

Your Culture Needs a Change Reaction

By

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There are two kinds of organizations: those with a strong strategy and culture of change and those going out of business. In other words, what got you here won't necessarily get you to the next level. The Pony Express did not become the railroad, and the railroad did not become the airlines. Vanguards in their days, at one time, both the railroad and airline industries thrived. Today, however, both industries suffer from decades of bad management.

Unlike the leaders in these two industries, you will need to excel at reading the tea leaves. What opportunities and threats loom on your horizon? How can you leverage your strengths and mitigate your weaknesses to ready yourself for them? Let's take a lesson from history.

We don't ordinarily remember Ulysses S. Grant as someone who cowered easily. After all, under Grant's leadership, the Union Army defeated the Confederate military, effectively ending the Civil War with the surrender of Robert E. Lee's army at Appomattox. That hard-won victory came at a price, however, when Grant faced formidable adversaries like Lieutenant General Nathan Bedford Forrest. One of Grant's friends reported that this particular southern general "was the only Confederate cavalryman of whom Grant stood in much dread."

What caused Grant's anxiety? A cavalry and military commander, Forrest distinguished himself as one of the war's most unusual figures. Less educated than many of his fellow officers, Forrest had amassed a fortune prior to the war as a planter, real estate investor, and slave trader. He was one of the few officers in either army to enlist as a private and be promoted to general

officer and division commander. Possessing a gift for both strategy and tactics, Forrest created and established new doctrines for mobile forces, earning him the nickname “The Wizard of the Saddle.”⁵

We remember Forrest for the *New York Tribune*’s erroneous quote that Forrest stated that his strategy was to “git thar fustest with the mostest.” He actually said he “got there first with the most men,” a less colorful but more accurate explanation of Forrest’s success.

Forrest didn’t realize at the time that he had defined the characteristics of a culture of change. Typically, organizations change when the pain of staying where they are overcomes the fear of change. Sometimes, however, people don’t perceive the pain before significant damage has occurred.

Exceptional organizations do better. They change *proactively* rather than *reactively*, and they do so quickly—not necessarily in accordance with a three-to-five-year strategy. Of course, leaders of exceptional organizations keep the mission and vision of the company in mind as they make decisions and force trade-offs, but they do so at the speed of change—not the pace of the typical glacier.

You won’t get there first with the most or strike fear in the hearts of your competitors if you insist on adhering to the accepted rules of the industry or your company’s status quo position. Just because “we’ve always done it that way” doesn’t mean you should do it that way in the future. As I always ask my clients, “If you weren’t already doing that, would you decide now to do it?” Playing in a bigger game does not require you do more of what you’re already doing; it demands *thinking* bigger. Breakthrough growth demands actively changing rules, mindsets, and habits. Fortunately, virtuosos have both the capacity and desire to change all three.

You can start building a change culture by replacing large-scale, amorphous objectives with results-driven goals that focus on quick, measurable gains. An empowered employee at the lowest possible level of the organization should “own” each goal for which he or she will be held accountable, and you should be flexible enough to react quickly to market shifts or new market opportunities. That’s how agility happens.

Steering an aircraft carrier presents many more challenges than turning a speed boat. Therefore, organizations that attract the best talent need to resemble a harbor full of agile speed boats, not a port for a monolith. The formula for building this harbor is simple: reinvent, reengineer, and become the architect of your organization’s future. You’ll know you have the formula right when you see leaders continuously seeking new opportunities and overcoming challenges, delegation of both decisions and tasks, people showing obvious commitment to continued improvement, and everyone showing a burning passion to succeed. When you get the formula right, a culture of change—where your best people will do their best work—can’t help but follow.

Once you establish a culture of change, you and others will need to make constant adjustments to the controls. Speed boats move quickly, and disaster occurs when the pilot quits paying attention. So, you’ll want to remain vigilant at the helm while you oversee individual boat captains’ progress:

- When you have the competitive advantage, know and remind yourselves what it will take to maintain your lead.
- When you don’t have the lead, keep top of mind the areas in which the competition is outrunning you.

- Create killer gaps when you're in the lead as Apple and Enterprise have done. When the gaps stay significant for a long time, the competition will eventually give up and try something else.
- Constantly examine brand and market leadership. Are they what they should be?
- Develop strategic agility so that you can respond to unexpected and unwelcome change.
- Eliminate duplication. End the turf wars by centralizing things like HR, finance, and IT. Create matrix reporting relationships so that functions report to both function heads and their operations lead.
- Have so much talent that it doesn't matter if key talent leaves. GE and Emerson hire top performers, so they adjust adeptly to attrition.
- Expand and grow so quickly that you don't lose your talent. Apple doesn't lose people because they keep growing so fast that an individual's job expands, even with no title or structural change.
- Embrace uncertainty and ambiguity. When you see hesitation, identify what might happen and what is likely to happen. Then, plan for contingencies.
- Reward success and tolerate failure, as long as it's done in the name of innovation.

Innovation stands squarely at the heart of a learning culture—with rigidity and fear as its arch enemies. Fear causes us to build silos that serve as our fortresses. When we fear, we go into protection mode, but reinvention prevents fortress-building. Don't wait to react; it may be too late. Like insidious heart disease, symptoms of impending destruction may go unnoticed. Instead, build a culture of change, one that supports the long-term strategy of your company and encourages ongoing change reactions.