

When the improvement doesn't go as well as planned: why not and what next?

Why improvement efforts fail and what to do about it

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Dr. W. Edwards Deming once said: "There's no law that says anybody has to improve. It's all voluntary. It's only a matter of survival!" Many of the Fortune 1000 heeded his warning by embarking on a variety of organizational improvement initiatives.

However, achieving competitive advantage through enhancing organizational effectiveness appears to be as difficult as other methods used to get ahead of the competition. Documented reports of some improvement initiatives and techniques failing or not meeting original expectations are becoming more commonplace, and are regularly featured in the *Wall Street Journal* and the *Harvard Business Review*.

In the January/February 1994 issue of the *Harvard Business Review*, Nohria and Berkley referred to a survey showing that 75 percent of the managers polled were unhappy with the results of the initiatives underway in their organization. In a similar 1994 Rath & Strong survey, only 41 percent of 186 senior executives from many of the country's leading manufacturing and service companies were completely satisfied with their TQM results, and only 36 percent with the progress to date with process reengineering.

So what are we to do: abandon our efforts or look for answers and root causes? My answer is to look for and share some pragmatic reasons for why improvement initiatives don't always go as well as planned.

The reasons for failure or unmet expectations and the accompanying suggestions offered for improving the effectiveness of improvement initiatives, are based on either recent research findings or my personal work experiences. **1**

1. The improvement initiative is a program

Many improvement initiatives can be characterized as programs and not processes. Employees know from experience that programs end, processes are the way we accomplish tasks (the way we do our work). As programs, many improvement initiatives look alike in at least four ways:

1. Training is highly emphasized, with large numbers of employees being sent to training sessions to learn a technique and organizationally correct thinking (training professionals refer to this as a *sheep dip*).

Dip 'em and they'll change... The assumption underlying a *sheep dip* is that change occurs at the level of the individual, and if you change enough people through training, you'll change the organization. This logic has been the long-standing cornerstone of humanistic psychology, but is largely unsupported by both research and conventional wisdom.

2. A staff function drives the effort.

The staff function may have the expertise to guide the effort, but not the power. Momentum and ownership for the effort has to reside with the various line functions, where most of the power in any business is concentrated.

3. The implementation plan, if one exists, places more emphasis on marketing than on substance.

Organizational 12-step recovery plans... Plexiglas trinkets, plaques and banners containing the company's own 12-step method to recovery are conspicuously displayed throughout the entire company, with the firm's lobby usually having the heaviest concentration of these mementos. Such marketing activities are largely ineffective because they really aren't that motivational for most people, and most people place greater emphasis on actions than words anyway.

4. The improvement initiative has little business focus.

Most people don't understand how the initiative will improve profits, quality, and marketshare, or reduce the time to market for new products/services. Therefore, it quickly becomes viewed as a secondary management activity.

Signs that it's not really a front burner item... Some common signs of this perception being present include:

- Change goals are not in the company's business strategy, or have no visible tie to pressing business problems...
- A parallel committee of managers or executives are assigned to lead the initiative outside of their daily responsibilities...
- The performance measurement system focuses exclusively on traditional performance indicators (return of investment, earnings per share, and key productivity indices).

Whether intended or not, these and similar actions signal to others that the effort is not much of a priority.

The biggest problem with programs is superficiality — Improvement programs often are based on the use of one improvement technique or two, and are not comprehensive in scope. Programs usually treat symptoms; they rarely fix the root causes of problems. Very little effort is placed on the systems which shape organizational behavior.

Leaders, consultants, and others involved in an improvement initiative can improve their chances of success by viewing their organization as a system with interrelated parts. Galbraith has pointed out that the strength of the Japanese production system lies in the complementarity of factory

Eight key reasons why improvement initiatives don't always go as planned...

To increase the likelihood that future initiatives will be more successful, organizational leaders must become more adept at facilitating change and improvement, and must become more savvy at selecting advisors or consultants for their improvement initiative.

1. The improvement initiative is designed as a program.
2. A failure to position the initiative properly.
3. Top management assumes an inappropriate role.
4. The improvement initiative emphasizes furthering humanistic values in the work culture.
5. A lack of interest.
6. Incentives do not support the objectives of the change.
7. Unrealistic expectations.
8. Leaders are poorly advised.

1

Organizational improvement techniques (1980 to present)...

Process centered

Total quality management
Quality circles
Concurrent engineering
Quality function deployment

Kaizen (continuous improvement)
SPC

Just-in-time manufacturing

ISO 9000
Business process reengineering
Time-based management

Benchmarking

People centered

Broadbanding
Gainsharing
Pay for skills
Future search conference
Empowerment
Self-directed workteams
One minute manager
Theory Z
Corporate culture
Managing by walking around
Learning organization

2

practices, the work system, and human resource policies, all of which support high performance and continuous improvement.

2. Failure to position the initiative properly

In *Future Shock* Alvin Toffler pointed out that change in society was beginning to increase at a fast rate. Organizational improvement techniques apparently have not escaped his prediction, as most of the techniques listed above were introduced and popularized during the 1980s during a rate of introduction of new techniques unparalleled in previous decades. ²

“Such marketing activities are largely ineffective because they really aren't that motivational for most people, and most people place greater emphasis on actions than words anyway.”

This is the one, really! Positioning a technique as a comprehensive improvement initiative can create several problems:

1. Managers and supervisors often find themselves grappling with figuring out how to take advantage of a new technique without losing the value of the one that they had pitched as a cure all.

Usually the old technique gets replaced by the new technique with desirable elements of the old technique getting discarded.

2. Employees grow cynical of proclamations that the latest tonic uses a different recipe and is truly the best concoction, thus hampering the opportunity to adopt a new practice that can benefit the organization.

Avoid "naming" the process... To overcome employee cynicism, and to put themselves in a position to reap the value of future advances in management and organization science, leaders should avoid clichés like worldclass, or excellence — use language that will better withstand the passage of time and support constancy of purpose.

At General Electric, Jack Welch refined the purpose of the company's improvement efforts to a few simple ideas:

- Integrated diversity...
- Boundarylessness...
- Global leadership...
- The business engine.

The famous Johnson & Johnson credo, first developed in 1943, has served as a beacon for many of the firm's improvement efforts and key business decisions, including its quick and principled response following the Tylenol tragedies. Their credo states quite simply: *We believe our responsibility is to the doctors, nurses, and patients, to mothers and all others who use our products, who use our services. In meeting their needs, everything we do must be of high quality. We must constantly strive to reduce our costs in order to maintain reasonable prices. Customer orders must be serviced promptly and accurately. Our suppliers and distributors must have an opportunity to make a fair profit.*

3. Top management assumes an inappropriate role in the initiative

Most evangelists of organization change preach that the head of the business has to be zealously committed and *walk the talk*. Often, the leader of

the business and his/her associates mistakenly interpret this to mean that they must be the project managers to signal their commitment.

Whose process is this? To show their enthusiasm, leaders get mired in developing and implementing the initiative, quite often under the auspices of an executive level steering committee. Some people might applaud this personal investment of time and energy, but it generally sends the wrong signal to the workforce, specifically, that improvement is the responsibility and accountability of management. Worse, such centralized planning and control does not allow the flexibility that different areas of the organization need to implement the initiative to fit the nuances of their operations.

More leaders must recognize and act in accordance with an increasing amount of evidence suggesting that successful change often occurs away from the center of the corporation, and usually in response to specific business problems, with company leaders initially playing a fairly minimal role.

Leadership by leading, not by hands on... Leaders must still show their level of commitment or at least to get out of the way but it's certainly not necessary for them to personally manage the planning and implementation. Change is implemented most successfully when leaders present a convincing argument for the needed change, urge others into action, monitor progress, and demonstrate improvements.

Jack Welch, of General Electric describes his role in very similar terms: *My job is to listen to, search for, think of, and spread ideas, to expose people to good ideas and role models. I'm almost a maitre d', getting the crowd to come sit at this table: Enjoy the food here. Try it. See if it tastes good. And they do. When self-confident people see a good idea, they love it.*

4. Improvement initiative emphasizes furthering humanistic values in the work culture

The term corporate culture first gained widespread popularity and acceptance within business circles following the groundbreaking publication of *Corporate Cultures* by Deal and Kennedy. Their original argument, that organizations having a deep and common set of beliefs and values within their work force have a competitive advantage, has since been refined by other researchers.

The current thinking now is that organizations should strive to create a strong and strategically appropriate culture that leaders can change or adapt to facilitate the achievement of business objectives.

Unfortunately, there are few documented cases of organizations successfully changing culture by explicitly setting out with the primary objective of changing culture. Some point to the recent research findings by Kotter and Heskett as proof that corporate culture has been deliberately managed by leaders in high performing organizations. While many of their sample companies did appear to realize some degree of culture change, it resulted from changes instigated for business reasons, not because the leadership decided that the culture needed changing.

In spite of this evidence, some improvement initiatives start out with the sole or secondary objective of instilling such humanistic values as integrity, mutual respect, openness, or other variations of the *Golden Rule* into the work environment. While few people would disagree that these values should be present in all organizations and in society in general, they are very difficult to engineer into any company's culture.

Kofman and Senge have noted: *Organizations are microcosms of the larger society. Thus, at the heart of any serious effort to alter how organizations operate lies a concern with addressing the basic dysfunctions of our larger culture.*

Not unlike the sycophants depicted in the *Organization Man* by William Whyte, many people will change their behavior during an improvement initiative (or culture change effort) in order to please their boss, earn more money, or to advance even though they disagree with the purpose of the intended change. These same people can and often do switch their allegiance or revert back to old behavior if the improvement initiative is challenged by new leadership or diverted by pressing business problems.

This perhaps explains why many successful company turnarounds, which include the building of new corporate values and beliefs, come about only after a replacement of the CEO or top management team.

Leaders clearly have a moral obligation to try to change those values that sometimes result in employees displaying unethical or unlawful behavior such as racial or sexual discrimination in the

terms and conditions of employment. They should demand that employees adhere to appropriate rules of conduct and treat each other with dignity and respect. But leaders and their organizations may be best served by not setting out on an improvement initiative that promises or implies the rapid building of humanistic values in the workplace. Until more potent change techniques are developed than those currently used, such promises are particularly risky, and at the very most should be stated as long term goals that are worthy of pursuit.

5. Lack of interest in the initiative

Contrary to the puffery that one usually hears at various management conferences, virtually every company has implemented their share of failed initiatives.

Employees who've weathered their fair share of these initiatives during the 1980s have naturally developed a level of counterproductive skepticism. Some are simply tired of the constant parade of new techniques that quickly fizzle. Others are fearful that the improvement initiative may be a false front for downsizing.

Company leaders may be able to win back these employees if they present a convincing reason for the change. This will not be easy, however. Kanter and Mirvis found in their research that:

- "Some 43 percent of the American populace fit the profile of the cynic, who sees selfishness and fakery at the core of human nature..."
- The survey shows that cynics mistrust politicians and most authority figures, regard the average person as falsefaced and uncaring, and conclude that you should basically look out for yourself.
- Cynical tendencies are growing into a consensus world view with implications for society, commerce, and the workplace.
- Cynics at work deeply doubt the truth of what their managements tell them and believe that their companies, given a chance, will take advantage of them."

Bold decisions, need bold action — To underscore a company's seriousness in pursuing a new direction, sometimes a bold management decision or action needs to be made. During the early 1980s, Richard Gelb, chairman of Bristol-Myers, urged companies in the pharmaceutical group of the company to work together more collaboratively to meet the growing challenges of

its marketplace. He later underscored his commitment to this vision by approving the construction of a several hundred million dollar research and development facility in Wallingford, Connecticut that pooled together all of the research activity within the various pharmaceutical companies.

6. Incentives do not support the objectives of the change

One time honored truism in the business world is that you get what you reward. Too often companies ignore those words of wisdom and unknowingly sabotage their initiatives by basing bonus and incentive rewards exclusively on financial returns. Quite predictably, such incentives cause people to concentrate solely on meeting financial targets, and to avoid taking the kind of actions commonly found in improvement initiatives.

But it's too hard to measure — If improved quality, leadership, or employee commitment is a part of the company's business strategy, then some meaningful percentage of compensation should be tied to measurements of these objectives. Most businesses do not measure these type of objectives due to the belief that these areas can not be accurately measured, but this reasoning is simply not correct.

AT&T measures of progress... A number of companies are now successfully conducting regular surveys of employees to gauge the progress of their improvement activities and to hold key leaders accountable for achieving results. One example is in the Global Business Communications Systems Division of AT&T, where the executive management team has a significant portion of their annual variable pay tied to associate and customer satisfaction.

Robert Rosen, leader of Healthy Companies, echoes this argument for having people centered measurements: *What we measure is what we treasure. Today's most important assets are intellectual and social capital the — soft side of business — but we don't have an accounting system that measures and values them. If we want our leaders to focus on tapping our human potential, then we have to invent ways to measure how well they're doing and reward them accordingly.*

7. Unrealistic expectations

Some improvement initiatives get derailed because people do not see visible results quickly enough and conclude that the effort is not

working. In some efforts, this has lessened people's enthusiasm and willingness to make a contribution.

Everyone wants quick results — People in our society like quick results and solutions, or why else would fad diets and cosmetic surgeons have a steady flow of customers. This sense of urgency is also present among some of the governing boards of some of our nation's largest corporations. Directors at both Kodak and IBM recently pressured their chairman to resign primarily due to their perceived slowness in getting their respective organizations to change and improve.

Employee expectations for quick results are healthy in the sense that they signal that a considerable amount of energy exists to better the organization. Such expectations fail to appreciate, however, that most organizational change involves some fundamental reorientation of the way that business is conducted, or the way in which people treat and interact with each other. Both are products of psychological imprinting, or years of schooling and habit, and it's simply unrealistic to think that they can be changed quickly.

A key role for leaders is to help manage expectations — It's important for them to voice optimism and to share their belief that the organization must improve and become better. But it's also important for company leaders to stress that change and improvement in any company is not a sprint but a marathon.

8. Leaders and organizations are poorly advised

Improvement initiatives falter in many companies because leaders either do not solicit advice, or if they attempt to do so, get bad advice and simply are not aware of it. The majority of leaders know that they don't know much about changing an organization and will either turn to internal human resources management or organization development professionals, or to outside consultants with consulting firms seemingly being the most popular choice.

Between 1982 and 1992 the number of consulting firms in the country grew from 780 to 1,533, an increase of 97 percent, and the number of consultants increased from 30,000 to 81,000 for a whopping 170 percent growth rate.



Leader's questions for consultants...

Before retaining consultants, or for that matter, using in-house human resource management or organizational development professionals, leaders may want to ask a number of questions about experience and their success.

- How much experience has the person had in advising leaders on organizational change and improvement?
- Is most of the person's experience related to training, or helping others to conceptualize and lead a transformational change process?
- Is the person differentiating their approach from others that are available by plugging its simplicity and real world pragmatism? If so, determine whether their approach is too pragmatic and not based any empirical or theoretical evidence.
- Is the consultant or internal expert advocating a systematic and systemic approach to change and improvement that goes beyond behavioral training, team building, and other impotent techniques from the school of humanistic psychology?
- Does the consultant have references from long term customers that may be able to validate the long term effects of the person's advice?
- Has the person's work been recognized by others by either being published or having been cited in publications?

3

Impediments to successful change and improvement initiatives...

Impediment

Initiative is programmatic.

Initiative is not positioned properly.

Top management assumes an inappropriate role.

Initiative emphasizes furthering humanistic values in the work culture.

Lack of interest.

Incentives do not support change.

Unrealistic expectations.

Poor advice on initiative.

Alternative action or behavior

Pursue a systematic and systemic approach to improvement.

Use language that will withstand passage of time and show more constancy of purpose.

Top management should force but not mandate or personally lead the initiative.

Focus on business results. Advocate humanistic behavior but don't commit many resources to changing values.

Provide convincing business reason for initiative. Take bold action if necessary to underscore commitment.

Tie some portion of management and executive compensation to measured progress with initiative.

Explain that improvement is a continuous long-term effort. Results may not be quickly noticeable.

Closely review experience and background of experts used to advise management on improvement initiative.

4

While external consultants (and internal) are usually well educated and often sport impressive academic credentials, too many are overly specialized or inexperienced. Leaders seeking competent assistance are really in a quandary because neither internal nor external consultants have to be licensed or credentialed (even though some have hourly fees rivaling those of physicians, psychiatrists, and lawyers). 3

Some suggestions for a different approach

A plan for strengthening how an organization behaves or adds value to products and services for customers, must be carefully crafted, yet

flexible enough to change course or allow for necessary refinements. 4

Leaders can help their organizations to be adaptive, responsive, and more successful in attempts to continuously improve, by performing the following responsibilities:

- Educating the organization as to the forces, trends, and challenges facing the business. This is hard work and requires a willingness to share company and business information widely and on a continuous basis...



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- Communicating the need for change and improvement, and influencing others to begin a continuous process of developing their organizations without prescribing the exact steps to follow...
- Ensuring that an improvement initiative is business focused i.e., that it will improve quality, reduce costs, expand market share, or reduce the amount of time needed to bring a new product or service to market. If the initiative is business focused, then it must be formally included in the organization's business strategy...
- Helping others avoid the various inhibitors to effective implementation of improvement initiatives...
- Making an effort to understand the mechanics and theory of organizational change, which really are no more difficult than the theory and practices used in finance and accounting, marketing, manufacturing, and other general management skills...
- Aggressively discouraging fad jumping and uncomprehensive change programs...
- Making their reporting organizations responsible and accountable for developing their organizations to better meet business objectives.

Closing thoughts

Skeptics would like us to believe that the failures or low performing improvement processes are in fact not surprising, that these efforts were fads destined to have short half lives, yet credible examples can be found where organizations have transformed their operations and synergistically leveraged their human assets.

So why don't others simply copy these businesses? Getting information about these organizations is certainly not difficult:

- They and their leaders have been well publicized and carefully examined in an attempt to isolate the reasons for their accomplishments which could be transferred to other settings...
- Management gurus name drop these organizations (especially if they were clients)...
- Academics have written scholarly articles or books about these winners...

- Employees from these organizations routinely broadcast their techniques and results at national conferences...
- The organizations themselves participate in or allow benchmarking studies.

The fact is, copying what other organizations have done is in fact the common practice — and is probably why so many efforts quickly fizzle. More emphasis is too often placed on learning how to mimic rather than on how to adapt innovations or techniques created in other organizations.

Success and hard work — Success with organizational change and improvement is simply not a question of what techniques to use:

- It's not a recipe that can be achieved by following seven steps, nor is it a proprietary trade secret...
- It's hard, painstaking work requiring constant attention to the finest details of the organization, its people, and systems...
- It's facilitated by intelligent, self-confident, and well-adjusted leaders who are extremely knowledgeable about their proper role in leading effective, sustainable change.

Leaders of successful, sustained change recognize that the highest performing organizations, now and in the future, will be those developed to be responsive and adaptive to the needs of customers, the general public, and the workforce. In such organizations, leading an improvement initiative is not an executive prerogative, but a key role for the entire workforce. ♦

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