board game, again based on discovery learning techniques. Paradigm Learning offered *Zodiak: The Game of Business Finance and Strategy* as a way to build understanding, knowledge, and, most important, commitment to doing what it would take to reach Corn Products’ goal. The Zodiak game put Corn Products’ employees in the role of business owner for a day and let them “run” an organization through three simulated years of operation.

During the play of the game, participants learned how to read and construct income statements and balance sheets, how to analyze numbers, and how to interpret the impact of their decisions on key

financial measures such as working capital. As they immersed themselves in the game, calling their own shots, they became more fluent in the language of business and came face-to-face with the critical financial impact individuals can have on the company’s success.

Is it working? Are employees focusing on what’s important to Corn Products? The company’s leaders think so. “It is essential that our people know where this company wants to go and what we have to do to get there,” Corn Products President and CEO Samuel Scott said. “We’re all dependent on each other, and this experience is something that vividly shows each employee how true that is.”

Organizational Change and the Temple of Doom

You’re in the Incan temple, reaching for that golden idol of *organizational change*. Careful. There are traps here.

Ask yourself:

What are the results you want to achieve? How will you implement the change flawlessly ... and with excellence?

Finally (and this is the important part): *How will you align the people of your organization with the initiative so they will choose to embrace the change?* Watch the alignment *and the prize is yours*.

P A R A D I G M  L E A R N I N G

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