

Chapter 20

Developing an Entrepreneurial Culture

The Most Livable City in Virginia

..... **I**n 1996, many city employees in Hampton, Virginia, didn't do their jobs.

Mary Bunting, an assistant city manager, worked instead in the ditches with a city sewer crew. The heavy-construction team in the Public Works Department put in weeks developing a new city park for another agency that didn't have enough money to get the job done.

Donald Guriey, the chief housing inspector, organized an exhibition about city services for the city's Neighborhood College, a training program for residents.

Kevin Gallagher, who runs the city's recycling programs, spent long nights helping street crews clear away snow and ice. "When we have a snow or ice storm, everyone comes in so we can get the job done," explains Ed Panzer, the public works director.

Most of the city's approximately 1,300 employees participated in one or more of its 115 task forces, advisory groups, self-directed teams, committees, and councils—work that was not covered in their job descriptions.

Why did Hampton's employees behave in these ways? Bunting was on a job rotation. City Manager Bob O'Neill had decided that his assistants needed to know more about how agencies really worked. So beginning in January, Bunting spent time in the field with public works crews, to prepare her to run the agency temporarily when Panzer retired. The field work changed her as-



[Click Here to order](#)

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sumptions about employees, Bunting says. They were much more skilled and flexible than she had expected. “I assumed that many of our people were more concerned about their job description, that when something came up they’d say, ‘That’s not our responsibility.’” But over and over she was proven wrong.

The heavy-construction team took on the park development project after the parks director asked Ed Panzer for help. Panzer agreed because he knew the park was a community priority. It wasn’t the first time his team had gone beyond the call of duty. Several years earlier the city had wanted to convert a landfill into a golf course, but private bids for the contract were far above what it had budgeted. Panzer told O’Neill his crew could do the job within budget—and they did.

Donald Gurley ran the exhibit for the Neighborhood College because, as he puts it, “I opened my big mouth.” Two years earlier he had attended a Neighborhood College session in which department heads made speeches to attendees. “It didn’t keep their attention,” Gurley says. “So I spoke up at a meeting. I suggested we do something like a career day, letting people rotate around to workstations for each department. The idea caught on.”

Then Gurley volunteered to make it happen. He also served as chairman of the department’s awards team and as a member of three interagency reengineering teams.

Kevin Gallagher turned up during snowstorms to help clear the streets for the simple reason that it needed to be done. “My job description is recycling manager, but my duty is customer service for the citizens of Hampton,” he says.

My motto is, “Whatever it takes.” People say, “You’re the recycling manager.” And I say, “Not when I’m the follow truck behind the snow detail.” I like the challenge. It makes life more interesting.

Hundreds of employees joined the city’s numerous teams and groups because they were given the chance. “If you want to get involved in something, there’s something out there for you,” says Gurley. “There are newsletters letting everybody know what’s going on. You put your name on the list and get involved.” In fact, participation in groups has grown steadily since 1990.

Gallagher enjoys working on teams because it connects him to other employees. “It lets me know who’s who in the organization,” he says. “I invite people into my world, and I dabble in theirs.”

This is true for many employees, says Tharon Greene, the director of human resources.

Many of us get things done through informal networking and connecting with people. At the emotional level this means we’re more than just orga-



[Click Here to order](#)

nization charts and boxes. A lot of us feel that by working this way you have a voice in where the organization is going. It's a feeling like no other.

In short, an extraordinary number of Hampton employees collaborated avidly with one another and routinely went the extra mile for citizens because they wanted to. They thought it was what they should do. It made them feel good. Ed Panzer recalls a spring day when he met with members of the heavy-construction team. They were just finishing a project, so he started talking about which project they might tackle next. “Their reaction was ‘We hope it’s a very big one.’ That’s the mind-set we have in this organization.”

Hampton employees weren’t always so flexible. City government in Hampton used to be a standard-issue bureaucracy with a standard-issue culture.

The city manager was the boss. Three assistant city managers told the 35 or so department heads what to do. The department heads protected their turf, hoarding decisions and information. They commanded mid-managers and supervisors, who in turn controlled the day-to-day work of employees. In this pyramid of control, everybody micromanaged the next layer down.

It had been this way for quite a while. Ed Panzer was hired in 1973 as an assistant director of public works. He remembers that before he got the job, he was taken to the city manager’s office for a quick interview.

There he was, sitting behind a long table that was totally covered with papers of one kind or another. He was preparing the city budget.... He was running the city, every aspect of it. Nothing was done, except routine tasks, without going through him.

Managers and employees focused on complying with detailed operational procedures. Communications followed the chain of command: up, over, and down. It was hard to get things done in this environment, says Chris Snead, who joined the city manager’s secretarial staff in 1977. “You had to go through three or four different departments to get resolution to an issue.”

People stayed in their institutional boxes and worried about pleasing their bosses. They waited for orders or permission to act. The organization prized loyalty, stability, certainty, and control. “Employees did not take risks,” says Gurley, who in 1970 got his first city job as a zoning inspector. “They more or less relied on their supervisors to tell them what to do, and they did it.”

Things began to change in 1984, after the mayor and council conducted a major review of the city’s condition. Its population was stagnant at 130,000. Its tax rate was one of Virginia’s highest. Its home values and per capita income were the lowest in the region. Its budget was strained by debt repayments; the



[Click Here to order](#)

council had balanced it by tapping one-time sources of revenue. It was losing business to nearby communities. And federal spending cuts were imminent.

In short, the big picture was not pretty. “The statistics scared us,” says Mayor James Eason. “We knew that we could not continue this decline. Otherwise we were going to be like some cities in Virginia that we didn’t want to be like.”

Then the council asked a question: If we don’t do anything, where will we be in three or four years? Given the trends, says Eason, “The answer *scared us to death*.” Hampton was dying in slow motion.

When this realization sunk in, Eason adds, the politicians developed “a sense of urgency and a bias for action.” They developed an aggressive economic development agenda, including the acquisition and development of land, improvements in the city’s physical appearance, and tax cuts.

To implement it, they needed a city government that was more responsive to the community’s needs, more innovative and flexible, with a bias for action and an ability to do more with less. Eason says that when he read several years later about “entrepreneurial government” in *Reinventing Government*, the concept captured exactly what he had wanted to create in Hampton.

When the city manager retired, Eason and the council went looking for a successor who would change things. They found someone right in town. Bob O’Neill knew the bureaucracy from the inside. A dozen years earlier he had begun working for the city as a young, longhaired intern and risen quickly to the post of assistant city manager. But he was also an outsider; in 1979 he had left government to work as a business consultant.

O’Neill was cerebral, an ideas man. And he had the right demeanor. “Bob has no visible ego,” says Eason. “He’s very satisfied with staying in the background.” Those who worked with O’Neill in the 1970s describe him as shy and unemotional.

Although many people in city government knew O’Neill, they weren’t sure what to expect from him. The council wrote a performance contract for him that spelled out specific goals for city government. It emphasized the need for lots of action, embracing what Eason calls “the Noah Principle” of management: “No more prizes for predicting rain; only prizes for building the ark.”

O’Neill got the message. “Their charge to me was do more, do it faster, change internally, handle multiple agendas, be a much better organization.” He didn’t have a blueprint for the ark he was supposed to build. “The only grand plan I had was that I had a great deal of confidence in the organization.”

O’Neill believed that city government had to do more than just respond to what the mayor and the council wanted, however. It also had to anticipate and adapt to future changes in Hampton’s environment. “The issue is whether one can be excellent over time, not whether you can do it one time,” he says.



[Click Here to order](#)

We tried to build adaptability so we would maintain a high degree of excellence and success. I really believe that organizations have to adapt to changes in their environments. If they don't, they die.

To make the organization more adaptable, O'Neill would have to change the way it did business. He would have to change people's assumptions, attitudes, and norms—the organization's deep-rooted culture, its basic character. In the hearts and minds of employees, entrepreneurial instincts would have to replace bureaucratic instincts.

O'Neill recognized that he couldn't just order up a new culture. People don't change themselves on command. They only change voluntarily, and few people give up their old ways very quickly—even when their situation warrants it.

"You can manage culture, but you can't control it," says O'Neill. "You can manage a process that produces a statement of values for the organization, but you can't control how people respond to the fact that you want to do that."

From the beginning, O'Neill's emphasis was on employee participation, says Mike Monteith, then an assistant city manager.

When we started out, we said, "We're all in this together, we're all going to be a part of the process." Bob modeled a way of dealing with people. He had a respect for them, a belief in them.

To get employees involved in change, O'Neill adds, "We had to figure out what everyone's stake in our success would be." That meant tapping into a number of motivations.

For some people, it's money. For some people, it's enhanced professional opportunities. For some, it's the contribution they make. It's different in different individuals.

O'Neill's commitment to getting everyone involved didn't mean that business-as-usual was acceptable; from the start, his message was that the organization had to change. He used performance management and organizational empowerment as his key approaches. He put his department heads on performance contracts that spelled out the results they were expected to produce, then tied their bonuses to their achievements. "That sent a message," he says.

He also told his assistant city managers to stop micromanaging the departments. He reassigned them to work on long-term strategic issues, such as the city's relationship with the local schools, and gave the directors full control over their agencies. "Bob gave us the latitude and authority to do the job," says Panzer.



[Click Here to order](#)

I recall talking to him about it. I asked, “Bob, what do you want me to report to you on?” He said, “Ed, run the department. I know very little about the public works department, and that’s the way I want it.”

Then O’Neill created a handful of interdepartmental task forces to focus on major common functions, such as physical infrastructure, public safety, and citizen services. “I told the directors, ‘We’re paying you a lot of money, we expect you to build cooperative relationships with those people you need to support your department’s mission,’ ” says O’Neill. Department heads decided who should participate in the groups and chaired them. The task forces had the power to allocate resources across departmental lines.

For a while, employees weren’t sure what to do in the task forces, O’Neill says. “When we said to the departments that they could structure the task forces any way they wanted, they waited. They said, ‘What’s the answer? Tell us what you *really* want.’ ” O’Neill assigned Monteith to help the new groups—but not to tell them what to do.

After a while, the task forces evolved into problem-solving groups. “Someone would say, ‘I’ve got a problem,’ and the group would deal with it,” O’Neill explains.

When Walt Credle joined city government as social services director in 1990, he found that the task forces had fostered a great deal of work across departmental lines.

Over time it had built very strong collaborative relationships. It was amazing. It created an environment that was like nothing I was in before. There’s no sense of competition, of hidden agendas, of politics. People of different philosophies and different backgrounds talk with each other about the city.

For Don Gurley, the change in control was inspiring. “Information was filtering down to my section,” he says. “They wanted my input. That wasn’t done before. I was becoming more involved with the process because I was being consulted on different things.”

O’Neill also used his performance contracts to push department heads into collaboration. Each year he asked his task force chairs to review the performance contract reports of the other directors. “He’d put them into a big pile and give them to the task force chairs,” says Credle.

He’d say, “You go through them and comment on them. Are they truthful? Do they collaborate? Do they work together? Give me feedback.” It gradually dawned on me that if I went to task force meetings and behaved like a jackass,



[Click Here to order](#)

I was sinking my own ship. But if I went to meetings and tried to facilitate and work with people collaboratively, they would tell Bob that.

A Vision and Mission for City Government

O'Neill's performance contracts, task forces, and initiatives to empower departments began to change the culture. But he, the mayor, and the city council decided that employees also needed what Eason calls "a compelling vision of a desired state of affairs. "By envisioning the future you want, Eason explains, "You can more easily achieve your goal. Vision is the link between dream and action." He wanted Hampton's elected officials, city managers, and public employees to share the same mental picture of the organization's purpose. "If you can get this alignment, where everybody knows where you're going to go, you create a synergy that enables you to do far more than you can do on an individual basis."

O'Neill worked with the council to develop vision and mission statements that described the purpose and role of city government. The process was bottom-up as well as top-down; hundreds of city employees got involved. "There was a lot of iteration between the organization and the council," says O'Neill. "By the time we ended up with a nice clean statement, as much had come from below as from the council."

Monteith remembers how difficult the process was:

The vision statement didn't show up the way the textbooks say it should. We didn't all sit down and say, "What is it we're trying to create?" We had a set of meetings. We'd been into it for a year. Bob and the assistants met four or five times, agonizing and wordsmithing. We never came up with anything that anybody really liked.

Finally, Monteith drafted a vision statement and showed it to several groups. It pledged that Hampton would become "the most livable city in Virginia." The new mission statement said the city would "bring together the resources of businesses, neighborhoods, community groups, and government" in order to realize that vision. The mission embodied the council's view that government should become a broker of the community's resources, not just a provider of services and regulations. The council embraced both statements, and O'Neill used them to develop measurable objectives and action plans for each department—which he wrote into department directors' performance contracts.

"Over time," says Monteith, "the statements became very important and dear to us."

In 1988, 23 parks department employees were taking a class called "Mak-



[Click Here to order](#)

ing Winners of Your Employees.” Their instructor, a state government contractor, asked them to write down what their mission was. In a memo to O’Neill, then parks director Thomas Daniel explained what happened next:

[The instructor] didn’t really expect to get anything, but was amazed when most of the people in the class wrote, “To make Hampton the most livable city in Virginia.” During the follow-up discussion, it was pointed out that not only do we have a mission, but we have specific goals. We have objectives attached to those goals with a reporting mechanism to ensure completion or progress. . . . We have contracts to ensure concentration on the accomplishment of these objectives.

Daniel could not resist adding a punch line: “He has questioned his employer, the State Department of Education, what their mission is, and can get no answer.”

“‘The most livable city in Virginia’—everybody knows those words,” says Kevin Gallagher. They were hard to miss when he started his first city job with the parks department in 1987. “Everywhere you looked, there it was—all the offices had our mission statement. It was even on our paycheck stubs.”

“Employees don’t see themselves working for the department, but as working for the organization to achieve its mission,” adds Mary Bunting. That’s why the heavy-construction crew worked on developing a new city park, even though it was the parks department’s project.

The statements shape employee thinking about how to get their jobs done, O’Neill says. For example, the city was under pressure to create community centers in several neighborhoods. But instead of building and operating new centers—the old service role—the city brokered two centers into existence. In one case, officials enticed the YMCA to establish a branch in the wing of a closed high school. The YMCA rehabilitated two gyms and the outside athletic fields, then began raising money to build an extension with an indoor swimming pool. In a second neighborhood the city renovated a facility, then turned it over to the neighborhood to operate.

Growing a New Culture

The changes O’Neill put in place created both anxiety and enthusiasm among employees.

Many employees were unsettled by the new emphasis on performance, autonomy, accountability, and change. “For a long time,” recalls Human Resources Director Tharon Greene, “there would be lines of people outside the door who wanted to come in and say, ‘Is it okay if we do this?’ “



[Click Here to order](#)

Others, including a few top managers, couldn't survive in the new environment. "We've lost a few department heads along the way, who just weren't able to manage in this environment," says Monteith.

Most employees liked the changes, though. "There was a big hump in the front end" of the change process, says O'Neill. "In our experience, some [employees] require remedial work, but the vast majority feel like all the constraints have been freed and they can finally do what they've always dreamed about doing."

About a year after O'Neill began, the city conducted a "temperature check," its first survey of organizational climate. "We got off-the-scale responses," says Monteith. "There was a high level of excitement about the changes: a new city manager, new roles, new structure. Everybody had high hopes."

But as O'Neill's efforts took hold, employees raised all kinds of issues. "They tested whether we were going to be consistent about building a new culture," he says. They complained that there was no way of recognizing people who did extraordinary work over time. So the city created a program that allowed each department to develop awards for employee innovations and productivity improvements. The agencies shared 10 percent of annual savings with employees and provided awards such as office equipment, time off, dinners, and premium parking spaces.

Employees also complained that their compensation did not reward them for customer service. So O'Neill instituted an annual citizen-satisfaction bonus. If satisfaction with government performance reached certain levels, every city employee would get a bonus check.

In response to other employee challenges, the city:

- created "venture teams" that visited other governments to learn what they were doing to initiate change;
- allowed employees to manage education funds for employees;
- provided small amounts of seed capital to test innovative ideas; and
- drafted a set of organizational values: responsiveness to citizens, quality, integrity, teamwork, professionalism, and innovation.

The values statement helps "employees keep management honest," says O'Neill.

If your actions aren't consistent with the values, the employees will tell you that. They will tell you, "Wait a minute, you say innovation is a value, but every time I try to do something differently, you've got a rule that stands in my way." From the employee's standpoint, it's a contract: if I behave in this way, I'll prosper.



[Click Here to order](#)

Each challenge employees threw at him was an opportunity to reinforce the culture he was trying to develop, O'Neill points out. "Once you pass these tests enough times and people see things happening differently, they build a commitment to the new culture. The way they think about things and the way they behave changes dramatically."

Kevin Gallagher remembers how difficult it was to believe in a new culture.

I figured it was just the latest management buzzword. When Bob would say something or make a policy change, you'd wait for it to collapse. And it never did. I thought, "This is really happening. We were this way before and now we're this way." I started getting more involved.

By the late 1980s, many new ways of working had emerged. Often, says Sharon Greene, the organization had to "change the rules to catch up with new practices."

When the city's building and environmental inspectors realized they would save time in the field if they had cellular phones, Mary Bunting went right out and bought 29 phones for them. "She caught us off guard," says Don Gurley. "We were surprised that the phones were made available that quickly."

When the city decided to reengineer the way it responded to requests for information, a dozen employees met with a half dozen citizens every Friday for several months. Together they came up with radical changes for the city to consider. When city officials became worried about how many of Hampton's youth were not succeeding in school, they asked the community what should be done. The answers surprised them. "We ended up with a conversation about how the whole community was part of raising a child," says Monteith. "It was all about the importance of neighborhoods and family." So the city organized a community-wide coalition of parents, businesses, community groups, youth advocates, and teenagers, which brought more than 5,000 people into a three-year process to develop comprehensive recommendations that became part of the city's strategic plan.

When city leaders worried about the health of Hampton's neighborhoods, they decided to share control of the city's planning process with neighborhood groups. The planning agency required developers to meet with neighborhood groups before they requested zoning changes and use permits, and it worked with residents, schools, and children to design six neighborhood parks. Then the city created a Department of Neighborhood Services, as recommended by the community coalition, to meet the unique needs of each neighborhood and harness the energy of neighborhood leaders. It provided small grants for neighborhood development, launched an institute to train neighborhood leaders, helped develop neighborhood groups, linked neighborhoods to each other so



[Click Here to order](#)

they could exchange services, and leaned on other city agencies to support neighborhoods. In short, it brought the neighborhoods into city government.

In these and other cases, city employees converted challenges into opportunities. They behaved like entrepreneurs.

Success ... and Stress

By the mid-1990s, Hampton was a big success story. Citizen satisfaction with city government hovered around 90 percent. The city's financial indicators remained strong even during the recession of the early 1990s. Downtown development had leaped forward. Property taxes, once high, were now among the lowest in Virginia. Debt payments had been cut in half. Mayor Eason had been reelected three times, and his allies on the council had also worn well with voters. On a variety of indicators, such as employees per capita, Hampton usually ranked better than comparable cities. Employee morale, measured annually, was consistently good, and employees were supportive of the changes O'Neill had unleashed.

The city's performance had also begun to be recognized. In 1993, for instance, it won the President's Award for Entrepreneurial Government from the Virginia Municipal League, for its "new approach to management and decision-making and a new view of the citizens as customers."

Many employees believed a new culture had emerged. "My grandfather worked for city government in Hampton for 20 years," says Don Gurley. "He would be overwhelmed and amazed because of the changes in the attitude and culture of the people."

But Hampton's culture was not perfect. Many frontline employees still didn't care about customer service, says Kevin Gallagher, and many were still afraid to make changes.

The big thing that the organization can't seem to get across to the line workers is that change is not scary, it's a challenge they need to embrace. It's going to change them, but it's not going to hurt them. They could learn a lot by being open to it.

Many employees note that the new culture shortchanges important emotional needs of employees. "We don't do enough celebrating," says Mary Bunting.

We haven't really taken the time to step back and say, 'Gee, look at what we've done.' We're so caught up in trying to accomplish all we need to. One of the complaints you hear is that we've lost a sense of family around here.

Gallagher agrees: "I'd like to see the emotion back in the organization. I'm



[Click Here to order](#)

a big proponent of the fact that you can work your ass off but you can still have fun.”

“It’s a fair criticism of our organization,” admits O’Neill. “We probably give substantially less attention to celebrating than we should. But we just don’t come to it very naturally.” Instead, after each success, O’Neill turns to the next hurdle. That’s his personality.

Tharon Greene is the same way. “I focus on getting things done,” she says. “I’m almost obsessed with it.”

The drive to perform has also left the organization exhausted. “People are tired,” says Chris Snead, now the budget director. “They’re kind of tired of change.”

Greene and O’Neill agree. “People are feeling wrung out,” says Greene. “We’ve done more with less for years.” In 1995, O’Neill met with his department directors to talk about the problem. He wanted to rally them.

I told them, “I’m just as worn out as you are. I wouldn’t mind taking a break either. But the environment out there is moving rapidly. If we aren’t prepared to stay in front of the curve, we will lose our edge. As much as we’d like to take a break, it’s not doable.”

Then he launched a new wave of changes.

Adapting Again

O’Neill had his eye on two challenges. One was the fact that many problems the city faced could not be solved within its perimeters. “A whole range of issues—air quality standards and employment, for instance—transcend the organization’s boundaries,” he says. The other was that Hampton’s citizens still didn’t think city government was responding adequately to their neighborhoods’ needs.

City government was not well prepared to deal with either challenge. It didn’t have strong connections with other entities in the region, and its departmental structure got in the way of achieving strategic objectives, such as creating healthy neighborhoods.

We had trouble getting department heads to buy in to the fact that [neighborhood service] was their priority,” says Joan Kennedy, who ran the fledgling unit created to help neighborhoods. “They viewed it as an add-on to the regular job.” As a result, she spent most of her time “jumping organizational hurdles.”

In response to these concerns, O’Neill asked his department heads to figure out how to realign the organization around the city’s major goals: healthy families, healthy neighborhoods, healthy businesses, and a prospering region.



[Click Here to order](#)

They recommended permanently dismantling the remaining walls between departments and shifting resources to the strategic areas. “We’re talking about department boundaries disappearing within a year,” says Greene.

Because the organization had used teamwork, performance incentives, and collaborative planning with great success, O’Neill applied those tools to his senior managers. He gave them group goals and told them their pay would depend on how well they performed as a team.

No one knew where the process would lead. But in Hampton’s change-oriented culture, this was not unusual. “We have a measure of adaptability,” says O’Neill. “We’re not uncomfortable with the questions we’re asking.”

“It’s just the next big change,” adds Monteith, who finds the challenge exciting. “Given that we are continually looking for the better way to make things happen, this organization is going to keep on changing.”

THE CULTURE STRATEGY

You probably know the story about the elephants who are tied to very small stakes. The western visitor asks why they don’t pull up the stakes and walk away. The local people reply that when the elephants are babies, they are tied to the stakes and learn they can’t walk away from them. Even when they grow up to be big and powerful, and could easily walk away, they don’t because they have accepted the idea that they can’t.

—OTTO BRODERICK, FORMER AUDITOR GENERAL OF CANADA

Organizations have distinctive cultures, much as people have distinctive personalities. Like people, some organizations are energetic, creative, or caring, while others are depressed, compliant, or neglectful. And like personalities, organizational cultures are very hard to change.

An organization’s culture is a set of behavioral, emotional, and psychological frameworks that are deeply internalized and shared by the organization’s members. It has a tangible, physical dimension: people’s habits and routines; their rituals, customs, and conventions; even the stories they tell. It also has an intangible, hidden dimension: people’s beliefs, assumptions, ideas, hopes, and dreams. Every aspect of an organization—its structure, its job descriptions, its standard operating procedures, its language, its policies, even its technologies—contributes to its culture.

An organization’s culture signals to people the appropriate attitudes and behaviors for success in the organization. It is a social reality, an ongoing phenomenon from which people consciously and unconsciously draw guidance. It provides powerful guideposts that tell people what they should do, feel, and



[Click Here to order](#)

think. In Hampton, for instance, many city employees use their organization's vision and mission statements to guide their behaviors. And when they collaborate with each other or provide good customer service, the organization rewards their behavior.

You can tell an organization's culture right away if you know what to look for. When Tom Glynn took over as general manager of the Massachusetts Bay Transit Authority, he saw photographs of trains, trolleys, and subway cars all over the walls of the main office. No pictures of employees, none of passengers. He knew from these clues that his new organization's people—dominated by engineers—cared and thought more about machines than people. Their focus was on managing and maintaining the equipment.

When Doug Ross took the helm at the Employment and Training Administration in the U.S. Department of Labor, he immediately visited the agency's ten regional offices, some of which had not seen a director in years. "As I met with the employees at each one, invariably there was a whole group of middle-aged white men sitting in the back rows with their arms folded," Ross says. "It was a very defensive posture. Right off the bat, it communicated to me: we don't know who you are, and we're not interested."

When Peter Hutchinson's firm, the Public Strategies Group, was hired to function as superintendent of the Minneapolis schools, he immediately began visiting schools. The teachers complained bitterly about the district's central office. They told him "a lot of stories of people being very badly treated," he says. "People being demeaned in public, openly yelled at, of people in the central office using fear as their principal tool."

They told him no one even had a copy of the curriculum, which had not been printed for ten years. They made him pick up the telephone and listen. "You couldn't get a dial tone," he recalls. "They were literally cut off from the central office."

Over and over, the staff talked about the curriculum and the dial tone. They were feeling like they were on little islands out there by themselves. People were absolutely certain that you couldn't try anything new; that if you did, you'd get punished whether it worked or not. They were certain that you could get fired for trying, but no one could ever name someone who had been. There was a ton of fear.

The Culture of Public Bureaucracies

Glynn, Ross, and Hutchinson encountered their organizations' cultures much like anthropologists visiting a remote tribe. As outsiders, they brought new eyes and ears.

What they found was a distinct phenomenon: call it "public sector bu-



[Click Here to order](#)

reaucratic culture.” Many public organizations share it, though they may have variants and multiple subcultures. Employees express it in many ways: when they tell new workers to “follow the rules and stay out of trouble”; when they joke that a decision is “above my pay grade”; when they say something is “good enough for government work.”

Why is this culture so widespread? Because most public organizations share certain fundamental characteristics, which shape their cultures.

Government organizations are creatures of the political sector.

Inevitably, they are the target of incessant public demands channeled through elected officials. They become footballs in political contests, kicked from one end of the field to the other. They undergo hostile scrutiny from legislators, lobbyists, interest groups, and the media. Public employees live in “an atmosphere of investigation,” writes Bill Godfrey, former commissioner of the Australian Taxation Office.

In response, organizations learn to defend themselves. Sometimes they ignore and ward off the outside world; at other times, they kowtow and please. Typically, they blame elected officials and interest groups for whatever is wrong with government. And because they are afraid they will be blamed when things go badly, they take few chances. Duke University’s Robert Behn, a leading public management scholar, once described the Ten Commandments of Government this way: “Thou shalt not make a mistake. Thou shalt not make a mistake. Thou shalt not make a mistake....”

Government agencies are almost always organized as multilayered hierarchies. Rank rules. It determines authority, compensation, and career opportunities. It separates people into ordergivers and ordertakers, and it values those in command and those who obey. In response to this concentration of power, government workers tend to be fearful. They stay in their cages. If they want to try to change something, they ask permission first. But most don’t even try.

Government is organized bureaucratically. Thinking is separated from doing. Doing is compartmentalized by function. Functions are separated into units. Units are broken down into jobs. Jobs are reduced to specific tasks and codified in rigid classifications and descriptions. The tasks are performed by specialists. The specialists occupy cubicles and offices that wall them off from one another.

This model has been in place for so long that it is routinely accepted as the received wisdom of the last generations. It is the way things are supposed to be—not just the way things became in response to certain conditions. But it devalues people. Like cogs in a machine, they play a static part in a grand design that does not need their capacity to learn and does not have room for their



[Click Here to order](#)

hopes and dreams. The effect is numbing: people caught in the monotonous bureaucratic machinery become unimaginative and unresponsive.

Government organizations usually have monopolies or near monopolies. They face little pressure from their customers or from competitors. Because there are no consequences for their performance, they are inwardly focused. Their people often worry about budgets and personnel levels and bureaucratic status rather than about how to improve results. They put no premium on effectiveness or outcomes. Employees are more likely to be rewarded for living through another year than for performing well. As a result, many employees have low expectations and take little pride in their work. Outsiders come to feel the same way about them.

These fundamentals—politics, hierarchy, bureaucracy, and monopoly—give rise to organizational cultures in which the inhabitants:

- blame each other and outsiders, rather than taking responsibility for their actions;
- live in fear of making mistakes, rather than trying to innovate;
- compliantly accept mediocrity, rather than creatively reaching for excellence; and
- resist change rather than adapting to it.

Changing Government's Culture

To change these kinds of behavior, you must change the culture of public organizations. The most powerful methods to do this are the first four C's: clarifying the purposes of public organizations; creating consequences for performance; making organizations more accountable to their customers; and shifting the locus and form of control. In Hampton, Eason and O'Neill built consensus around a clear purpose and goals, initiated performance contracts with senior managers, rewarded workers for satisfying their customers, and empowered employees to participate in decision making. This began to loosen the hold of bureaucratic culture, but it was not enough.

Organization after organization has discovered the same thing. As reinventors use the first four C's, they find that the old culture slows down and deflects the strategies' power. They also discover that culture does not obediently bend to the shape imposed by the other strategies. Instead, it takes forms they did not expect—quiet resistance, disengagement, even depression.

Sooner or later, successful reinventors learn that the changes they are making by using the first four C's will not stick until they become part of the organization's culture. As Harvard Professor John Kotter explains, "Until new behaviors are rooted in social norms and shared values, they are subject to degradation as soon as the pressure for change is removed." Thus, reinventors need explicit strategies to reshape their cultures.



[Click Here to order](#)

The U.K. provides a good example. As we outlined in chapter 1, British leaders used the core, consequences, customer, and control strategies to change the DNA of their entire system. Yet they found that organizations still clung to their old cultures. In 1994, after six years of Next Steps and three years of market testing and the Citizen's Charter, William Waldegrave, then the minister in charge of public service reform, told us, "There is a terrific tendency of the bureaucracy to respond to the more devolved structures—rather like an organism in microbiology—by mimicking in the new-style organization what is being done in the old-style organization."

The Australian federal reformers had the same experience. After a decade of reforms in the Australian Public Service (APS), Steven Sedgwick, the finance secretary, noted:

What we have to do yet is to embed cultural change within agencies and within the working lives of managers and staff to empower them to make [the] best use of that framework. This is in fact the hardest part of the reforms, the stage where . . . we have to change some deeply ingrained elements of culture which are not amenable to direct regulation. This will be a slow, painstaking process, and one which will be played out in individual workplaces across the APS.

Sunnyvale, California, provides an even more concrete illustration of why the first four C's are not enough. For more than 15 years, Sunnyvale's leaders have used the core, consequences, and customer strategies to transform their organization. They have produced extraordinary results—increasing their productivity 6 percent a year, year after year. Their employees work very hard. But the last time we visited, in 1994, employee after employee told us performance could be even better if the culture were different.

City Manager Tom Lewcock had pushed to organize the culture around results, and he had succeeded. Employees described it as "results oriented," "bottom-line," "hard driving," and "high pressure." They were well paid and proud of their organization. But no one described it as a culture that produced continuous improvement and innovation. That was the managers' job, not the employees'. In other words, Sunnyvale had created a culture in which line employees worked hard but did not take responsibility for innovation. When managers asked them to come up with ideas to improve things, they were met with relative silence. "We've had some meetings; we've got a couple of ideas," Fleet Manager Jim Masch said about his own efforts. "But I'm seeing their reluctance to put something out there."

Part of the reason was that Sunnyvale had not fully implemented a control strategy. It had empowered managers, but not their employees. But even



[Click Here to order](#)

managers were sometimes loathe to experiment, because they were running so hard to keep up and felt so much pressure not to make mistakes. Gail Waiters, a manager who had just left Sunnyvale to take a job in Bakersfield, explained the problem.

Sunnyvale touts itself as an organization that believes in risk takers and innovators and creative thinkers—which is true. However, because of the leadership, people are reluctant to take the risk, because they're afraid of the consequences. So there is a gap somewhere. While Tom and I and a few others continued to reassure people that that's what we wanted to happen, our actions did not portray that. In other words, if a person stuck their neck out and tried to do something that they thought was pretty innovative, Tom might shoot them down—and they would forever be gun shy and never take another risk.

People did not really believe that it was an organization of risk taking, because they felt that they couldn't make a mistake. Well, you could make those mistakes, but you were going to pay for them. And I think that's different—if you read about HP, or Xerox, or 3-M, they say, "We applaud mistakes." Sunnyvale is not into applauding mistakes.

Sunnyvale was one of the best managed, most productive public organizations we had ever seen. Yet it clearly needed a strategy to change its culture. Sooner or later, so will any organization. The culture strategy is weaker than the other four C's, but it is necessary all the same.

The culture strategy is weak in part because it is so slow to produce results. Many leaders start out assuming that if they can only get their people to understand the need for change, big changes will follow. Gradually they discover that the conversion process proceeds almost person by person. Changing organizational culture is "like being a Hoover salesman," says Nigel Palk, the veteran chief executive of the London borough of Bromley. "I've got to convince a lot of people to do things that they haven't done."

"Changing government culture is Kafka's Great Wall of China," adds Bob O'Leary, one of Governor Lawton Chiles's key reinventors in Florida. "By the time the message gets to the outer provinces of the department, there will be a new administration."

Glacial speed is not the only problem. Changing people's habits, hearts, and minds does not ensure that their organizations will become more effective and efficient—only that their members will want to. Unless you use the other C's, your culture strategy will eventually run into a brick wall, because the organization's purpose, incentives, accountabilities, and power structure will continue sending opposite messages.



[Click Here to order](#)

So a culture strategy is essential but insufficient. In the end, it takes all five C's to transform the public sector.

Factors that Shape a Culture

Changing an organization's culture is not a science. The process cannot just be planned and implemented; it cannot be engineered. It contains too many variables. Indeed, there are at least a dozen key factors that shape culture.

The first four ingredients listed below are the systemic DNA reinventors change with the core, consequences, customer, and control strategies.

Factors Shaping Organizational Culture

1. Purpose
2. Incentive Systems
3. Accountability Systems
4. Power Structure
5. Administrative Systems
6. Organizational Structure
7. Work Processes
8. Organizational Tasks
9. External Environment
10. History and Tradition
11. Management Practices
12. Leaders' Predispositions
13. Employees' Predispositions

Factors 5-7 are the changes in systems, structures, and processes that must follow from the first four C's if the new DNA is to be institutionalized.

The next three factors—the organization's tasks, its external environment, and its history and traditions—are more difficult to change. Reinventors can change the tasks their employees do, through employee empowerment, business process reengineering, and the like. But there are limits to how far they can go; they can't turn a benefits agency into a policy think tank. Similarly, they can alter the external environment—the political climate, the attitudes of legislators, the positions taken by interest groups—but it is rarely easy. (Bob O'Neill and James Eason did it in Hampton, by bringing elected leaders and senior managers together to do visioning and strategic planning.) Finally, reinventors cannot change an organization's history and traditions, although they



[Click Here to order](#)

can reinterpret them.

After you use the other four C's and change administrative systems, structures, and processes, most of your remaining leverage will lie in the last three items on our list: changing your management practices and your leaders' and employees' predispositions. Here you will confront the most fundamental challenge of the culture strategy: changing people's paradigms.

A paradigm is a set of assumptions about the nature of reality. Thomas Kuhn introduced the notion into social science in 1962, with the publication of his book *The Structure of Scientific Revolutions*. The scientific paradigms he described were highly rational: they had explicit rules, recorded in scientific literature. Cultural paradigms are different: they are often unwritten, unspoken, even unconscious.

A cultural paradigm is like an identity: it is so much a part of each of us that we are not even aware of it. If someone asked us to write down the basic assumptions of our cultural paradigms, few of us could do it. And yet we could not operate without them. They tell us what is important and what is not; the unwritten rules of behavior in our organization; how to relate to our peers, supervisors, employees, and customers; and what constitutes success and status. They even tell us the meaning of particular words and actions. People operating out of different paradigms often misunderstand each other completely, just as people from one culture often misunderstand the actions and words of people from a foreign culture.

Our paradigms even shape our perceptions. Kuhn argued that “something like a paradigm is prerequisite to perception itself. What a man sees depends both upon what he looks at and also upon what his previous visual conceptual experience has taught him to see.”

He described a psychology experiment in which people were briefly shown a series of playing cards and asked, after each one, to identify it. Most of the cards were normal, but a few were abnormal: a red six of spades, for instance, or a black four of hearts. The results captured the way in which people are blind to realities that do not fit their paradigms:

For the normal cards [the] identifications were usually correct, but the anomalous cards were almost always identified, without apparent hesitation or puzzlement, as normal. The black four of hearts might, for example, be identified as the four of either spades or hearts. Without any awareness of trouble, it was immediately fitted to one of the conceptual categories prepared by prior experience. . . . With a further increase of exposure to the anomalous cards, subjects did begin to hesitate and to display awareness of anomaly. Exposed, for example, to the red six of spades, some would say: That's the six of spades, but there's something wrong with it—



[Click Here to order](#)

the black has a red border. Further increase of exposure resulted in still more hesitation and confusion until finally, and sometimes quite suddenly, most subjects would produce the correct identification without hesitation. Moreover, after doing this with two or three of the anomalous cards, they would have little further difficulty with the others. A few subjects, however, were never able to make the requisite adjustment of their categories. ...And the subjects who then failed often experienced acute personal distress.

In his book *Paradigms*, Joel Barker describes other experiences which show that people will rearrange their perception of reality to fit their expectations. For instance, a scuba diver once told him a puzzling story.

Quite often he dove to the depths of 100-150 feet to check out fish traps. . . Because the area is well trafficked by expensive yachts, lots of garbage is strewn along the ocean floor, especially beer cans. His problem had been caused by the fact that when he saw Budweiser beer cans down at the 150-foot level, he clearly saw their red labels.

Why did that bother him ? If you understand the physics of light, you know that the color red cannot penetrate through 150 feet of water. All that you have left at that depth is green and the few other colors far toward the ultraviolet end of the spectrum. There is no color red at that depth! ...

He saw the red label because he knew the “correct model” of the Budweiser beer can. That is, he knew the color it was supposed to be, and, in order to make it fit the rules, he literally colored the can in his mind.

Shifting Paradigms

To change a culture, you have to change people’s paradigms. You will need to change most of the assumptions we described above: that rank rules; that risk is to be avoided at all cost; that every mistake will be punished; that decisions must be kicked upstairs. This is extremely difficult, because people cling ferociously to their paradigms.

The first thing you have to do is get people to let go of their old assumptions. How? In science, the key is what Kuhn calls “anomalies”—problems the old paradigm cannot solve, realities it cannot explain, facts it cannot admit to be true. As these anomalies pile up, people begin to lose faith in the old paradigm. Some become so uncomfortable that they leave the field. But at some point someone articulates a new paradigm, and people begin making the leap.



[Click Here to order](#)

Guidelines for Leading Paradigm Shifts

1. Introduce anomalies and help people perceive them.
2. Provide a clearly penned new paradigm.
3. Build faith in the new paradigm.
4. Help people let go of their old paradigm.
5. Give people time in the neutral zone.
6. Give people touchstones.
7. Provide a safety net.

With cultural paradigms, the process is similar. People begin to let go of their old paradigms when they run into experiences, facts, and feelings that cannot be explained by the old set of assumptions. These anomalies provoke what psychologists call “dissonance”—conflicts between what one has experienced and what one knows to be possible. Often people cope by refusing to see the anomalies, just as people in the experiment Kuhn described could not see the anomalous cards. When anomalies appear, they immediately define them as something else. When they see managers rewarding employees who innovate, for example, they define that as management rewarding its favorites. When they see their union leaders working with management to improve performance, they define that as “selling out.” When they hear someone advocating charter schools, they define that as privatization of public schools. Often they will swear that someone talked about, say, privatization—despite all evidence to the contrary—because that is the only way they can interpret the message within their old paradigm.

To break through this paradigm blindness, you must not only introduce anomalies into your organization, you must actively help people perceive them for what they are. As they begin to experience the resulting dissonance, they will become uncomfortable, just as those confronted with a black four of hearts became uncomfortable. Asking people to give up their most basic assumptions about life in their organizations is like asking them to play a new game without knowing the rules—a game that will determine whether they have a job, how much they earn, and what their colleagues think of them.

Hence you must give them a new set of rules. You must provide a new way of understanding the anomalies—a new paradigm—they can embrace. They will not be able to tolerate the ambiguity for very long: they will either make the leap or retreat to their old paradigm. To help them make the leap you need to define the new paradigm for them as fully as possible, so they have some-



[Click Here to order](#)

thing clear to embrace. Nobody abandons an old cultural paradigm without having access to a new one—because nobody can function for long without one. William Bridges, the author of *Managing Transitions: Making the Most of Change*, uses the analogy of a trapeze artist, who lets go of one trapeze in faith that she will be able to grasp another one. Unless she can see that new one very clearly, she is not going to let go—because she can't survive long in midair. So one of the first things you need to do is paint a clear picture of the new culture for all to see.

Third, you must help people build the faith necessary to make the leap. Every paradigm shift is ultimately a leap of faith. Just as you cannot prove to the trapeze artist that she will catch the new bar, you cannot prove to people that everything will be fine once they embrace the new culture. Kuhn makes this point nicely:

The man who embraces a new paradigm at an early stage must often do so in defiance of the evidence.... He must, that is, have faith that the new paradigm will succeed with the many large problems that confront it knowing only that the older paradigm has failed with a few. A decision of that kind can only be made on faith.

To build people's faith, you must first earn their trust. We cannot emphasize this enough. None of us put our faith in people we don't trust. You must then prove to them that others who have made the leap before them have flourished, and assure them that they too will flourish in the new culture.

Fourth, you must recognize that, as Bridges puts it, a paradigm shift begins with an ending. It begins when people let go of their former worldview—a frightening process that creates much of the resistance to change. If you understand how difficult it is for employees to let go, and use tools that make letting go easier, you will get much further.

Fifth, you must accept the fact that it will take time before people fully internalize the new paradigm. After they let go, Bridges tells us, they move into the so-called neutral zone. "This is the no-man's-land between the old reality and the new. It's the limbo between the old sense of identity and the new. It is a time when the old way is gone and the new doesn't feel comfortable yet."

If you don't understand how long and difficult the neutral zone can be, Bridges points out, "you're likely to try to rush through it and to be discouraged when you cannot do so." But, he adds:

People make the new beginning only if they have first made an ending and spent some time in the neutral zone. Yet most organizations try to start with the beginning rather than finishing with it. They pay no attention to end-



[Click Here to order](#)

ings. They do not acknowledge the existence of the neutral zone, then wonder why people have so much difficulty with change.

Many of our lessons later in this chapter give leaders techniques to mark the ending, support and guide people through the neutral zone, and celebrate the new beginning.

One of the most important things you can do to help people get through the neutral zone and make a new beginning is to give them touchstones—guidelines and reference points they can hold onto as anchors, while they struggle to internalize the new culture. The *American Heritage Dictionary* defines a touchstone in two ways. One is “a criteria or standard.” But the more literal definition is even more useful: a touchstone is “a hard black stone, such as jasper or basalt, formerly used to test the quality of gold or silver by comparing the streak left on the stone by one of these metals with that of a standard alloy.”

Touchstones, in other words, were first used to tell if pieces of gold or silver were the real thing. Cultural touchstones perform a similar function. They help people figure out if a particular action is the real thing: Is it consistent with the new paradigm, or not? There are many kinds of touchstones. The city of Hampton used vision, mission, and values statements; other organizations have used symbols, stories, slogans, and even rituals.

Finally, you can help people work up the courage to let go by providing a safety net. As trapeze artists learn their art, they know that when they try something and fail, they will not perish. They will simply land in the safety net and have to climb back up the ladder and try again. This is exactly the attitude leaders must take as they try to change a culture: let people know that when they give it their best shot and fail, they will not be punished.

Three Approaches to Cultural Transition

A culture can be thought of as a product of experience interacting with emotion and reason. Consider our bureaucratic cultures. No one set out intentionally to create a bureaucratic government culture; it grew up because people experienced bureaucratic government realities. These experiences produced a set of unspoken, often unconscious emotional commitments: expectations, fears, hopes, and dreams. Together, these experiences and emotional commitments shaped a set of ideas, assumptions, and attitudes—mental models of reality.

These three elements, then, hold the keys to cultural paradigm shifts. If you can change people’s experiences, their emotional commitments, and their mental models, you will change their cultures.



[Click Here to order](#)

When there is dissonance between these elements—when new experiences conflict with one’s mental models or emotional commitments, for instance—people either reject the new experience (reinterpreting it or simply denying its significance) or they change their ideas and emotional commitments. The process of changing culture is the process of provoking this dissonance by exposing people to new experiences, new emotions, and new ideas—then working with them to help them adjust the other elements to align with the new one.

Using this framework, we have defined three basic approaches you can use to change your organization’s culture: changing habits, touching hearts, and winning minds.

Changing Habits: Creating New Experiences

This approach immerses employees in new experiences that challenge their workplace habits and push them to behave in new ways. When Mary Bunting, Hampton’s assistant city manager, joined a sewer team, she was plunging into a new experience that changed her perception of city workers.

Our experiences shape and reshape us. They form the deep-rooted emotional commitments and mental models—the paradigms—that guide our behaviors. We constantly test new experiences against our paradigms. When experiences reinforce them, we find it comforting. But many experiences don’t resonate with our inner rules. When this happens, we may reject the dissonance and retain our paradigms, even though they fail to account for our experiences. Or we may adapt our paradigms—broadening, deepening, and restructuring them to adjust to the lessons of our experiences. When this happens, we learn.

Immersing people in new experiences is the most powerful way to change an organization’s culture. It reopens their hearts and minds. But more important, it changes what they do. This is not easy to accomplish. People often have new feelings and thoughts without ever changing what they do. That is because what we do has a power of its own—the power of habit.

A habit is defined in *The American Heritage Dictionary* as “a recurrent, often unconscious pattern of behavior that is acquired through frequent repetition.” As we repeat behaviors many times, they become automatic. This is efficient: confronted with a familiar situation, we don’t need to rethink our moves or stir up feelings anew; we just do what we’ve done before. But because habits allow us to turn off our minds and hearts, they blind us to changes in reality.

Changing our habits is not easy. We are unaware of some of them. We would deny that others existed if they were called to our attention. Habits “have tremendous gravity pull—more than most people realize or would



[Click Here to order](#)

admit,” writes leadership development guru Stephen R. Covey. “Breaking deeply imbedded habitual tendencies...involves more than a little willpower and a few minor changes in our lives.”

Reinventors employ a range of tools to help organizations escape the gravitational force of bureaucratic habits. These tools immerse public employees in new experiences, which pose new problems that cannot be solved by using career-long habits. They must find new ways of acting.

TOUCHING HEARTS: DEVELOPING A NEW COVENANT

In the fall of 1993, the Minneapolis School Board asked the Public Strategies Group (PSG), a consulting firm, to fill the role normally played by the superintendent and his key deputies. Peter Hutchinson and Babak Armajani, managing partners of the firm, decided to begin by asking everyone involved with the schools—students, teachers, administrators, even parents—to sign a “new covenant.”

First company members spent weeks meeting with students, parents, teachers, and interest groups, asking them what they needed from the system and what they would pledge to improve it. The idea, Hutchinson says, “was to have a personal dialogue with students and families about why they were in school, what they expected, and what they needed.” Then they drafted the Minneapolis Covenant, which articulated what they had heard. It had sections for students, parents, staff people, the superintendent, the school board, and members of the community. Each one listed promises (“I promise to find a quiet place for school work and make sure work is done”) and needs (“I need clear and frequent communication with school”). It then left a blank space for a “personal promise.”

The district distributed tens of thousands of these covenants—long documents on blue parchment—and asked students, parents, teachers, administrators, school board members, and community members to sign them. Several weeks later, it staged an Olympics-style parade, in which students from each school delivered the covenants to a mass meeting attended by the mayor, business leaders, and other politicians. The local media covered the event heavily, and it even made Cable News Network. Hutchinson read a letter from President Clinton—who had talked often about a new covenant between citizens and their government during his campaign—congratulating the students, their parents, and their teachers.

This ritual announced to the entire community that there was a new way of doing business in the school district. It signaled a new beginning: a new openness, a new relationship of mutual responsibility between the system and its customers, and a new commitment to every student in the system.



[Click Here to order](#)

Finally Hutchinson and the school board signed the covenants—more than 27,000 of them. “I personally signed every single one of them and they know that,” says Hutchinson. “It was beautiful.”

Hutchinson and his colleagues were trying to begin the process of changing the school district’s culture. They were attempting to shift the *emotional commitments* of public employees, customers, and stakeholders: their hopes and dreams, their expectations, their unspoken assumptions, their commitments to one another.

Organizational cultures are rooted in emotional commitments, many of which are barely even conscious. In bureaucratic cultures, many people are committed to their status in the hierarchy. Others are committed to deep resentments—toward management, toward unions, toward politicians. Still others are committed to their own victimhood: they operate out of fear and blame others for all their problems.

To create an entrepreneurial culture, you must convince employees to let go of their old commitments and develop a new and different set. This process of touching hearts is intensely personal. It requires leaders to acknowledge and satisfy peoples’ innermost needs—for praise, for peace, for belonging. It requires that they make many small gestures and give many small gifts. And it requires that leaders do this every day, every month, every year. As former Austin, Texas, city manager Camille Bamett says, “It is the little things that happen between people that make a great family, a great organization, or a great city.”

Winning Minds: Developing New Mental Models

The third approach to changing culture works on the conscious, rational terrain of the new culture. It helps employees forge new understandings of the organization’s purpose, role, goals, values, principles, and strategy—of where the organization needs to go and how to get there. The city of Hampton depended heavily on this approach.

In 1990, Walter Credle interviewed for the job of social services director in Hampton. Although he worked in a nearby city as a top welfare administrator, he didn’t know much about Hampton’s city government. During his first interview with a panel of employees, he could tell there was something different about the city. “Right away there was a real emphasis on their mission,” he recalls. “They asked me how I would tie my goals and objectives to the mission and how I would get my managers to do the same thing.”

After Credle won the job, the performance contract he negotiated with City Manager Bob O’Neill set departmental goals that tied in to the city’s mission. When Credle began participating in interdepartmental task forces, he found that although the chairs rotated among “people with different philoso-



[Click Here to order](#)

phies and outlooks,” it didn’t matter, because agency directors were “all still trying to move toward the same mission.” When he and several fellow department heads crafted a new welfare “prevention” strategy with the community and asked O’Neill for funding, money was so tight that the city had reduced its staff. Yet O’Neill and the city council came through with \$162,000 for the pilot program. “I was stunned,” Credle says. “It was the only new initiative in the budget.” When he asked O’Neill why the project got funded, “He said it was because it was so consistent with his and the mayor’s long-term vision for the city.”

As Credle found, Hampton’s employees didn’t just memorize the mission and vision statements and regurgitate them on command. They found meaning in them. The ideas became what Peter Senge, author of *The Fifth Discipline*, calls the “governing ideas” of the organization: compelling new touchstones people use to guide their behavior and decisions.

Creating governing ideas has important effects on organizational culture:

It helps employees align their energy toward common goals. The importance of this cannot be overestimated. A widely shared understanding of what the organization is trying to accomplish stimulates collaboration and coordination among its employees; it glues people together.

It energizes the organization, because it speaks to employees’ dreams—their need for meaningful achievements. “Most employees will come to work almost every day for a paycheck,” notes Doug Ross, former head of the U.S. Employment and Training Administration. “But if our goal is to enlist the creativity and the souls of the members of our organization to bring about great change, we have to offer something more ennobling and meaningful than the money to pay your bills.”

By engaging people in developing governing ideas for their organizations, you raise their sights. “When you elevate the discussion to a question of their broader purpose and mission, the mechanical tasks people perform take on a higher calling,” says Ross. “This inspires and energizes.”

It helps organizations shift from bureaucratic control to employee self-control. When compelling ideas rule, bosses don’t have to micro-manage employee behavior. In other words, winning minds goes hand in hand with employee empowerment.

When Walt Credle arrived in Hampton, he was shocked by the autonomy he had. He assumed that Bob O’Neill or one of his assistant city managers would start telling him what to do.

I kept waiting for the phone to ring. You wait for somebody to call up and raise Cain about something. But after weeks, the phone didn’t ring. I



[Click Here to order](#)

started thinking I was out of the loop, that there was something wrong here. It took me months to become accustomed to the fact that Bob's approach was to say, "You're the director, if you need something, call me." It was a huge culture shock for me.

New governing ideas have real power when they become part of peoples' mental models: the rational part of their paradigms. The authors of *The Fifth Discipline Fieldbook* describe mental models as "images, assumptions, and stories which we carry in our minds of ourselves, other people, institutions, and every aspect of the world." Mental models are the rational frameworks on which our inner world hangs. They are built up over time, shaped by our experiences, our emotional commitments, and our reasoning processes. They become lenses through which we see and interpret reality.

The process of shifting mental models can be sudden or gradual. For individuals, it is often sudden. Most of us have experienced the sensation of a sudden shift in paradigm—of the scales falling from our eyes. But for organizations the shift is usually gradual, because so many scales must fall from so many eyes.

USING ALL THREE APPROACHES

We realize that a person's experiences, emotions, and ideas are entwined, integrated aspects of their psyches. Separating them analytically is a useful but risky fiction. It allows us to develop a framework you can use to design a culture change strategy, but it runs the danger of overlooking the inseparable connections among the three. These three approaches are not like the approaches we have outlined under other strategies: you cannot choose one or two of them and hope to succeed. You will need all three.

Often reinventors identify with only one or two approaches, because of their own personalities and paradigms. The rationalists among us, who value analysis and reason above other things, instinctively focus on changing people's mental models—they work with people "from the neck up." The humanists focus on the emotional side, because they are most concerned with people's feelings; they "share the pain." Others try to change what people do—because they themselves are doers.

It doesn't matter where you start, as long as you incorporate all three approaches. You can provoke new habit-changing experiences and then help people adjust their emotional commitments and mental maps. Or you can help people change their emotional bonds, then help them develop new mental models and behaviors. Or you can shift peoples' thinking by introducing new ideas and winning allegiance to them, then help them adjust their emotions



[Click Here to order](#)

and actions.

Each of these three approaches impacts the others. But we believe that changing habits is the most powerful of the three, because getting people to do new things can most easily disrupt their existing mental models and emotional ties. It most forcefully creates dissonance—provoking the endings that Bridges says are the first step in making cultural transitions.

LEADING CULTURAL TRANSITIONS: LESSONS LEARNED

The culture strategy begins in most organizations when a leader visibly signals a break with the existing culture. In fact, unless leaders proclaim and demonstrate their total, sustained commitment to changing the culture, little is likely to happen. An organization's people need good reason to let go of the old culture. In the past, they've been cowed by old-culture leaders. Why take the risk, they ask, if the leader hasn't demonstrated total commitment to the change?

The good news is that most organizational leaders are relatively free to act. They don't need permission from the political sector to break with the old culture. The only real constraint is their own predispositions. Many of them operate in a bureaucratic paradigm. It is difficult for them to step outside of that box.

That's why many organizations seeking cultural change often look for new leaders—someone not caught up in the old ways. Sometimes, however, an “insider” emerges—like Butch Marita, a lifer who learned how to get ahead in the bureaucratic culture while preserving his deep hatred of it. When he got a chance to run the Eastern Region of the National Forest Service, Marita pushed the culture strategy as well as the control strategy.

Often one leader is not enough. Teams of leaders form because so much energy is required to push on the many fronts of cultural change. In this case, too many cooks do not spoil the broth.

In general, people respond in three distinct ways to leaders' efforts to change the culture. Some rapidly embrace opportunities to change. They are *pioneers*. They want a new beginning and are ready to let go. They are motivated by a new vision or relationship, or by career opportunities. Usually no more than one-fifth of an organization's members are pioneers—and often far less.

Others—typically 5-10 percent of the organization—oppose changes. They don't want to let go of the past. They think the changes are wrongheaded, or they believe that their own economic or organizational interests are in jeopardy. They are *resisters*. Usually their opposition is passive, but sometimes they turn to sabotage.



[Click Here to order](#)

The bulk of most people in organizations are *fence sitters*. They adopt a wait-and-see posture. They aren't ready to let go; they fear change and uncertainty; they suspect, as the saying goes, that "this, too, will pass." So why, they ask themselves, should they get on board?

Most of these straddlers are persuadable. Eventually, some will join the pioneers. Hampton's Kevin Gallagher started out as a fence sitter; he was skeptical about Bob O'Neill's efforts. But he became a pioneer when he found that O'Neill kept delivering on the changes he promised. Some fence sitters will stay neutral for as long as they can, and a few will become resisters.

Given this bell curve, the main tasks of leaders are to liberate the pioneers and convert the fence sitters. Adding fence sitters to the early pioneers builds a critical mass of people who come to act, feel, and think in new ways. They become the powerful seed of a new culture, which grows in the shell of the old culture. Eventually, the effect snowballs and overwhelms the old culture.

Sy Fliegel, the former deputy superintendent of Community School District 4 in East Harlem, tells a story that illustrates the effect on a group when a critical mass of its members adopt a new practice.

Scientists observing a Pacific island with fifty thousand rhesus monkeys saw them pulling fruit off trees and eating it. Then one mother washed a piece of fruit in the water before eating it. Slowly the other monkeys in her clan took up the practice, until there were nearly thirty monkeys washing before they ate. The practice spread, still at a slow rate, until the hundredth monkey began to wash his food before eating it. And at that point the entire population of fifty thousand monkeys rapidly adopted the technique.

This conversion process can take several years. "I used to worry more that we were taking forever to operationalize these concepts," says Barry Crook, a former budget officer who helped push cultural change in Austin, Texas.

But as I have observed this process over and over again, it seems to me this is the way it gets done. . . . It takes a while for all those things to gel, for a consensus to be built around ideas and for a critical mass of the right people to enthusiastically get on board so you can move forward.



[Click Here to order](#)

A Dozen Lessons for Leaders of Cultural Transition

1. Don't control employees—involve them.
2. Model the behavior you want.
3. Make yourself visible.
4. Make a clear break with the past.
5. Unleash—but harness—the pioneers.
6. Get a quick shot of new blood—and a slow transfusion.
7. Drive out fear—but don't tolerate resistance.
8. Sell success—but don't make the new culture politically correct.
10. Communicate, communicate, communicate.
10. Bridge the fault lines in the organization.
11. Change administrative systems that reinforce bureaucratic culture.
12. Commit for the long haul.

Our research has yielded a number of lessons that leaders should take to heart in changing their organization's culture.

1. Don't Control Employees—Involve Them. The employees are not the enemy (except for a few resisters—see lesson 7). Leaders must not give in to the instinctive feeling that employees “tainted” by the culture are hopeless cases. And they must not interpret fence sitting as resistance.

An organization's people need a chance to change, not an order to do so. As Martin Levin and Mary Bryna Sanger write in *Making Government Work*, the trick is not to get people to do what you want them to do, but to get them to want to do it.

You do that with incentives, using the consequences strategy. But you also do it with the control strategy: you get employees involved. Give them projects they can own—projects that embody and build the new culture you want. In Visalia, California, for instance, one of the most successful culture-changing events during Ted Gaebler's tenure as city manager was an annual street fair. Teams of employees put together exhibits to explain to citizens what their agencies did. To draw residents, they staged a one-day fair in the center of town, with food and crafts booths, a chili cook-off, a string of special events, and a dance that lasted until 2:00 A.M. Some 25,000 people turned out. It so thoroughly captured the teamwork and entrepreneurial spirit Gaebler was trying to build that he gave bonuses to the teams that created it.

“There is no such thing as going too far in trying to involve staff,” says Steve



[Click Here to order](#)

Banyard, head of the Change Management Team for the U.K. Inland Revenue agency. “If employees don’t get involved, they will feel suspicious, they will be alienated, and they will not own the change.”

Keep wooing the fence sitters with opportunities to participate, as Bob O’Neill did in Hampton. Recognize that they expect—even hope—that leaders will give up. Then prove them wrong. Alleviate their fear and anxiety about trying new things; give them small, relatively safe chances to explore change. And make them welcome—no matter how long they have been on the fence before coming over. “Accept all converts,” says David Couper, the former police chief of Madison, Wisconsin.

2. Model the Behavior You Want. People will only trust leaders who walk their talk—figuratively and literally. The leader must come as close as possible to modeling the new culture, because every misstep will be read by employees as a sign of lack of commitment to the change. When President Clinton met with 400 federal employees at a 1993 conference on total quality management, their top recommendation for spreading TQM was to “train top down.” In other words, make sure the organization’s leaders understand it and do it before anyone else must.

In 1993, Don Sargeant, chancellor of the Crookston campus of the University of Minnesota, faced a major challenge. The university president had let Sargeant know he wanted to close Crookston, a two-year agricultural school. Sargeant pleaded—successfully—for a chance to prove the value of his campus. He hired the Public Strategies Group and began a strategic planning process to reposition the school.

To survive, Crookston needed to differentiate itself from other campuses. Sargeant and his staff developed a vision of a four-year technology-based institution. “But he couldn’t get everyone to understand it,” remembers PSG’s Peter Hutchinson, “until he hit on the idea of laptop computers for every student.

We spent a lot of time with them on the question of value—the difference between cost, price, and value. We convinced them that if they made this transformation they could raise the price. This drove people crazy. They said, “Enrollment’s falling, you can’t raise the price!”

Sargeant said, “We’re gonna die unless we do something radical.” So he went out and leased computers, and gave them to students, by imposing a technology fee of about \$250 a quarter. This was a big increase in price—about 25 percent—and people thought this was lunatic. He had to go to the Regents twice, to get approval to spend \$10 million to buy the machines.



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When Sargeant finally got the second approval, on a Friday afternoon, the students had already been in class for two days. So he faxed the order to IBM, in North Carolina. “Then we had to find a trucker coming from North Carolina,” he says. “We found a trucker, got him to pick up the computers on Saturday morning in North Carolina. When he got to the Wisconsin line he called me.” It was about 6:00 P.M. on Sunday, and he was six hours away.

So I called about five or six people to come and meet me about 2:30 in the morning, and we started unloading these computers. Then I organized a group to come in at eight o'clock, including four or five people from IBM, to distribute them to the students. We had a list of the students, all 900 or so, and we used a highlighter. Somehow they knew the computers were there. We had people unboxing the computers, writing the serial numbers down, and giving them to the students. By 5:00 P.M., we had 90 percent of them out—and we hadn't even sent a notice out that they were there.

That story is still a legend among some people at Crookston. What impact did it have on the culture? “Hey,” Sargeant told us when we asked him that question, “the leadership has to be committed.” This event communicated to everyone that their leader was very, very committed and very hands-on. It modeled the behavior he wanted.

I'm committed, and the employees know it. I take every training session, I use my computer every day. There's a couple of other institutions that have come close to what we've done, and I see that the quality of what they're getting is about half of what's possible, and the reason is that there's not as much direct involvement of the leadership. The secret isn't that leaders know so much—I only know enough to be dangerous—but if you just get in there and muck it up with the employees, then you get a lot done.

Despite the tuition increase, Sargeant's gamble paid off. By 1996 the computer fee was up to \$900 a year (on top of tuition of \$3,000). But full-time enrollment had jumped 22 percent, and student satisfaction had soared. The number of high school students taking courses on campus, through Minnesota's Postsecondary Enrollment Options program, had jumped *tenfold*.

Many leaders find that practicing their new culture preaching is a trying experience. “For most persons in command positions,” write David Couper and Sabine Lobitz in *Quality Policing*, “it is a process of ‘unlearning’ all that they know about leadership.” In addition to letting go of certain controls, leaders must react appropriately to critical incidents or organizational crises. At these times, especially, the entire organization is watching. If leaders rush to



[Click Here to order](#)

assign blame, or blow up inappropriately, or act before they know all the facts, they are likely to spread fear throughout the organization and undermine the culture they are trying to build.

3. Make Yourself Visible. As Sargeant demonstrated, it helps if leaders are willing to put their bodies on the line. Call it “management by walking around” or “being visible”—the point is to be *out there* with people of the organization, not in the front office. You cannot delegate this.

Obviously, this requires a great deal of time, especially when the agency’s “empire” is a large one. When Derek Volker ran Australia’s Social Security Department, he was in charge of 300 regional offices spread around a nation nearly as big as the U.S. “Getting around the troops is crucial,” says Volker. “You’ve got to get out there and see what the feeling is. You’ll always find that there is a lot of worry about ongoing change which you can easily drive into the ground.” He and his top lieutenants shared responsibility for visiting the offices at least once every two years.

Region 9 of the U.S. Forest Service extends from Maine to Minnesota and Missouri. Yet every year, Butch Marita visited each of the region’s more than 100 ranger districts. The first time he toured the region, it lasted for months. “We rented a motor home and spent eight weeks going around and talking about what was going on,” says Jim Jordan, a deputy in the region. “It was an extremely important step for us because it really gave us that condensed look at every one of our units.”

4. Make a Clear Break with the Past. Leaders must send a loud, clear, unmistakable signal that they are initiating culture change. This should happen once they have deciphered what the old culture is and what they want to build in its place.

New leaders often choose to send the message immediately. “You get one window, and if you don’t go through it, you’re done,” says Evan Doubelle, former chancellor of San Francisco City College. In his inaugural speech to employees on November 5, 1990, Doubelle challenged the institution’s old, unruly culture:

The games that people play every day and every way now are over. No more rumor; no more mind games; no more misconception; no more half truths; no more accepting less than the best. From now on, it’s going to be leadership by empowerment, by honesty and by passion. If you find joy in domination and believe that leadership means control, do me a favor—type a letter of resignation, date it March 15 and let me sign it today. You’ll save us both a very unhappy five months.



[Click Here to order](#)

When Peter Hutchinson began running the Minneapolis schools, he wanted to signal the advent of a culture in which leaders listened to the schools and served them. Right away, he began to visit each of the district's 100 schools and 7,000 employees.

I wanted to try to touch every classroom, every employee. It was a campaign—door to door, room to room, child to child; reading books, talking to custodians, meeting principals. And listening, real hard listening.

This went on for three months nonstop. It was backbreaking. Almost no meetings were in the central office.... Meetings first thing in the morning, last thing at night.

But the signals got through. People recognized that something new was in the air, Hutchinson says.

It was completely different from what people were expecting and experiencing. They could have a voice. They could get right to the person that they think has the answers.

5. Unleash—but Harness—the Pioneers. Pioneers are always in a hurry. They rush to embrace the new culture; they rush to get other people on board. The trick is to channel their energy. Don't just encourage and reward them and turn them loose—plan how to use them to change the organization's culture. Use them to generate early successes that you can market to the rest of the organization. Put them in positions where they can change the culture in their part of the organization. Assign them to redesign the organization's systems and to run important projects. Teach them how to help other employees make the cultural transition. Groom them for leadership, and promote them.

General Creech was a master at this at the Tactical Air Command. In 1981, he added Michael Loh to his headquarters operation at Langley Air Force Base. An engineer and operations expert, Loh studied in Creech's classes on leadership and organizations. He fit in well. "Creech was looking for guys who were smart and could expand his philosophy," says Loh. "I understood his philosophy, I understood his concept of decentralization down to the working level very, very well."

Creech gave Loh a long leash. "He gave me great latitude in laying out plans and making recommendations on how to get things done," says Loh. About ten years later, long after Creech's retirement, Loh got Creech's job at Langley. And he launched a new wave of culture-changing activities throughout the organization.

When David Couper began changing the culture of the Madison, Wis-



[Click Here to order](#)

consin, police department, he used promotions to reward pioneers and send signals to his organization. “Who gets promoted sends a louder message than any words from management,” he later wrote. In March 1987, Couper sent a memo to all employees declaring that in the future he would only promote “people who have strong interpersonal and facilitative skills, and who [are] ... totally committed to the mission of the organization, able to work in a team, be a coach, accept feedback, ask and listen to others on the team, facilitate employee input...”

6. Get a Quick Shot of New Blood—and a Slow Transfusion. If you don’t have enough early pioneers, bring in some people who already carry the new culture. If you don’t have vacancies, create room by offering old-culture employees attractive exit routes, such as early-retirement incentives and severance packages. You can also use consultants, loaned executives, or partnerships with businesses or other public agencies to inject fresh blood into your organization. But above all, make sure your key positions are occupied by true believers who are permanent employees. If possible, promote employees who embrace the new approach into these jobs.

Robbie Stokes, director of leisure services in the London borough of Bromley, is a leader of what Bromley calls its “customer revolution.” His department was the first in Bromley to win a coveted Charter Mark for outstanding customer service. When he took over in 1989, Stokes says, “I took the view that the best way to effect change quickly was to bring in new people at the higher level.” Within about six months, he had laid off most of the organization’s managers and brought in 30 new ones.

A shot in the arm is good for the short run, but you will also need a slow transfusion of new blood. The key here is your recruiting and hiring process. Employee turnover is a slow but steady opportunity to bring in people receptive to the new culture.

“You really have to pay attention when it’s time to hire people,” says Ed James, assistant city manager in Sunnyvale. “That’s probably your biggest opportunity right there: when you bring somebody on board. Are they going to flourish here? Are they going to take this stuff and run?” Sunnyvale’s leaders hired an industrial psychologist to interview and profile applicants, to see if they would fit well in the bottom-line, results-oriented culture they were building.

Change who you’re looking for, where you look for them, and the way you screen them. Make clear to applicants what the culture will be like and what it will take to succeed. And aggressively use a probationary period to check out the “incoming.”

Unattended, the opportunity to hire new blood can become a liability.



[Click Here to order](#)

Every time you hire someone who carries the traditional bureaucratic culture you signal the troops that you don't consider cultural change that important.

7. Drive Out Fear—but Don't Tolerate Resistance.

Fear is in the air of most bureaucratic organizational cultures. Managers routinely use fear of repercussions to control employees. People are afraid to say what's on their minds or to try new things. They are afraid of being criticized or of making mistakes. They are even afraid of trying to change what they are afraid of.

Leaders must take responsibility for breaking the cycle of fear, because no one else can. They must publicly identify the invisible fears; root out management behaviors that create and perpetuate fears; and encourage and model new behaviors.

The best antidote to fear is information. Let employees know everything you can about the change process you plan. Make the unfamiliar familiar right from the start. In the U.K., for example, the Surrey County Council published and distributed to employees "Your Guide to Management of Change"—a 31-page booklet that described the changes under way and planned; how they would affect employees and their jobs; how they would affect the public; and how employees could get help with managing the effects of change.

Leaders should also use positive incentives to reward the kind of behavior they want and protect risk takers by tolerating their mistakes. At the same time, leaders must figure out how to deal with people who resist making a transition to a new culture. Every organization has a few "blockers" and "saboteurs." They won't let go of the old ways. In the hallways and bathrooms, they bad-mouth the new direction. They don't participate in new activities. They wage guerrilla warfare against change.

Leaders are often tempted to ignore this problem, because it seems relatively small. But leaving resisters alone can do severe damage. It undercuts the leader's signals to the organization's fence sitters: if resistance is tolerated, then maybe the leader isn't really serious about change. It poisons the atmosphere for those who do take on the difficult transition to a new culture. And, when resisters are supervisors, it may prevent those who report to them from participating in the transition.

In the Eastern Region of the Forest Service, leaders worried that punishing resisters smacked of old-culture behavior. "If you jump in to remove someone or try to make the change faster than that person is going to change," says Jim Jordan, "then you're perceived as reverting to the old way of doing business—just hammer the hell out of 'em if they don't agree. [This] is counter to what we're trying to do in saying, 'You can be open, you can make some mistakes, and you can go on and learn from those.'"



[Click Here to order](#)

So Jordan and his colleagues made a common mistake: they repeatedly gave resisters “one more chance.” And they paid the price. “We’ve been overly conservative in intervening in situations where we probably should have been in earlier,” says Jordan.

Practically every leader we talked with has the same lament: they wish they had been quicker to deal with resisters. The humane solution to resistance is not to turn a blind eye. It is to make it clear that resistance will not be tolerated, then offer exit routes—transfers, reassignment, early retirement, severance, or outplacement—to those who continue to resist.

The best policy is to give people one chance, then move them out, says General Michael Loh of the Air Combat Command. “I’m mostly talking about the middle managers and senior managers and leaders. Those that won’t buy in at that level are the ones who you really need to get rid of.”

This is *not* old-culture behavior. In bureaucratic cultures, leaders typically pressure resisters but never move them out. In the Tactical Air Command, for instance. General Creech’s predecessors were known for their “merciless brow-beatings,” as author James Kitfield puts it. When Creech took over this behavior stopped. But his subordinates soon noticed that “Creech was in his temperate and reasoned fashion giving an inordinate number of officers the ax.”

You don’t have to fire all the resisters; only a few. The others will see you are serious and either get on board or take one of your exit routes.

8. Sell Success—but Don’t Make the New Culture Politically Correct.

Success builds success. When fence sitters see pioneers succeed because they have embraced the new culture, it makes them more willing to follow.

“Once you get some people buying in and understanding [the new culture], you publicize those excessively, you get the word out,” says former ACC commander Michael Loh. To accomplish this, leaders use an array of communications methods: internal newsletters, annual reports, awards ceremonies, local cable television channels, and so on.

Vice President Gore regularly visits federal reinvention labs that are making progress. National Performance Review staffers precede the vice president, find a big success story, videotape it, and show the videos to the department secretary at a town meeting, in front of the employees. Then they bring the people responsible for the initiative up onstage with Gore and the secretary and give them a “Hammer Award,” for their efforts to smash bureaucracy.

When Clive Corlett, CEO of the U.K.’s Inland Revenue, visits units, he listens to presentations on their change efforts. The events “reinforce the message that what they are doing is right,” he says. “Other people who are coming more



[Click Here to order](#)

slowly see that you are endorsing the people who are taking the initiative.”

But rewarding success should go on every day, not just when the top banana visits. “You need to reward the behavior when it happens—say, “That’s what we want, you’re hitting it now, this is what we meant,”” explains Ed James, assistant city manager of Sunnyvale. “And you need to point out what is not appropriate behavior. And that is just day in and day out, living and breathing it.”

You can go overboard marketing success. When you do, you run the risk of creating a new political correctness in the organization, rather than an open dialogue. People learn to mouth the leader’s mantras when the leader is around, but once he or she is out of sight, they say what they really think. Instead of honestly discussing differences, they just comply—the old behavior pattern.

Even as they sell success, leaders must honor honest disagreement and stimulate constructive discussions. They must be serious about making change, but not deadly serious. They should not punish employees who criticize or poke fun at the change.

They should also keep widening the circle of acclaim. If they lavish praise on a select group of superstars, some in the organization will view them as the leader’s “boys” and will see the leader as playing favorites. Others will feel that they can never be as good as the superstars, so they won’t try. The solution is to showcase the achievements of fence sitters whenever they step forward and embrace change.

9. Communicate, Communicate, Communicate Every reinventor we know says the same thing: you cannot communicate too much. The less employees know about your change strategy, the more likely they are to perceive it as a threat. The more they know, the more comfortable they will feel. “I’ve found that no matter what you say, you have to say it over and over and over again,” says Joe Thompson, who runs the Veterans Affairs regional office in New York City.

Twice a year I’ll meet with all the employees in small groups—I’ll spend a couple of weeks, go through everything I know that’s going on, and answer all their questions. You just have to keep doing it. And you have to do some of it directly. There is no substitute for that. Well-intentioned people will not say what you want to say just the way you would say it.

Nor will they say it with your emotional commitment—which is perhaps the most important thing employees need to see.

Inland Revenue, the U.K. version of the IRS, learned this lesson the hard



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Common Excuses for Not Communicating

Many leaders latch onto rationales for not communicating with employees, says William Bridges. In *Managing Transitions*, he exposes some of the most common:

“1. They don’t need to know yet. We’ll tell them when the time comes. It’ll just upset them now. For every week of upset that you avoid by hiding the truth, you gain a month of bitterness and mistrust. Besides, the grapevine already has the news, so don’t imagine that your information is a secret.”

“2. They already know. We announced it. OK, you told them, but it didn’t sink in. Threatening information is absorbed remarkably slowly. Say it again. And find different ways to say it and different media (large meetings, one-on-ones, memos, a story in the company paper) to say it.

“3. I told the supervisors. It’s their job to tell the rank and file. The supervisors are likely to be in transition themselves, and they may not even sufficiently understand the information to convey it accurately. Maybe they’re still in denial. Information is power, so they may not want to share it yet.. ..

“4. We don’t know the details ourselves, so there’s no point in saying anything until everything has been decided. In the meantime, people can get more and more frightened and resentful. Much better to say what you do know, say that you don’t know more, and tell what kind of schedule exists for additional information...

year change effort to reengineer its basic processes in 1991. Two years later its leaders surveyed their employees. What they heard shocked them. “A lot of people didn’t understand what was going on, were not happy with it, and weren’t getting a clear message,” says Director General Clive Corlett. The message was being distorted on the way down, and people were hearing a lot of rumors. They were particularly worried about downsizing.

Leaders underestimated the difficulty of communicating to an organi-



[Click Here to order](#)

zation with 800 offices, Corlett says, as well as the necessity of spending a lot of time face-to-face with people. “People at the top of the organization have to get out and spend a lot of time talking with people, being seen,” he concluded. They also have to make sure their top managers get the message and pass it on.

Once they understood this, Corlett and his colleagues started over. They launched a huge communications campaign to help everyone understand their vision, plus a “team listening” effort to make sure they were hearing what people said in response. Their first step was to involve hundreds of people in developing a mission statement.

10. Bridge Fault Lines in the Organization. Government organizations are not monolithic. Indeed, they are divided along many occupational, social, and economic lines: civil service lifers versus short-time political appointees; administrators versus professionals versus technicians versus support staff; labor union officials versus managers; young, upwardly mobile managers versus “peaked out” managers nearing retirement; men versus women; blacks versus whites versus browns.

These fault lines often lead to tensions. The leader must be inclusive; culture building is not like trying to win 51 percent of the vote in an election. Leaders should personally reach across the organizational lines—and down into its ranks. They should identify the stresses and develop processes for creating better understanding and relationships across the lines.

11. Change Administrative Systems that Reinforce a Bureaucratic Culture. We cannot emphasize this lesson enough. Bureaucratic administrative systems—personnel, purchasing, budgeting, planning, and auditing—send powerful signals that undercut a leader’s efforts to move the organization through a cultural transition.

Bob O’Neill’s experience in Hampton was typical—he had to change the city’s compensation system to make it an enabler of, not a barrier to, the new culture. Working in the Forest Service, Butch Marita went after his organization’s budget system. In Madison, David Couper started by changing the procurement system, which his employees despised.

There is no way around this problem. Sooner or later, these systems must be changed. What Michael Hammer and James Champy, authors of *Reengineering the Corporation*, write about the private sector goes for government, too:

Unfortunately, too many managers still believe that all they have to do to shape their employees’ belief systems is to articulate some highsounding



[Click Here to order](#)

values and then make speeches about them. . . . Without supporting management systems, most corporate value statements are collections of empty platitudes that only increase organizational cynicism. To be worth the paper it's printed on, a value statement must be reinforced by the company's management systems.

12. Commit for the Long Haul. Because cultural change is a slow process, leaders must commit for the long haul—and they must make that commitment very public. Otherwise, the fence sitters will worry that when leaders leave—which, in employees' minds, always could be soon—the next boss will dismantle the new culture. And the resisters will know they can outlast you.

There are no exceptions to this rule. It takes five to ten years to transform a bureaucratic culture. If you are not willing to stay for this long, you'd better make sure that your successor is fully committed to your culture strategy—and that the employees know it.

When Butch Marita, Jim Jordan, and Larry Payne decided to change the Forest Service's culture, they knew they were getting into a long term commitment. "Between the three of us we had 80 years of experience," says Jordan.

We knew this outfit; we'd worked every level of the organization. We felt we had enough knowledge to say that this organization was not going to make change easily. The culture was so strong. If we attempted to make this kind of change, we had to be in it for the long haul. We made a career decision: that as long as we were around, we were going to be involved in making this change come about.

Questions People Ask About the Culture Strategy

Q. Should all types of government organizations develop more entrepreneurial cultures?

Yes, but the degree to which they should become entrepreneurial depends upon their function. In compliance and regulatory agencies, for example, a cultural focus on customization may not be appropriate. When the police or courts enforce the law, they should be consistent, treating everyone alike. On the other hand, compliance agencies can learn to focus more on problem solving and continuous improvement. The police department in Madison, Wisconsin, developed a culture based on improving quality, preventing crime, and building strong relations with the community. In Minnesota, the Department of Revenue decided to win the voluntary compliance of taxpayers, rather than simply enforcing the tax code. This change required agency employees to think



[Click Here to order](#)

more entrepreneurially about how to assist taxpayers. The Internal Revenue Service and Inland Revenue in the U.K. are making a similar shift in strategy.

Q. Can you change the culture in hard times—during budget cuts and downsizing?

Yes. The pressure to cut costs disrupts an organization's equilibrium, giving leaders openings for the growth of a new culture. It becomes easier to convince people that change is inevitable, and that the organization should be proactive, not reactive; it should determine what will change.

Leaders can also use new-culture values to help the organization get through the pain of reductions. When Phoenix's city government faced its first budget crunch in decades and had to lay off workers in the early 1990s, public leaders worked hard to help people get new jobs. Even though some people lost their jobs, proof of management's commitment to the well-being of employees drove overall employee satisfaction up.

When organizations are in a fiscal free-fall, however, it is much tougher to develop a new culture. People are so concerned about their economic survival and other basic needs that nothing else matters to them. In the Air Combat Command, employee surveys indicated significant cultural change—increased awareness of the organization's mission, increased teamwork and cooperation, and support for quality principles. But these trends were not visible among employees affected by the trauma of base closings.

Q. What is “organizational development”—OD—and does it work in government?

“OD” is a phrase used to describe a coherent set of diagnostic and prescriptive tools used to create healthier, better performing organizations. It was popular in the 1960s, 1970s, and early 1980s. During those years, organizational transformation efforts of all kinds were typically referred to as OD. Then TQM became the favored approach. Then reinvention swept in. Each concept has different emphases. Seen in light of the five C's, practitioners of OD tend to focus exclusively on control and culture, while TQM tends to limit itself to the customer, control, and culture strategies.

OD's tools were effective, but limited. The demands for change have grown stronger, the scope of changes that are needed has expanded, and practitioners have learned about other strategies, approaches, and tools. Although we have included some OD tools in the culture strategy, we find OD inadequate as a frame of reference for reinventors. It leaves out the most powerful forces for change: the core, customer, and consequences strategies.

Q. Does the size of the public organization affect the use of the culture



[Click Here to order](#)

strategy?

Massive organizations—such as the Air Combat Command—can make the transition to an entrepreneurial culture, but only if they are broken down into much smaller, largely autonomous units. Follow Bill Creech’s central precept: think big, but organize small.

In school districts in New York City and other big cities, education reformers are applying this doctrine to big high school “factories” with thousands of students. In order to let go of bureaucratic culture and develop a “learning culture” in schools, they are breaking high schools up into smaller schools of no more than 300 to 400 students.

The Culture Strategy’s Bottom Line: Persistence and Commitment

The culture strategy is not like the other four C’s. It has much less leverage, for one thing. For all we have written in this chapter, the best way to change your culture is still to use the other C’s. When you introduce enterprise management, managed competition, or customer quality assurance, your culture will change.

Still, there will come a day when you discover that the first four C’s are not enough. Craig Holt, who spent eight years reinventing the Oregon Department of Transportation, says it well.

I think people get excited, start implementing, and then they see it starting to get tough, because they’re hitting the culture. So they start looking for another direction instead of just slogging through it. That’s where a lot of people fail. They hit the culture, and they go looking for another way, rather than beating on it and beating on it and beating on it. All doors lead to it.

A second critical difference is that the culture strategy requires extraordinary persistence, as Holt implies. There are no home runs hidden in the culture tools. They produce only walks and singles, and you will need dozens of them to win the game. Because culture change is a retail process, in which you must convert people one by one, there is no one lever that changes everything. “Culture isn’t one thing,” says Peter Hutchinson. “It’s everything.”

Doug Farbrother, who has spent 15 years working on culture change at the Defense Department and the National Performance Review, describes the challenge this way:

There are 30 things you should do and you ought to try them all. The brain is mysterious, and it’s hard to say what’s going to resonate with one person. I guess my observation is it just takes a long time. And in most cases you



[Click Here to order](#)

don't see a dramatic shift—it takes repeated exposures for most people.

Veterans Affairs' Joe Thompson, one of the most successful reinventors in the U.S. federal government, has a similar message:

There's no one thing and there's no short-term thing. The only thing I know that works is total commitment and unbelievable patience. It just takes time. There are a lot of techniques that you can apply along the way, but the sustained change only comes with patience and determination. Most of those I have seen that have struggled—it's usually because they gave up too soon. They run into a little difficulty, and the tendency is to back off and not see it through.

Ultimately, success and failure in culture change will come down to the quality of your leadership. If your leaders are committed; if they are willing to stick it out; if they are willing to invest the time it takes to communicate their vision; and if they can prove themselves to their employees; they can succeed. "I couldn't push commitment enough," says Thompson.

Not just that you're committed, but that your people know that. I don't think they'll go any further than they know you're committed to going. Because all of it involves risk. If you're changing the organization and the pay system and everything else, there's an enormous risk for them. And they won't trust it if they don't think the managers are committed. They just can't let go enough, if they think the managers are in it for themselves, or if they suspect you're going to bail out.

Once you convince your employees that you are deeply committed, however—once they know you will put your entire career on the line for what you believe in—you will gain the power you need to shape their habits, hearts, and minds.

Bill Creech's first command, back in the 1950s, was of an aerial demonstration unit called the Skyblazers—the European version of the Thunderbirds, for whom he had flown. He loved the precision of their supersonic barrel rolls, loops, and other maneuvers—four planes doing acrobatics as one, wingtip to wingtip. It was there that he learned his most important lessons about trust and empowerment and teamwork. In his four years as leader of the Skyblazers, the unit never lost a plane or pilot.

A quarter of a century later, in Creech's early years at TAC, the Thunderbirds suffered a tragedy. James Kitfield tells the story in his book *Prodigal Soldiers*:



[Click Here to order](#)

A Thunderbird flight lead drove his aircraft into the ground, followed in split-second succession by three other aircraft in his flight. It was the third major accident for the Thunderbirds that year, one more example of Nevada Freestyle in the minds of many, and it led to a movement inside the Pentagon to disband the flight team forever.

To save the Thunderbirds, Creech had driven from Langley to Washington, D.C., to personally promise the Air Force leadership and Congress that if the Thunderbirds suffered so much as one more accident, he would hand in his resignation. He had then gathered the Thunderbirds together to talk in a very reasoned way about the value of adult supervision, and there had been steel in his voice and new admiration in his audience.

This level of commitment was at the heart of Creech's success. The Thunderbirds had no more tragedies on his watch. And the governing ideas Creech instilled penetrated TAC to its core. A dozen years later, TAC put on a performance in the Gulf War that dazzled even its own leaders. Kitfield's book, the story of the military's return to glory after the debacle of Vietnam, is told in part through the eyes of Gulf War Air Commander Chuck Horner—a daredevil pilot who had long resisted Creech and his doctrine of quality, accountability, and empowerment. Horner's Gulf War saga ends this way:

“How did we do this?” Horner said, looking over at Hal Hornburg. The subtext needed no explanation. Tactics that anticipated the threat, pilots trained to fight on the first day of a war, technology and tactics that leveraged lives, unprecedented operational-readiness figures for their aircraft. Above all, the synergism that was created by the combination of all of those things. “How did we make all this come together?”

Both men looked at each other. The answer was there in the emphasis on high technology and precision-guided munitions, just as it was there in the port-o-toilets the Air Force used in the desert while the Army was digging holes in the dirt. The name came to their lips almost at the same moment, and they shook their heads in unison. “Creech.”

The staying power of the culture Creech had instilled is even more striking in the story Kitfield chooses to close his book. Horner, a ruffled, hard-drinking man, had initially detested Creech's fanaticism about spotless facilities and equipment. But as the book closes, he is on the phone with a friend who has gone to work for the Military Airlift Command:

“John, I was flying on one of your airplanes the other day, and I noticed where someone had leaned back in their seat and left these dirty old boot



[Click Here to order](#)

prints on the ceiling of your airplane,” Horner said.

“You noticed what?”

Horner knew he sounded like some raving anal retentive, but he didn’t give a damn. Everyone in Air Force blue could mouth slogans such as “total quality management” and was happy to faithfully repeat the rhetoric about pride in ownership. Somehow Chuck Horner had to make the man see how it all came down to a pair of dirty footprints on a ceiling.



[Click Here to order](#)

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Notes

All quotations that are not attributed in the text or in these endnotes are from interviews with the authors or their associates. Only in cases where there might be some confusion about the source of a quotation have we indicated in a note that it came from an interview.

Chapter Twenty

- P. VI/3: “In fact, participation ...”: According to Tharon Greene, the city’s human resources director, the number of employee-involvement groups grew from 71 in 1990 to 115 in 1994.
- P. VI/4: “Its population was ... cuts were imminent”: James Eason, “Presentation to City of Wilson, North Carolina,” talking points for Jan. 25, 1994, speech.
- P. VI/9: Daniel quotation: memorandum from Thomas H. Daniel to City Manager Robert J. O’Neill Jr., Nov. 23, 1988.
- P. VI/12: Virginia Municipal League quotation: “President’s Award: Entrepreneurial Government. Changing the Business of Government,” *Virginia Town & City*, Oct. 1993, pp. 24-25.
- P. VI/14: Broderick quotation: From Otto Broderick, “A Second Look at the Well-Performing Government Organization,” in *The Well-Performing Government Organization*, ed. James C. McDavid and D. Brian Marson (Ottawa: Institute of Public Administration of Canada, 1991), p. 22.
- P. VI/15: “When Tom Glynn ... the equipment”: Levin and Sanger, *Making Government Work*, pp. 174-175.
- P. VI/16: Godfrey quotation: Bill Godfrey, “Can Large Government Learn? The Challenge of Strategic Change at the Australian Taxation Office,” in Peter M. Senge et al., *The Fifth Discipline Fieldbook: Strategies and Tools for Building a Learning Organization* (New York: Doubleday, 1994), p. 495.
- P. VI/16: Behn quotation: Robert Behn, “Innovation and Public Values: Mistakes, Flexibility, Purpose, Equity, Cost Control, and Trust,” paper prepared for Conference on the Fundamental Questions of Innovation, Duke University, May 3-4, 1991, p. 1.
- P. VI/17: Kotter quotation: John P. Kotter, “Why Transformation Efforts Fail,” *Harvard Business Review*, Mar.-Apr. 1995, p. 67.
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- P. VI/21: Kuhn quotation: “something like a paradigm ...”: Thomas S. Kuhn, *The Structure of Scientific Revolutions*, 2d ed. (Chicago: University of Chicago Press, 1970), p. 113.
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- P. VI/22: Barker quotation: Joel A. Barker, *Paradigms: The Business of Discovering the Future* (New York: HarperBusiness, 1992), pp. 100-101.
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- P. VI/24: Bridges quotations: William Bridges, *Managing Transitions*, pp. 5-6. “... defines a touchstone”: *The American Heritage Dictionary of the English Language*, 2d ed., s.v. “touchstone.”
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- P. VI/27: Covey quotation: Stephen R. Covey, *The 7 Habits of Highly Effective*



[Click Here to order](#)

◆ **Notes**

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- P. VI/29: For Senge's discussion of "governing ideas," see Peter M. Senge, *The Fifth Discipline: The Art & Practice of the Learning Organization* (New York: Doubleday, 1990), pp. 223-225.
- P. VI/30: *Fifth Discipline Fieldbook* quotation: Senge et al, *The Fifth Discipline Fieldbook*, p. 235.
- P. VI/32: Fliegel quotation: Fliegel, *Miracle in East Harlem*, p. 167.
- P. VI/34: "When President Clinton met...": from Federal Quality Institute, *Federal Quality News*, Oct. 1993.
- P. VI/35: Couper and Lobitz quotation: David C. Couper and Sabine H. Lobitz, *Quality Policing: The Madison Experience* (Washington, D.C.: Police Executive Research Forum, 1991), p. 57.
- P. VI/36: Doubelle quotation: Evan S. Doubelle, Inaugural Address, City College of San Francisco, Nov. 5, 1990.
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- P. VI/40: Kitfield quotation: James Kitfield, *Prodigal Soldiers: How the Generation of Officers Born of Vietnam Revolutionized the American Style of War* (New York: Simon & Schuster, 1995), pp. 179-180.
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- P. VI/43-4: Hammer and Champy quotation: Michael Hammer and James Champy, *Reengineering the Corporation: A Manifesto for Business Revolution* (New York: HarperCollins, 1993), p. 75.
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[Click Here to order](#)