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# Strategic Alignment: Addressing Change as a ‘People Challenge’

By Catherine J. Rezak

**As Featured in *Chief Learning Officer*.** This article was first published by CLO magazine. Since then, the economic downturn, increasing global competition and shifting consumer demands have driven even more change within organizations — changes affecting products, processes and most of all, people. The ideas and stories provided in this article about aligning employees around change are, more relevant than ever.

**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 the people 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!**

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 within the organization. Granted, it is rarely expressed so bluntly. However, very often the organization simply announces the initiative, whether it's a new technology, a new process, a downsizing, a merger 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.

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## 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. At the same time, 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, mergers, Six Sigma, CRM, shared services models, supply chain or any other comprehensive change initiatives.

Many companies have transformed themselves with these powerful new ways of doing business. 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:

$$\begin{aligned}
 &\text{Quality of the Change Initiative} \\
 &\quad \times \\
 &\text{Alignment of People} \\
 &= \text{Results}
 \end{aligned}$$

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 what's needed.

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?”

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



## 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

“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

“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

most valuable learning” (Knowledge Management magazine, March 2000).

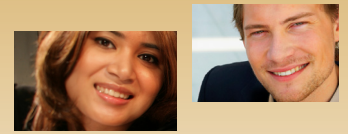
In it, Robin says, “In today’s knowledge-intensive global economy, performance is hard to predict and standardized behavior may not breed success. Businesses need to innovate faster, respond to new challenges, and discover opportunities to create value. In this new situation, traditional training methods 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 place for the transfer of vision, knowledge and responsibility. And they used the power of experiential learning to do it.

Partnering with St.Petersburg-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 program 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.

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***Discovery learning is a form of experiential learning that:***

- ***Is learner-driven, not instructor-driven***
  - ***Is team-based to ensure peer reinforcement***
  - ***Treats learning as a cycle, building on each insight***
  - ***Allows time for reflection and internalization***
  - ***Emphasizes the "big picture" and nurtures development of new mental models***
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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.

## How Regence Group Is Communicating Strategic Alignment

**Discovery learning supports employee commitment and positive change.**

We've all seen the headlines and heard the horror stories about health care: Millions of Americans are uninsured; health care costs are skyrocketing; mandatory government legislation can't solve the problems; and the entire industry is being overhauled.

Taking the lead to orchestrate the necessary changes, Regence, the largest not-for-profit health insurance carrier in the Pacific



Northwest, developed a strategy to align and unite its employees around changes in its mission statement and business strategies—in just under three months. These changes affected 6,000 Regence employees in four states.

“The results of a recent Regence employee survey showed that our employees didn’t have a complete grasp of what was expected of them during these changes,” said Regence president Mark Ganz. “Subsequently, our people didn’t initially understand or have a high level of commitment to the transformation.”

Regence decided to try something completely different—something that would grab the attention of its employees quickly and fuel the company’s transformation.

Regence turned to training and communications leader Paradigm Learning to create a Discovery Maps® program called “Journey to a Better Way” that would demonstrate the benefits of employee commitment and ultimately lead to changes within the health care finance and delivery system.

Using a table-sized map as a visual metaphor, the Discovery Maps program incorporates seeing, hearing, touching, and practicing. Question-and-answer cards plunge people into the imagery, stimulating their minds with rich content as they locate specific answers on the tabletop map. Team discussions reinforce a company’s specific messages.

The program proved successful on every level: Employees

eagerly participated; managers and organizational development staff voluntarily postponed summer vacations to help with the rollout; and on employee request, Regence made multiple reprints of the Discovery Map for employees to refer to at work.

“Three years ago, [Regence’s] transformation [consisted of] words on paper. Now we can “see” what we’re doing, and that’s motivating!” says Ganz.

And what about real results?

Prior to partnering with Paradigm Learning, Regence distributed an internal survey asking employees what they knew about Regence’s core strategies; the response was “dismal.” One year after participating in the Discovery Maps program, a similar survey showed the following results:

- The survey response rate increased by 244 percent.
- Of respondents, 94 percent said they support the strategies, live the “cause,” and are aware of the business transformation at Regence.
- During 2005, 70 percent of participants reported communicating two or more times with their superiors about corporate strategy, as compared to 37 percent in 2004.

Regence also includes a Discovery Maps session on the first day of its new-employee orientation program, giving new staff members a firsthand view of the ambitious undertaking at Regence and the key role it has in transforming the health care industry.



The session is followed by a discussion with a senior leader who shares updates on current progress.

It's clear: Regence is on a "Journey to a Better Way"!

## 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.

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### About The Author

***Catherine J. Rezak is chairman and co-founder of Paradigm Learning, a training and communications organization specializing in the design of business games, simulations and Discovery Maps®. Paradigm Learning has created highly acclaimed business games and simulations in the areas of talent leadership, business acumen, project management, team building and leadership.***

***Cathy focuses on a variety of responsibilities, most notably in the areas of new product development, marketing and client relations. Cathy has accepted numerous awards on behalf of Paradigm Learning. Most recently, she received the 2007 Thought Leadership Award from ISA - The Association of Learning Providers. This award is given for demonstrating "out-of-the-box" concepts, ideas, products, and/or services that have helped to promote organizational training. From 2003-2006, she served as president of ISA.***

***She is a frequent speaker at corporate learning events, including American Society of Training and Development (ASTD) annual conferences. She has appeared on CNN Financial News and has had articles published in such journals as Strategic Communication Management, the Journal of Organizational Excellence and Project Management Network.***

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