

Part 3

Organizational Culture and Leadership

Introduction

Essence of this Part

This part is about people who take the responsibility of realizing changes in the underlying values of a company. It is about people who assume leadership. This part gives a picture of what these initiators pay attention to, what they look out for and what they take into consideration. Examples illustrate the things leaders do who are successful in cultural change. It is not only top managers who assume leadership in cultural change. Managers in line or staff positions can also do this. Sometimes, it is the professional or specialist who takes a leading role. Sometimes, the public-sector workers and employees are the ones who make space for innovations. It is always the people who follow their ambition and have a genuine feeling that it can be done differently. They believe it is worthwhile to make an effort for this and are prepared to stick their neck out.

In this part, specific light is thrown on the essence of leadership in cultural change. It is essential that the initiators are conscious of developments in their environment. They know what is at hand and can sense what people are concerned about. They have a social consciousness and are self-conscious. Initiators in cultural change display transformational leadership. They show the way in an uncertain environment by articulating a vision of the future. They show where the limits are by formulating visions, ambitions and core values. In order to realize change, they get people together and organize teamwork to make renewal

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possible. They build on trust and have confidence in people's own strengths. Good leaders form vital coalitions and they work on change from a position of commitment and personal motives.

The chapters in this part contain wonderful examples of people who take the initiative and work on cultural change. The results from the business studies are shown in a concise form and can form a source of inspiration for initiating your own necessary or desired change. The chapters in this part together offer an up-to-date overview of contemporary leadership, whose basis is formed by the creation of value for customers and steering on values. The chapters present concrete leadership behaviour for working successfully on an organizational culture.

Structure of this Part

This part has six chapters. The first five chapters describe concrete leadership behaviour: authentic leadership, transformative leadership, meaningful leadership, appreciative leadership and learning leadership. These chapters contain sections with the essence of leadership behaviour. Each section starts with an illustrative example followed by a concise presentation of the successful practices in cultural change within organizations. Each section ends with a description of what leaders do to work successfully on cultural change together with others. In the final chapter, I make a distinction between episodic cultural change and gradual cultural development. The final conclusion is that leaders in cultural change predominantly choose a transformative leadership style and invite others to participate with them.

Authentic Leadership

Leaders in cultural change are aware of developments in the surroundings and they know what is happening in the organization. They know themselves and study others in depth. They use this awareness to direct the energy of the people in the organization. They are role models and give the right example themselves. In this chapter, I discuss awareness of one's environment, awareness of the organization, social awareness and self-awareness. I close the chapter with exemplary behaviour of managers.

Creating Awareness of the Environment

The Immigration Service has a central position in society. It is the admissions organization for the Netherlands and makes the decisions about whether foreigners may stay in the Netherlands, reunite with their family and may work or study there. The Netherlands wants to be a hospitable country for refugees whose lives are in danger in their own countries. The service also wants to combat trafficking in women, deter war criminals from other countries and prevent misuse of the asylum legislation. Refugees and foreigners are sensitive issues in politics and society. The media are all ears when it comes to how the organization is performing and the ombudsman also keeps an eye

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on things. Businesses, universities, municipalities, the legal profession and councils for refugees have a lot to do with the Service and they all have an opinion on how the service operates. The management of the service is aware of the complex environment in which it operates. Management does not avoid parties in its environment in its ambition to focus on the applicant for residence permit and improve its service. One of the ways it does this is to involve chain partners, politicians and organizations with similar work processes actively in the changes. A social advisory council is formed with people from the legal profession, municipalities, knowledge institutions, businesses and refugee interest groups. This council gives advice on how the provision of service can be improved and passes on voices from society. The Immigration Service succeeds in bringing the customer and the environment into the organization. The effect of a tendency to think and act in terms of rules is revealed to employees, and perspectives are provided on how this can be done differently.

In the example of the Immigration Service, it is the groups in the environment who demand renewal. The directors of KLM and the Rabobank are aware that renewal is necessary. Dutch Railways is under pressure from national politicians, travellers' organizations and unions to innovate, guarantee safety, improve the service and reduce costs. These conflicting demands can only be reconciled through proactive action from the management and employees of Dutch Railways. The Metropolitan Police is in the middle of society and wants to reflect society. A considerable cultural intervention is needed to realize this, in which diversity inside the police force is valued. Youth Format is aware of the interests of the surroundings and the relationship with other organizations. Through innovative experiences with youth services, Youth Format develops an innovative vision of youth care. This vision is presented to and discussed with external partners, like the police, educational institutions, social service institutions, debt assistance, mental health care and the like. Making it possible to discuss the strategy with external parties in fact already gives substance to the strategy: cooperating beyond organizational boundaries.

It is essential for leaders in cultural change to be aware of their environment. Changes in the environment can be a reason why things cannot continue the way they are. Changing customer needs, internationalization, increasing

competition and technological innovations can encroach deeply on the work processes and patterns of cooperation. This puts the existing culture under pressure. Recognizing the necessity of change is often the first step in changing strategy, structure and culture. Threats from the environment are not always at the root of cultural change. The company's own ambition to qualify for the future can also be a motive for cultural change. Then too, an awareness of the environment is necessary: What is happening in the environment, what do the customers want, what are the rivals doing, what opportunities does new technology offer the company and with whom can innovative networks be built? Fundamental changes can be initiated by necessity or by one's own ambition. An awareness of the environment is essential to have meaning for the customers, to see new possibilities and use them and to see in due time when the continued existence of the enterprise is under pressure.¹ An awareness of the environment is also needed for maintaining contacts with external parties that influence the functioning of the enterprise.²

The companies in this book give shape to awareness of their environment through:

- sensitivity in (daily) contact with customers,
- focus meetings with customers or involvement of customers in strategy development,
- developing and maintaining networks of sponsors and external parties,
- gathering information about developments in the environment through knowledge institutions,
- discussions with external parties about the strategic course,
- inviting informers and dissenters,
- visiting other organizations to see what happens there,
- result measurement to make comparisons with rivals,
- exchange with other organizations to share experiences and
- participating in active knowledge networks.

Inquiring and Understanding Streams of Events

The Human Resources (HR) department at KPN has to make a shift from a traditional "Social Affairs" department to a department that contributes to the continuity of KPN. After a financial crisis, the focus of the company is aimed at customer-oriented service, increasing the

profitability and improving the shareholder value. The task for the HR department is to add value themselves to the business and to the profit growth in the business units. This is only possible if they are guided by questions from the business and formulate ambitions themselves to contribute to profitability. The new HR director familiarizes himself with the company by working out what the business strategy is, what is behind it, what is important in the company, how management reasons and acts and what people think about HR. His observations form the basis for deciding to outsource 90% of the tasks of HR and concentrate solely on tasks that generate added value for the business. He has conversations with business managers to know their needs and be guided by them. This broad orientation also allows him to get to know the long-term needs. “Although you almost always have short-term needs emerging from the business, you are also responsible for working on long-term solutions. The bad times that KPN went through means that we have slightly lost the knack of good recruitment. We mapped out the career policy very sharply and proved that we can save millions with a leadership pipeline. This contributes to profitability and continuity.”

Just like at KPN, the new manager at Philips Recruitment has talks with business managers to find out their attitudes towards the service of the department and their expectations. Within the department, they talk with recruiters about how they view their work, the department and the customers. The pictures that customers and people have of their own department are collected and become the basis for mapping out a course for improving the service. The director of mental health care organization Quadrant understands the context she is operating in. It has to change. However, it is difficult to gain insight into how the work system maintains itself. That is why she chooses, sometimes on detail level, to find out how the work processes fit together. As director, she regularly enters into discussion with clients and their parents on the issue of how they experience the support of their children. She explicitly tells parents and staff what she thinks of the stories of residents and their parents. She does not immediately fill manager job vacancies. She herself or people from her close surroundings first occupy that position to experience first-hand what is important and what affects people. This is how she can keenly observe how

the work fits together, what it means to work according to customer wishes and what a manager in that position could do to place the client needs in a more central position in the work. At Tempo-Team and Unique, they also know what is important at the branches. An extensive information and communication network is set up for that purpose.

Leaders who work on cultural change know what is important outside and inside the company. They talk with customers and partner organizations and understand the customer needs. They know their people, understand the underlying values and standards and how things are and what affects people.³

Leaders know what is important because they consciously make space for

- informal conversations with employees to know what they are concerned about,
- active participation in an extensive communication network,
- meetings and conversations with customers to know what their needs are,
- complaints by customers to know what can go wrong,
- specific cases or files that shed some light on how things are going and
- analysis of special events to discover patterns.

Crafting Self-Awareness and Social Awareness

The board chairman of Tempo-Team knows himself. “I am someone who works hard and does his utmost best. I also expect that from others. If you do that, it will all be all right and you’ll also get the space from me to talk about things and take initiative.” At the same time, he is aware of the feelings of others and is prepared to bring his own behaviour up for discussion. A feeling of dissatisfaction and frustration prevails among a number of managers. In their eyes, the board only paid attention if things were going well. There was insufficient attention to the human side. When someone brings that up in an emotional way during a management day, the director is on the defensive and explains in great detail why this picture is not correct. Later, he corrects himself and indicates that he had reacted too fast and that his reaction was not correct. It is about a person’s perception

and it was precisely the desire of the other person, and also his own wish, that there be space for emotions. He puts forward that it is important that everyone can adopt a vulnerable position. By acting this way himself, he gives an example of sharing emotions and presenting himself as vulnerable.

The example of Tempo-Team shows how leaders admit their faults and dare to show their vulnerability. This creates a feeling of mutual understanding and solidarity. Through this the leader earns the respect of his people and shows that mistakes can be made in companies and that it is important to make those faults discussable and not to cover them up due to fear or arrogance. This exemplary behaviour is essential in cultural development. The behaviour of the leader provides a concrete interpretation of the core values of Tempo-Team. This makes the leader authentic in his behaviour. The board chairman at Youth Format knows himself and knows that he is very demanding and can make a forceful impression on his people. He is highly committed in his work, and he also demands a lot from himself. When he invites professionals to take the initiative for renewal, they openly call into question the space they will be given. The leader openly states that he will provide all the space and he dares his people again to work on renewal in youth care. This event puts him at too great a distance, causing the initiators to start doubting his commitment and wondering whether he really thinks it is so important. Once the leader experiences this, he takes the initiative to be present at meetings. There, he is restrained and supportive. Together with his fellow board member, he offers himself as sponsor of the initiatives. The initiators make use of this and since that time, there is space and there are regular consultations between the leader and the initiators about the steps that can be taken. The staff at paint wholesaler Olijslager experience tighter control according to result and efficiency during the economic crisis. The familiar family culture comes under pressure. The director senses dissatisfaction about his style of leadership. At a meeting of all managers and team leaders, he puts the dissatisfaction about his leadership explicitly on the agenda. "I gave the people the opportunity to let loose with their criticism. Sometimes I felt it was unjustified. But it is not a matter of who is right. Everyone's feeling is right. It is important that as a leader you dare to make issues discussable, even if you regret it yourself. If you get to that position, it is very emotional. But energy, understanding and relief are also created. It is about attention to each other."

Self-awareness and social awareness contribute to authentic leadership.⁴ What it involves is leaders knowing who they are and what their own motives are and knowing what affects others and how their own behaviour influences other people.⁵

Leaders who work on social awareness and self-awareness

- develop a strong social antenna,
- are conscious of their own biography, salient events and their own career,
- know what gives them energy and what their fascinations and sources of inspiration are,
- know their blind spots, idiosyncrasies and weaknesses and know how to compensate for them,
- avoid comfort zones and expose themselves to other cultures to learn from them,
- organize honest feedback from colleagues, friends and family,
- create a rich picture of the other and what affects the other,
- have an eye to the uniqueness and the power of the other,
- are accessible and approachable and
- are not afraid of making emotion visible and discussable.

Walking your Talking

When the economic crisis makes times hard in the painting sector, the director and major shareholder of paint wholesaler Olijslager takes the decision to save costs by cutting in the staff costs. This is a great blow in a company of one hundred people. Cost saving through staff starts at the top of the company. The employment of a director of business operations is terminated in a respectful manner. This means the workload of the director increases. The director also decides not to pay himself any dividend as shareholder in order to thus keep the capital position of the company healthy. The director visits all the branches personally to tell them the position of the company, the decisions that have been taken to save costs and to emphasize that the future of the company is healthy. Through his exemplary behaviour and by telling the story himself, he gains the respect and trust of his people and they are prepared to follow him and even to do a bit extra for him.

Managers are the bearers of culture in word and action. They are involved in the formation of culture and demonstrate model behaviour. At Olijslager, it is the director who sets out a clear course in an uncertain environment and attaches personal consequences to it. The two board chairpersons of Air France and KLM give the example in cooperation through their equal and friendly contact with each other. At Tempo-Team too, the board chairman displays exemplary behaviour. The entire board of Tempo-Team is convinced that leadership starts with exemplary behaviour and that a leader is capable of reflecting on the culture, disseminating the culture and developing in a desirable direction. The culture at Tempo-Team is formed through displaying and valuing desired behaviour from a basis of positive strength. When KPN has to cut drastically in personnel, the HR department plays a part in the dismissal round of more than 10,000 employees. It does not spare itself and gives an example by placing 90% of the HR tasks outside of the company. The director of Philips Recruitment shows exemplary behaviour in her contact with customers. She investigates the needs of business managers and takes their wishes seriously. She is the personification of how you can work differently with customers.

Achieving cultural change is a game with giving of meaning and a combined action of the board and managers together with the employees. Leaders are able to influence their followers subtly through exemplary behavior.⁶ They make desirable behaviour clear in their daily interactions with employees and are thus a role model. If a leader asks his or her followers for a sacrifice, he or she is the first one to make the sacrifice. The values that leaders promote must be consistently visible in their daily behaviour; otherwise, the values are not taken seriously and the leader loses authority and respect. Top managers are always in the spotlight and employees who are searching for hidden meanings follow their actions closely.⁷ Often those meanings are not meant that way at all by the top manager, but unclear statements or conduct are interpreted incorrectly and thus create a lot of unrest. That is why it is sensible to evaluate in advance how statements and actions might be taken. Many top managers rehearse presentations for their staff over and over again, definitely if the message is unpleasant or unexpected or if it concerns the announcement of a new strategy or a change in the organization.

Leaders in cultural change are aware of their role and position.

- They do what they say and they behave in accordance with the values that they promote themselves.

- They make clear why they make certain choices and set priorities.
- They are aware of the influence they have and the position they occupy.
- They demonstrate exemplary behaviour and are a role model for others.

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Transformational Leadership

Leaders in cultural change formulate a challenging vision and are able to motivate others with it. In order to achieve cultural change, they form vital coalitions of people who want to play a leading role in that vision. They involve outsiders to sharpen their vision and organize resistance to remain alert and critical on the course embarked upon and their own behaviour.

Visioning the Future

A powerful vision underlies the merger of KLM and Air France. It involves combining forces to take up a strong position in the liberalization of aviation and the coming of cheap price-cutters. The board chairman of KLM formulates the vision like this: "We know from experience that the success of a joint venture calls for shared vision and long-term commitment, the simplest of operating rules and fair sharing of revenues and costs. At KLM, we are proud to be starting to write a new page in our history alongside partners who fully share our exacting standards of quality and service. This strategic partnership puts us in a good position compared with other major alliances, which are extremely active on the world's leading long-haul market. By integrating our operations, we will give our passengers what they desire: more choice, more frequencies, more convenient flight

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schedules and superior customer services.” The new vision at the basis of the alliance with Air France is concretized in the slogan: “One Group, Two Airlines, Three Businesses.” This concretized vision denotes KLM and Air France as a group that combines forces, two airlines that will continue to exist alongside each other on the basis of their own strength and a focus on three business activities: passenger transport, freight transport and maintenance. The vision of the future contributes to the strength of KLM in the future and offers possibilities to build an airline that feels strongly about reliability, quality and sustainability and that gives passengers access to more than two hundred destinations.

The top executives at KLM and Air France presented an attractive picture of the future by visualizing what the organization can mean in the future. At KPN, the director presented a new vision of the future when the company was on the brink of collapse. In this vision, KPN aims at revaluing craftsmanship and making use of the high-quality infrastructure to offer optimum service to the customers. At Dutch Railways too, the new board took the initiative to formulate the vision of the future and thus motivate people. For Dutch Railways, the point was contributing to sustainable mobility by offering fast and reliable forms of transport. Most organizations in this book only involve managers and employees in developing the vision. Tempo-Team chooses to create a picture of the future with all managers. Following that, all employees in the branches are involved in giving concrete form to the vision of the future of how Tempo-Team can stand out in its provision of service. The vision of Arcadis and its strategy to internationalize is a development process of many years in which all major players and managers are involved. Arcadis chooses for management conferences. Involving people in the development of the vision contributes to people feeling recognized and appreciated as someone who is part of a meaningful business. This leads to faster acceptance of the values that are enclosed in the vision. In one single case, an organization develops the vision in consultation with customers or business partners. Unique invites business contacts to strategy conferences to examine the future together with them and in an open atmosphere exchange ideas about what the significance of Unique can be in the future and how Unique can improve its service. At Youth Format, the Board of Directors first formulated a vision for the future. They then

discussed that vision openly with clients, partners and rivals in youth services. Discussions were also held with security partners such as police and the law. The relationship between youth care and the police is often tense. Youth Format does not avoid this tension. Finally, policy makers and people from outside youth care are involved to give the plans a critical look. The discussions form the basis for adapting and sharpening the vision. This open method of working was very much appreciated by the partners from the surroundings and resulted immediately in better cooperation between the partners. That meant that one of the goals of the vision of Youth Format was already achieved.

All the businesses in this book develop a vision of the future. This vision reflects the meaning of the organization and shows an attractive picture of the future. It is clear what the organization stands by and goes for. The strength of the business is also visible from the vision (see “Culture and customer value creation” in Chapter 1). A motivating vision appeals to the need of people to be able to be proud of their work and describes the meaning of the organization for its customers and society. A vision is based on values that have meshed and helps people to give meaning to their membership of the organization.¹ Managers and employees are almost always involved in developing the vision. The leaders will formulate the vision themselves with a few confidants only if the business is in a crisis situation and speed is required. A clear picture of what the organization wants to achieve helps employees to understand what the meaning, goal and priorities are in the business. A vision gives meaning to the work, contributes to a positive self-awareness, stimulates togetherness and appeals to deeper human values. It is not enough just to articulate an attractive vision. It is also about the conviction that the vision is attainable. This conviction is easier if the vision has clear points of application that are relevant to the shared values of the people in the organization.² Leaders who want to persist with a change of course look for a desirable and feasible picture of the future to motivate their people to change. They use an inspiring vision to justify the efforts they demand of their people in order to make the change possible. In new businesses, it is the entrepreneur and founder who formulates the vision and looks for people to make that vision possible. In that case, it is reasonably simple to formulate a vision. The businesses in this book are mature organizations with long histories. This means that basic assumptions and underlying values are often implicit and unconscious. The skill in developing a new vision is to take these underlying values into consideration. That is why in mature organizations, the vision almost always comes

about in a participative process that involves people from the business. This helps people to understand the new vision and support it actively.³

Leaders who develop an inspiring vision

- take the values and opinions in the company into consideration,
- match the needs of people in order to have meaning,
- recognize the positive and negative powers that are present in the company,
- identify key persons who can enrich and promote the vision,
- involve the inside world and the outside world in the development of the vision,
- choose a clear and appealing wording for the vision that the company stands by and goes for,
- connect the vision with the core competences of the company,
- know how to translate the vision into clear priorities and activities,
- give people the confidence that the vision can be attained and
- monitor and refine the vision almost continuously and maintain a permanent dialogue about it.

Articulating Core Values

Top managers at Arcadis work specifically on international collaboration. The character of the company changes from a local engineering firm to a global enterprise that stands out from its rivals due to innovative solutions and high quality in specific fields of knowledge. During this strategic change, the top management gets the feeling that the values of “Social Responsibility, Respect and Reliability” no longer reflect the identity of the new Arcadis. “An aspect of the old Heidemij culture was hanging in there. It was about doing your best. The values were not performance-driven enough. We changed our core values into Integrity, Entrepreneurship and Agility.” The core value of “Integrity” distinguishes Arcadis from many rivals. The company regards this core value as the basis of successful long-term negotiations. The core values came about through a search for consensus in top management. Thanks to this, top management carry the communal values, they speak out about them and set the example that the values are important.

The example of Arcadis shows that the core values change if the identity and the vision of a company change. Many organizations in this book make their core values explicit. The business values of 3M are Openness, Honesty and Integrity. The core values of Olijslager are directed mainly at its customers and the distinguishing features compared with rivals: “Customer-driven, Surprisingly innovative, Reliable: Simply close by.” At Tempo-Team, the core values are “Clear, Decisive and Self-willed.” The values give guidance to the employees’ behaviour. This involves behaviour towards customers and towards each other. At temporary employment agency Unique, the values target the lifestyles of employees and temporary workers: “Energy, Autonomy, Indulgence, Pluck, and Commitment.” These core values make it possible to create a bond between permanent employees and temporary workers because both groups can identify with these values. At Albert Heijn, the forms of conduct reflect how people treat each other: “Respect, Trust, Purposeful together, Inspiration and Renewal.”

An important element of an organization’s culture is the underlying values that guide the behavior.⁴ The underlying values and the shared beliefs are reflected in a company’s core values. The core values reflect the identity of the company, fit in with the vision of the enterprise and distinguish the organization from other organizations. The core values match the qualities that make a company stand out compared with other companies. Core values give direction to behaviour. People challenge each other for their conduct, and managers sometimes use the values to correct behaviour. Sometimes, the core values are linked to selection and assessment criteria. Working with core values can also have its downside. The focus can end up targeting specific behavioural characteristics too narrowly. The core values can also cause compartmentalized thinking and acting. The core values also influence how new leaders are selected and how the leader is expected to fulfil his role. In a mature organization, this can result in the existing culture influencing the leader more strongly than the leader can influence that culture. To get away from this, it is essential for the new leader to appreciate and understand the existing culture in the organization.⁵

Leaders in cultural change use core values to

- strengthen the identity of an organization,
- open up conflicts of values to discussion,
- connect people with each other from a basis of shared values,
- sharpen priorities and clarify the strategy,
- communicate clearly to the market what the company stands by,
- guide people’s behaviour and adjust it.

Building Vital Coalitions

The wish of the Metropolitan Police to create space for diversity in the police force is contrary to the basic values of legal equality and justice. The culture of uniformity and equality is put to the test. Working on diversity requires police officers to appreciate differences and recognize inequality. To make this conflict of values manageable, the choice was made for a vital coalition of people who are willing to stick their necks out. The corps management forms a leading coalition with a number of passionate people from the force. Together, they do the dirty work. They call in other people from the police academy and the regional police school to design a course. They take on external consultants to supervise meetings, together with their own people, and they call in the help of researchers to follow the change process with an outside perspective and learn from it. In one course, all managers have deep discussions about diversity, safety, fear and about their own experiences with these things. Gradually, a support base arises for the contents of the course because attention is focused on important topics. Thanks to the course, opinions about cultural differences change, understanding comes about for people who do not feel at home in the prevailing police culture and more mutual trust is created. The leading coalition gradually expands with pioneers from the first course groups encouraging others to get moving.

The leaders in cultural change in this study all build vital coalitions to accomplish the change. The Rabobank works on coalitions on several levels. The innovation manager first puts a change team together with people who design the changes. From all over the organization, he finds people with different knowledge and experience. The team consists of people with knowledge of information and communication technology (ICT) systems, people who have experience with customers and customer processes, people who know the bank products and people who are well acquainted with the political game. From outside, he gets people with knowledge about cultural change. The change team works closely together with local bank directors. They start a pilot project at four banks. The best local commercial managers act as innovation champions in working with a customer-oriented information system. They receive training themselves and train others. The success at the first four leading banks stimulates another twelve banks to

participate as well. This initiative has an accelerating effect in spreading the innovation. InAxis works on renewal of the public administration. That sometimes arouses substantial counterforces. A vital coalition is essential to be able to keep doing the work. The coalition in InAxis consists of patrons with some prestige in government. They come from all layers of the public administration. They work in a personal capacity and are accountable directly to the minister. The patrons support the initiative and dare to stick their necks out. They act as a heat shield and provide protection during the innovative projects when existing interests come into play or when boundaries are sought out. At Youth Format, the vital coalition is formed by professionals who take the initiative and gain the support of their managers and members of the Board of Directors in this endeavour. The professionals make contact themselves with professionals from other organizations to offer optimum care to children who are in difficult circumstances.

Cultural change comes down to forming a vital coalition with people who dare to stick their necks out and take the initiative. Changing an organizational culture is not simple and it is too great a task for a leader or initiator to take on alone. Successful cultural change requires a joint effort of people who are capable of realizing change. It is essential to form a coalition of people inside and outside the organization who support the change and want to give shape to it. Line managers can have substantial representation in this coalition. If line managers are selected, they should be people who have not identified too much with the old culture, who are prepared to think in a critical, positive way with others and who are a role model for others in the company. For the external members of the coalition, the kinds of people to consider are important customers, policy-makers, trade partners, union representatives, members of works councils and external consultants. A vital coalition is necessary for cultural change because such a drastic change can never be effected by someone on their own.

A vital coalition is formed by people who

- do not identify excessively with the existing values and habits,
- can and want to support the intended change from a position of commitment and experience,
- know the current context well and want to share that knowledge,
- can contribute innovative or surprising points of view,
- dare to stick their necks out and want to take the initiative,
- have a wide network and are prepared to put that network to use and
- are a role model or key person for others.

Involving the Outside World

3M Health Care is a specific division of the 3M Company and one of the largest producers of medical and surgical products worldwide. 3M Health Care works with a lead user process for developing breakthrough product innovation for surgical drapes. Surgical drapes are thin adhesive-backed plastic films that are adhered to a patient's skin at the site of surgical incision prior to surgery. Drapes isolate the area being operated on from most potential sources of infection. Because of matured markets and declining margins on existing products, there was a need to find a better type of disposable surgical draping. A team was formed with people from research and development, marketing and manufacturing departments. First, the team members focused on getting a better understanding of important trends in infection control to find a leading edge for innovation. They visited doctors in the target market in developed countries to understand their needs. But as the group members talked to more and more experts and doctors, they realized they did not know enough about the needs of surgeons in developing countries, where infectious diseases are major killers. They noted that most surgeons combat infection by using cheap antibiotics as a substitute for disposable drapes. During their visits, in developing countries they realized that even if 3M could radically cut the costs of surgical drapes, most hospitals in developing countries would not be able to afford them. These insights led the team to redefine its goal: Find a much cheaper and more effective way to prevent infections from starting or spreading that does not depend on antibiotics or surgical tapes. During their search for more effective infection control, they learned that specialists in veterinary hospitals were able to keep infection rates very low. From makeup artists in Hollywood, they learned how to apply skin materials that do not irritate and that are easy to remove when no longer needed. The team invited lead users to join the team in workshops to find a revolutionary, low-cost approach to infection control. In the end, the workshops generated concepts for six new product lines and a radical new approach to infection control. Next to a cheaper production line for surgical drapes, two new products were developed: handheld devices

to layer antimicrobial substances on to the patient's skin as a new infection prevention tool and a method to coat catheters and tubes with antimicrobial protection. Coated catheters and tubes open up a new market aimed at controlling blood-borne, urinary tract and respiratory infections (see Chapter 1).

3M does not shy away from involving the outside world in its business. Naturalistic inquiry is used to explore issues and discover new possibilities. Customers and partners contribute to breakthrough innovation. USG People invites customers to participate in strategic sessions. Previously, it was already apparent how the Immigration Service brought in the outside world by working with a social advisory council of customer groups and joint venture partners. Youth Format too builds external coalitions with chain partners, schools, the police, housing associations, politicians and policy-makers to improve youth care. Olijslager enters into a collaborative alliance with a waste treatment company for environment-friendly processing of the leftover paint that painters are left with. Olijslager is close to its customers in this initiative too and is active in an innovative way. InAxis is set up as a network organization that stimulates innovation in the government. In its strategic renewal, it allows itself to be guided almost totally by external partners who make proposals for innovation. It brings parties together to work on innovative cooperation concepts. It invites people who think differently, so that it can maintain a broad perspective itself. And yet it is not usual to involve customers and other businesses intensively in the development of the vision and give them access to one's own work processes. In that sense, the businesses in this book are still relatively closed.

An open attitude to the outside world prevents tunnel vision in your own thinking. An open attitude towards external parties is in keeping with ideas about open innovation, where businesses share essential knowledge and invest together in innovations.⁶

Leaders who work on cultural change and bring the outside world in

- have an open attitude to external parties,
- develop and maintain external networks,
- ask customers to participate in the formulation of their strategy,
- invite people to come in and take a look at how it works,
- find out which external parties can contribute to renewal,

- share their knowledge with external parties and see what kind of renewal is possible and
- enter into alliances to work with other organizations on innovations.

Organizing Teamwork

The innovation manager at the Rabobank brings people together around a challenging vision. He unites different qualities in his innovation team. The innovation manager organizes the teamwork in the team, based on a clear ambition and monitoring whether the team members achieve their goals. He helps team members in reaching goals if they cannot manage on their own and helps in solving problems. He is open to suggestions from team members and shows his appreciation of successes explicitly. He continually switches between delegating and applying pressure to safeguard the intended result. The innovation manager has direct access to the board chairman. He keeps the board chairman well informed of the progress. He makes results visible and works this way on confidence. Besides the teamwork with the board chairman and the members of his innovation team, the innovation manager sees the network of bank directors as an essential part of the teamwork. He is capable of entering into confidence-inspiring relationships with local bank directors and motivating them to participate in the renewal of the service. He visits them regularly and shows progress and headway. He shows that he understands the risks they take and discusses with them how they can control their risks. The innovation manager also seeks teamwork with the existing staff departments by sharing knowledge and experience. And finally, he enters the playing field in the outside world, where he is continually on the alert for new developments, getting potentially useful ideas and testing his own ideas.

It is fascinating to see how the innovation manager at the Rabobank manages his teamwork. He works on teamwork, or combined play, by bringing people into their strength and guiding that journey. That combined play takes place on five game boards at the same time. First off, there is the combined play with the board chairman with whom he builds up a relationship of trust. Then, there is the play in his innovation team that pools quality. The combined play with the directors of local Rabobank branches

is essential for the acceptance and diffusion of the innovation. He is aware of the existing staff departments and continues to work with them on an equal footing. And finally, he is up and about outside to keep himself sharp. Arcadis is also competent in teamwork. That cannot be otherwise because it operates in more than eighty countries and gives space to local offices. Searching for consensus is a cultural aspect that occupies an important position in the history of Arcadis. The board chairman of Arcadis in the United States expresses it like this: "We all feel that we are treated as equal. That's the strength of Arcadis". The combined play also gains shape in the structure of the enterprise and the knowledge technology. It is about: "One firm based on strong local positions." Arcadis links local sensitivity to transnational knowledge synergy. Using information technology, the organization makes local knowledge available on a broader scale. At Albert Heijn, the combined play is given shape between the consumer who buys products in the Albert Heijn stores, the supermarket manager and his staff and the immediate support offered to the customer and sales process from the areas of expertise of finance, information technology, logistics and human resources. Together, they give shape to the business and interpretation of the mission to make the ordinary affordable and the unusual attainable. InAxis is a clear-cut example in which the teamwork is continuously organized again and again around specific innovative projects.

Teamwork in cultural change requires first of all for working together to be regarded as a specific craft and point for attention. It is a skill to discern other parties, build networks, generate commitment and appreciate difference. Cultural change is often linked to a renewal of values. It is a creative process and an emotional one. The creative process is aided by recognizing new possibilities, confronting different perspectives and daring to experiment. The emotional process profits from people knowing each other, showing respect and welcoming success for each other and at the same time ensuring that issues are not covered up for reasons of loss of face or shame. Openness is essential in teamwork.⁸

Leaders who organize teamwork

- are aware of the playing field they operate in,
- know the players, the game rules and the game that is being played,
- have a vision of the content of the play and a game strategy,
- bring people together and build a team to achieve success,
- are enterprising, deliberately take risks and are sensitive to the effect of their actions and
- are transparent in their acting, open about progress and build up trust.

Appreciating Contrasting Perspectives

In order to stimulate innovation and sharpen strategic thinking, Amazon organizes counter play, or resistance. One useful habit is to ask the question, “Why not?” When something seems like an opportunity and it seems like you have the skills, and maybe some kind of advantage, and you think it is a big area you will always be asked the question, “Why? Why do that?” But “Why not?” is an equally valid question. And there may be good reasons why not – maybe you do not have the capital resources or parts of your current business require so much focus at this key juncture that it would be irresponsible. In that case, if somebody asked, “Why not?” you would say, “Here’s why not ...” But that question does not get asked. It is an asymmetry that is linked to errors of omission. In strategic decision-making, you spend more time thinking about decisions and talking them through. To make the situation clearer, somebody wears the black hat and makes the case for why not to do it and somebody else puts on the white hat and says why it is actually a good thing to do. Another form of offering resistance is part of the meetings of executives. The informal atmosphere helps people to say what they think and say no. The atmosphere is informal and intense, but if push comes to shove, team play settles for intense. Another habit is the use of “Bezos groups” where employees are invited in breakthrough discussions and brainstorm. Some Bezos groups are organized with customers from the different customer sets: buyer customers, seller customers, third-party customers and developer customers.

InAxis also organizes resistance with sessions with dissenters. This helps people to keep a fresh look and not become entangled in plays of interests against each other. Similarly to InAxis, the directors of Youth Format have chosen to engage informers in working out an innovating look at youth care. The Immigration Service also invites refugee interest groups to take part in its social advisory council. By involving the works council actively, the director of the Service organizes resistance from the employees into the renewal of the information systems and work processes. Precisely thanks to this resistance, the implementation of the new organization is better prepared and there is more support for the renewal the Immigration Service is working on. The director of the Rabobank organizes resistance in the

innovation team by putting people from different backgrounds and with different qualities in the same team.

Organizing resistance can prevent tunnel vision from arising, in which you consider your own solution to be the best or even the only solution. Resistance can challenge people to look further than they normally do or to look for boundaries. Friction, controversy and productive conflicts are often a motor for creativity and renewal. Antagonists keep players alert and query them about their acting. That gives them a sharper picture and a better story about what is really at stake.⁹

Leaders in cultural change organize resistance so they can use it to

- stimulate creativity and see new points of view,
- detect blind spots and prevent tunnel vision,
- make extremely clear what it is really about and thus be capable of telling the story better and
- generate commitment and obtain support for a change.

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Meaningful Leadership

Cultural change is playing with meanings. When situations are uncertain, people look for information and meaning to be able to interpret the situation. The meaning gives colour to the situation and direction to behaviour. If the continued existence of a company is at stake, this calls up uncertainty that can sometimes have a paralyzing effect. People who take the initiative in those cases interpret the situation and show the direction, offering a new perspective on the existing situation and the future. That is how they inspire others to join them on that course and realize the new future. This chapter is about people who make the difference in uncertain situations and who are capable of imagining the future.

Initiating and Sense-Making

The managers at Albert Heijn are affected when the holding company Ahold gets into financial difficulties due to unguided international takeovers and fraud. The stock price plummets and the group is reeling. The board chairman of Albert Heijn takes the initiative. He gets a group of managers together. They are the people who are proud of the company and who were also produced by the company themselves. “He is a natural leader who keeps the motley crew together. All those groups think it up, but he puts it together.

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He has a very natural way of keeping other people under control. No-one questions his position or wants to take his place. Everything is discussed critically, including the ideas of the boss himself. He has always gathered people around himself who complement him. It is how a successful mix was created in the board. Differences are allowed and they are productive. This has its effect on how I put my own team together.” In imitation of the leader, the board members take the initiative for renewal. “We have managed to make the ordinary important again and we have pushed the spearhead further forwards. The consumer and the competition don’t sit around. We have to become more professional to be able to grow. The management style we chose from the staff departments is: Be on top of things and don’t complain. Be close to the store. Not arrogant. We are the business. It concerns the success of 70,000 people.”

At Arcadis, the two board members take the initiative when the company is making a loss. They are able to show that the core activities are profitable and thus offer a perspective. They dispose of loss-making units and the business quickly gets back into good financial shape. They call management together to set out a new course and to build up confidence. One manager has this to say about it: “They directed a new perspective that everyone believed in and that is why people wanted to go that extra kilometer.” Board and management then decide on a step-by-step internationalization by only acquiring companies that match the pride and core activities of Arcadis. These are companies that have a strong market position and good management; within Arcadis, they will preserve their own local strength. At KPN, when the company threatens to come to grief, the board chairman takes the lead in making the company financially sound by hiving off business units. His example gets other people following. Thus in turn, the Human Resources manager takes the initiative to shed personnel tasks and aim the activities of his department at the optimum support of business managers and the business itself. And it is not only the top leaders who take on a leading role and give meaning. At youth care centre, Youth Format, professionals take the initiative when they see that children are getting into problems in youth services. They make the needs of the child the key element, start discussions with parents, teachers and colleagues from other institutions to find help that matches what the child needs. At the

Amsterdam police, one officer takes the initiative to bring the troubles with diversity up for discussion. He states what disturbs him, gets people together, looks for support from the corps leaders and gets to work with an intensive cultural trajectory to increase tolerance within the police force.

Events in an organization influence how an organizational culture forms. When there are unexpected and special events, the people involved interpret the situation. They fall back on earlier experiences in interpreting reality. Their basic assumptions colour their perception of the events and influence the interpretation that they agree upon together. From that shared interpretation of the events, they can take action. Their action gives concrete interpretation to the culture of the organization. Leaders in cultural change influence and encourage this process by paying attention in a certain way to incidents and events, by naming them, sharing interpretations and thus giving meaning to the event (see “Culture as learning process” in Chapter 1).^{1,2}

Leaders who give meaning

- recognize unclear situations and acknowledge the uncertainty that this calls up,
- give meaning to the situation by stating openly and honestly what the state of affairs is,
- give confidence that a new future can be achieved through a joint effort,
- ask others to think with them about a new and desirable picture of the future,
- are prepared to make an effort and ask others to join in the renewal,
- make progress visible and discuss the relevance of the teamwork and
- through sense-making and teamwork, create a new pattern of values that can be used to approach uncertain situations.

Setting Limits and Guiding Change

Quadrant offers intramural care for people who are mentally impaired. They have been doing this for more than one hundred years. The supervisors have traditionally worked mainly according to the limitations of the resident. Offering peace and quiet is a key element, so that residents who threaten the peace of the group are quickly placed in

isolation. This results in incidents and the media present public opinion with a picture of degrading living circumstances and the confinement of mentally handicapped people in isolation cells. The director of the institution does not accept this. She no longer wants people to be placed in isolation and is more than clear about this: Stop isolation. The clear statement that isolation is not an option creates space for a discussion between management and employees about changes in the work and this increases the creativity to look for different methods of working. The dialogue makes the employees feel they are being taken seriously. Supervisors are now more oriented at de-escalation if people cause a nuisance and they do much more to create a living climate the way the client and family of the client would like it.

At the Rabobank, a number of local bank directors take the initiative. Their ambition is to match the financial services better to the needs of their customers. They are convinced that the Rabobank can distinguish itself positively from the competition this way. Together, they enter into discussion with the board and bring up their desire to be outstanding in customer comfort. In their view, this means investing in the information systems, changing the structure with specialists close to the customer in the local bank office and changing the culture from passive to proactive. They are able to convince the board chairman of the group and he implements a process of renewal. The direction is clear: "The customer is not there for the bank; the bank is there for the customer." A lot of effort is put into renewing the automated systems that enable the customers to access services and obtain advice 24 hours per day and seven days per week. When Tempo-Team and Vedior merge, the board makes clear decisions about the brand name, the choice of information system and the structure of the new company. These decisions provide clarity to customers, employees and temporary agency workers. It also lays the foundations for working in the new teams on team development, exchange of knowledge and cooperation. At Philips Recruitment, the new manager sets the tone: It is not about what we think about our customers, but what we can mean for them and what they think about our service. On that basis, work is done on achieving the desired orientation of the staff department towards its customers. And no discussion is possible on that point. The manager of the Human Resources department at KPN also sets to work to make renewal possible. He outsources 90% of the standard

personnel tasks. This immediately makes clear what it is about: Contributing to profitability and continuity of KPN by supporting line management as best as possible in reaching their objectives. Here too, priorities are identified that can make the difference: staff recruitment, leadership development, optimum employability of staff and appreciation of craftsmanship.

In crisis situations, leaders step forward to identify the situation and tackle it.³ They realize that they cannot achieve the change all on their own and they gather people around them to work with them. They gather facts and examples and use them to indicate the seriousness of the situation. Leaders of companies that have long-term success all put customer value in first place, without neglecting the shareholders and other interests. They are explicit about what they definitely do not want and they show the direction for the desired or necessary change. They set priorities in the change and they know when they have to take steps to make space in obstructive systems, existing structures and prevailing patterns.^{4,5}

Leaders who want to make the difference

- are open to the outside world and know what is important and what affects people,
- put the customer and the customer needs first,
- use facts and examples to identify the situation,
- know what they stand by and what they go for and can express this clearly,
- are explicit about what they do not want and clearly indicate where the limits are,
- set priorities and thus give guidance,
- dare to take decisions in changing systems and structure and
- show how their decisions affect their own behaviour and the investments.

Giving Direction and Space

The manager of Philips Recruitment is extremely clear in her ambition with the department: “The demand of business managers for highly trained staff is the main issue and we offer better quality and higher service at lower rates than external recruitment agencies.” She also articulates crystal clear principles for concretizing her ambitions: “Know your customer, know your facts and know each

other.” Together with the employees, she implements these principles and allows space for variation as well. The principles are guiding, not compelling. She allows space for difference between teams and between persons. Experienced teams get more space and at the same time the manager has higher expectations of their performance. Professional space is granted as long as there is progress towards the customer and the team continues to improve. She herself demonstrates how she wants the department to work and communicate with customers. This exemplary behaviour inspires recruiters to participate. Her leadership can be characterized as guiding and participative. She aims at results and their realization. Good results form the basis for inviting people to tell their story and showing others how they can improve the way they work. Explaining actions is thus about making success visible with the aim of learning from each other how you can improve results.

Initiators in cultural change provide guidance in many ways. In the Philips example, crystal clear principles are formulated. In the earlier example of Quadrant, the leader very clearly articulates that she does not want people to be placed in isolation. Other companies make the customer value explicit as the leading and guiding principle. At the Rabobank, the bank is there for the customer. At Youth Format, it is about youth care as if it is your own child. Still other businesses use core values that guide behaviour. The direction InAxis was shown upon its establishment was short and simple: Stimulate innovation in public administration and the distribution of these innovations. InAxis supports almost one hundred experiments that are inducted from the real-life situation. Thus significant insight arises into what is important in public administration and a network of initiators and innovators comes about who can inspire each other. This network has space for people who think differently, and each time there is the feeling that they have something to offer each other. At the Metropolitan Police, the direction is that the police must be a reflection of the society they work in. On the basis of this principle, the theme of diversity is set explicitly on the agenda. All managers must participate compulsorily in a cultural trajectory to increase diversity. They are required to relate personally to the diversity issue. How they relate to it is an individual matter, and there is ample space for what they do with the theme and how they work

on it. At Dutch Railways, the direction is that customers are offered fast and reliable forms of transport. From this context, service staff, train drivers and conductors take the initiative to start working as a team and to participate in bidding for a local line. They win the tender and thanks to their teamwork, the customer opinion grows, the commitment increases and absence due to sickness drops. At Dutch Railways, an initiative is also taken to set up a “Guild of conductors and train drivers” whose ambition is to improve the service to customers on the basis of craftsmanship and company pride.

With cultural change, the issue is how space can be made for professionals and employees to show their initiative, creativity and entrepreneurial spirit. By giving direction from the point of principles, customer value, core values or what definitely is no longer permitted, space is created for people to take the initiative and experiment with renewal. People in companies who experiment with forms of cooperation and ways of working develop new behavioural patterns. They create new values in their cooperation and through their enthusiasm, pass these values on to others.⁶ A process of gradual cultural change comes about that people nurture from the real-life situation itself. To give space, direction is needed.⁷ The direction is given shape by being clear about what the company stands by and goes for, what the customer value is, which core values are essential and what the director or leader does not want. Within that space, it is desirable to have a variety of initiatives that are taken and experiments that are tackled. That helps a network of people to develop who continually enter into different relationships and occupy different positions. The people in this network tell and share their experiences with each other, creating a communal meaning.⁸

By giving direction and space, a movement gets going if

- the direction is inspiring from a viewpoint of social significance, customer value and core values,
- the direction marks out the context that gives certainty and within which renewal can arise,
- the direction does not have prescribed procedures and provides space for individual initiative,
- in the space people are challenged to take the initiative on the basis of commitment,
- in the space initiators exchange experiences, learn from each other and stimulate each other,

- in the space variety is stimulated, so that shared meanings can arise and
- people in the space can celebrate their successes and share them with others.

Telling Meaningful Stories

Deltaland Hospital is a regional hospital with 650 beds. There are 200 specialists and 3000 care employees who work in the hospital. The mission of the hospital is: offering all inhabitants of the region the security that the best medical care is always within reach. The hospital has a dream for the future. It wants to transform itself from an internally oriented hospital into an open and transparent hospital where patients and family members feel welcome and are certain that the best medical care is within reach. A place where patients feel they are in trusted hands and where there is attention for the patient in a safe environment knows how to represent its future in language and image. It is an attractive future that appeals to the employees and motivates them. The stories and images give direction to the change. "A patient is the most important visitor to our hospital. He is not dependent on us; we depend on him. He does not interrupt our work; he is the goal of our work. He does not stand outside our hospital, but is part of it. We do not satisfy him if we do not provide our services to him, he obliges us if he gives us the chance to be of service to him" (freely translated from Mahatma Gandhi). The Deltaland Hospital of the future is light, warm and inviting with a courteous and open atmosphere. People do not lose their way in a maze of specialties; they feel welcome and feel at home. The people who work there are linked by the mission, the core values and ambitions of the hospital. They are well acquainted with the course of the organization and are confident in each other. They take each other to account on quality and cooperate actively on improvement and renewal. They are proud of their profession and of the whole. Their motives lie in good patient care that is safe, visibly open and accessible. The stories about the future are represented in two drawings. The first drawing shows the old situation and shows a hospital as a dark maze. The second drawing shows a hospital that radiates transparency and in which people meet each other and stay in a pleasant atmosphere.

Telling stories and presenting examples are powerful tools for giving meaning to events. Powerful stories are those with a starting point that shows clearly how things are now and with a picture of the future that shows what is desirable and possible. The story of Deltaland Hospital is a telling example of this. InAxis is breaking new ground and working creatively on the renewal of public administration. The results of innovations are disseminated in stories in magazines, on websites, during congresses, at innovation festivals and in small-scale meetings between policy-making officials, policy implementers and citizens. The stories contribute to the dissemination of experiences and they stimulate others to take the initiative as well. At Amazon, the founder tells the story time and again about the meaning of Amazon, the three core values of low price, convenience and broad selection, the importance of information perfection and the story about customer obsession relative to competitor obsession. At Youth Format too, there is a lot of attention for telling stories about the initiatives that the professionals take in exemplary youth care. Telling stories at Youth Format is a strategic activity because it shows politicians, journalists, policy-making officials and chain partners that there is a great deal that does work well in youth care and that innovative youth care is possible through local initiative without complicated changes to systems being necessary. The changers at care institution Quadrant distribute a booklet with a story by the parents about the course of life of an autistic boy. In the diary about Harry's stay in the institution, the persons treating residents read about the stifling rules at the institution, the indifference in the communication with the parents, the distance between Harry and the people treating him and how the boy is suffering. The story makes clear that the treatment was based on an incorrect diagnosis that had never been adjusted. And the story shows that the boy does a lot better if a close relationship comes about between the boy, his parents and the supervisors who work together to create a new supervision plan that is based on the needs of the boy and his family.

Telling stories gives direction and meaning. Attractive stories can inspire people and stories can easily be told again to other people. The interaction between the storyteller and his audience invites exchange and a search for meaning.⁹ As a rule, all kinds of stories make their way around companies, stories about the history of the organization, the heroes and the anti-heroes and about special events. Those stories strengthen the culture of the organization and nurture the implicit values and standards. They contribute to the picture of "how things are done here." You can learn from

the stories about the state of affairs and what the values and standards are. By adding new stories, space is created for changes to the leading values. New stories can provoke people's power of imagination and they gain insight into wishes, hope and future.⁹

Renewers of culture use stories to

- sketch out an attractive picture of the future and inspire people for it,
- break open the discomfort that exists and make it discussable,
- make subtle distinctions in old stories and add new images and elements to them,
- say farewell to the old world,
- give direction by telling an attractive story about the new world and
- invite people to participate and together gain a view of the future.

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Appreciative Leadership

Leaders in cultural change are aware of the past and acknowledge the contributions of their predecessors. They know how to value others for what they contribute to the company. They involve others in a cultural change to participate, they give space for emotions and they are honest in telling what the change means for the people in the company. Initiators of cultural change build on trust and appreciate difference because differences can be a source of renewal. In this chapter, I describe how leaders appreciate difference, build on trust and use conflicts to open a dialogue about the cultural values in the company.

Appreciating the Best There is and Might Be

As a modern metropolis, the city of Amsterdam is confronted with complex issues and messy problems. Many of these problems cross the boundaries of the different departments and services. The Consultancy Group is the internal consultancy of the municipality of Amsterdam that was set up especially to work on transboundary issues. Employees of the Consultancy Group are employed by the municipality and work for the municipality. They are given assignments by the more than forty services, the urban districts or municipal institutions. The group is a breeding ground for young talent and

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for experienced workers who want a new challenge. The consultancy group emphasizes the importance of responding quickly to developments at issue in society and being prepared for things to come. “We actually have a very simple philosophy. We want to contribute towards the municipality’s preparedness for the future. We do that by taking social and public developments into consideration. We work across the boundaries of services and districts and we concentrate on showing results in concrete projects that matter to the city. We are a sanctuary for people with experience who want something different and we are a breeding ground for talent. Young people are keen to work at the consultancy because they get the space and can be enterprising. It is fantastic to see what that does to young people and how they want to make an effort for the civic commitment. By being attractive to young, highly qualified people, we also contribute to the future of the city. And we are proud of that.” With the consultancy group, the municipality of Amsterdam qualifies itself for the future by giving experienced people space and attracting young talent and by working across boundaries on the issues of tomorrow.

The Consultancy Group helps the municipality of Amsterdam to qualify for the future not only by attracting young and highly-skilled talent but also by working together across the boundaries of departments and services. The group focuses on possibilities and not on problems. They appreciate the knowledge of senior employees and the curiosity of young professionals. With its method of working, the Consultancy Group contributes to a cultural change in its own municipality. 3M focus on possibilities as well when they appreciate bootlegging as a principle for innovation. At Amazon, they focus on the “Institutional yes” and not on the “Institutional no.” Dutch Railways focuses on valuing the craftsmanship that has always been there. Negative emotions from the past can be discussed but do not dominate. The view is aimed above all at valuing what is working well and what can work better. Besides an emphasis on what has value, it is also about the picture of the future in which new possibilities come into sight. At Deltaland Hospital, administrators, doctors and nursing staff develop a vision of the future together. That joint vision of the future gives them the energy to work together on the quality of the care. The hospital thus gradually works on its ambition for the future of being one of the five best regional hospitals. To fulfil this ambition, a cultural change is required in the professional collaboration and the contact with patients and their

family members. At Youth Format, management chose for renewal from their professional motive to give youth a future. They focus attention on the child and give professionals the room to experiment with new forms of help services. Together they take care of pulling down the institutional barriers in youth care.

Valuing the best there is starts with the belief that every organization, and every person in that organization, has positive aspects that can be built upon. Questions such as “What’s working well?” and “What’s good about what you are doing right now?” are posed. When all members of an organization are motivated to understand and value the most favourable features of its culture, it can make rapid improvements. This way of thinking is related to Appreciative Inquiry. Appreciative inquiry attempts to use ways of asking questions and envisioning the future in order to foster positive relationships and build on the present potential of a given person, organization or situation. The basic idea is to build organizations around what works rather than trying to fix what does not work. This way of leadership starts a process into an organization to examine the potential for creativity, innovation and change. It reinforces positive strengths, brings people together around attractive futures and creates meanings by sharing stories of successes.¹

Leaders who want to work appreciatively ask appreciative questions:

Valuing the best there is:

- What is one of the most beautiful moments in your organization?
- What gives you energy in your work and organization?
- When do you go home from your work truly happy?
- What do people in your work really appreciate in you?
- What do you appreciate in yourself?
- What was a beautiful moment in a team you have been part of?
- Tell me about a change process that gave you energy and pride.

Visualizing what might be:

- Tell me how this team or organization gives energy and pride.
- What does an ideal team or organization look like to you?
- What does leadership look like in this situation?
- What is the most challenging ideal you can think of?
- Does it exist in your organization already, and if so, where?

After identifying and envisioning processes that would work well in the future, the development of new processes is planned and prioritized, followed by the implementation of the new processes.

Valuing Differences

When KLM and Air France merge, there are striking differences between the two companies. KLM distinguishes itself through its entrepreneurship as being close to the market, decisive, pragmatic and cost-conscious. The chief executive officer at Air France recognizes the differences. Already at the first meeting with management, he makes it clear that Air France wants to learn from KLM, especially in the field of entrepreneurship and taking risks. This gesture removes a lot of suspicion. The KLM people can preserve their identity and their pride, despite the fact that Air France is much bigger. On the other side, the people at Air France look more towards the long term. This creates space for what the KLM people can learn from Air France. "The biggest difference is that we look at the short term, think and take action and therefore also have swift decision trajectories, and the organization is also practiced at that. And Air France is less flexible in the short term, but has a much longer-term vision. When you examine this at a high level, the two complement each other fantastically. If you can combine playing the ball short with a good long-term vision, then you have the best of both worlds."

The merger of KLM and Air France recognizes and values differences. The companies make explicit what they are good in and what they can help the other partner with. That creates a culture of cooperation in which individuality and togetherness go together. In the integration of Tempo-Team and Vedor, there is a strong focus on the value that the integration can offer the customer. In order to combine the strengths of both organizations, management aims at equality between the merger partners. This is not an obvious decision, as Tempo-Team is larger, more profitable and the acquiring party. That is precisely why the new board makes the advantages visible that customers can experience once the strengths are combined. The two directors of Tempo-team and Vedor assume the leadership together in the integration and thus set the example. The transition team consists of the best people from Vedor and Tempo-Team. Arcadis derives its strength on the market from combining worldwide expertise with the knowledge of local circumstances and local networks. As a multinational enterprise, they value cultural differences between countries without denying the power of

their own culture. Tolerance of other cultures and looking for consensus are cultural aspects that occupy an important place at Arcadis. Starting from these basic assumptions, it is possible to allow local differences to continue to exist, so that the companies in the different countries can quickly respond to local conditions and make use of local networks. The reverse of this local orientation is that it is difficult to achieve efficiency gain through standardization. Based on its experiences from the past, Arcadis chooses not to be a global group of companies with a functional structure. It chooses to be a transnational enterprise, “One firm based on strong local positions,” with a network structure to combine knowledge and be able to provide international customers with the best possible service.

Appreciation of customers and appreciation of the strength of the other are not the only things that play a part. With cultural development, appreciating the individuality of others in a team and being able to handle difference are also involved. The companies in this book choose not to adhere to a consistent culture of unity. They play with variation and appreciate difference. Tempo-Team knows that the strong team feeling can result in team members not tackling each other assertively enough and covering up conflicts. Tempo-Team works on preventing this from happening by using a questionnaire to make differences between team members visible and discussable. Some people are good at analysis. Others are strong creatively, have a strong entrepreneurial spirit and are good in handling numbers or in strengthening relationships. The differences help in putting teams together and in recognizing and appreciating the different qualities in a team. At the Metropolitan Police, the corps leaders make a link between diversity, leadership and culture. That provides for a wide perspective on the issue of diversity with which the police is grappling. In the cultural change, diversity is given a broad meaning and it is about being able to cope with variety and being allowed to be different. It is about peer acceptance, sharing moments of weakness or fear and about trust in each other. From this approach, which is close to the day-to-day experience, a learning process arises in which there is space for variety in a culture of equality and justice.

Making cultural differences visible, discussable and manageable requires a social and emotional sensitivity for the things that are going on. And it requires the capability of appreciating difference, coping with conflicts and a certain degree of imperturbability.

Leaders who appreciate difference

- have an eye for different qualities in companies and appreciate those differences,

- look for people in their own team who are different to themselves,
- bring people together who are from different backgrounds and with different qualities,
- stimulate bringing differences into the open and making them discussable,
- stay involved if conflicts arise from cultural differences and
- use conflicts about values as an opportunity to open up a valuable dialogue.

Building Trust

The innovation manager at Rabobank manages his relationship with his client by being transparent and inspiring confidence. His principal reflects on this transparency: “He makes himself transparent; you can check him and settle things with him. At a certain moment he presented objectives to be achieved, and that was when everyone around me called out: that’s not possible, that won’t work. Or: that is too ambitious, or: I don’t believe it! However, he provides a clear view of things and makes them quantifiable. I have also had his claims about results checked several times by my financial people. Every time it turned out that what he claimed to have achieved was correct. That instills confidence of course” The innovation manager follows a path of confidence-building towards the local bank directors. He visits them regularly and shows progress and advantages. He is open and transparent about the progress towards his people in the project and he sees to it that his people can influence precisely those factors that enable them to achieve success. He takes care of support, talks with his people regularly and gives people the confidence that they are contributing to the success of the project.

Building trust is undeniably a factor of success for the merger in the cooperation between KLM and Air France. The CEO at Air France agrees to a merger in which KLM can operate as an almost equivalent partner. The equivalence is expressed in joint appearances of both CEOs in an equal and friendly atmosphere. They had equal amounts of speaking time and their stories complemented each other. KLM employees mention this joint appearance as a source of confidence. For travellers company Dutch Railways, confidence is the Achilles heel for punctuality and quality of

the service for travellers. Philips Recruitment also works on mutual understanding and trust. Differences are made visible and discussable. Appreciating difference ensures that cooperation becomes more powerful. The managers who lead the renewal at Albert Heijn invest in their mutual relationships by getting to know each other and organizing social awareness for each other. Youth Format also works on trust for its employees and for external contacts by being open and optimistic about exemplary youth care.

Leaders in cultural change display self-confidence and have persuasive power, especially on the basis of inspiration and because they fit in with the underlying motives and values of employees. They act in a way that is consistent and predictable and matches the values being articulated. Leaders of successful companies remain optimistic about the chances of success, particularly if there are barriers or things are difficult just at that moment. They emphasize the positive side of the vision, show where they have come from, make visible any progress that has been made and give others the confidence that they are making a positive contribution to the success. The leaders in change entrust important tasks to others, provide access to sensitive information, eliminate unnecessary checks and build a strong team of people who carry the cultural change. They have an eye for the personal development of team members, create an open atmosphere and offer support to team members so they can complete their tasks satisfactorily.²

Leaders in cultural change work on trust by

- being self-confident and optimistic that the change can be realized,
- being open and honest about the situation as it presents itself,
- emphasizing the progress and what has already been achieved,
- honouring agreements and doing what they say,
- acting consistently in accordance with the professed values,
- making successes visible and allowing others to share in them and
- supporting people in their contributions to the change.

Introducing Fair Process

The leading coalition that initiates changes within Albert Heijn is transparent towards members of the management team and towards employees. The people know that a small team is exploring new paths and they sense that changes are imminent. “We took management with us and posed the question: Where do you think this will lead? By

collecting those pictures and exchanging them, people also gain insight into their future. If the things we are working on are not continually shared, you get suspicion. It comes down to organizing a transparent and fair process. It helps in the changes to have the direction clear and then to make yourself vulnerable. When you explain the plans openly and honestly, the people feel what your position is, where your passion lies and what has been difficult for you. The last thing you want to do is be secretive about things you don't know yourself either." At Albert Heijn, it also involves being fair about the past. It is not about disqualifying the past but qualifying the organization for the future. "Knowing and openly recognizing that visionary people previously built the systems that we now profit from certainly contributes to our success."

When Arcadis experiences difficult times, the two board members present very openly what the situation of the company is. They are also clear about the course they want to take to regain the confidence internally and externally. They are also honest about their own role in the whole and they are consistent in what they say and what they do. "They gave the example. Open and transparent. Making sure that in that process of change you didn't run too far ahead of the troops. Advancing together. Clarity about your strategy and your priorities." In the merger of KLM and Air France, there was an explicit agreement that "fairness" would be the guiding principle in the merger. This applies to career perspectives for employees, investment decisions and developments at the home airports. At paint wholesaler Olijslager, the director calls all the employees together. That happens more often, for instance for the annual barbecue. But this time, it is different. The company is suffering a loss and intervention is unavoidable. The director is open and honest about the financial position and the possible dangers and consequences. He indicates a direction for keeping the company financially sound. On the one hand that means continuing to work from the basis of the strength of the company and on the other hand acting cost-consciously. Products that are performing poorly are scaled down. Expenditure will be budgeted tightly and monitored. First of all, he makes cuts in the costs of management and pays no dividend to the shareholders. As the board chairman of Dutch Railways says: "Fair play and fair process are the key points. Respect for each other and for each other's craftsmanship. Show how you want to work and honor your agreements."

Almost all business studies demonstrate that openness and honesty are essential to a change process, particularly if that change process affects the culture of the organization and everything that seemed to be natural is turned upside down. The leaders create clarity in unclear situations. They are honest about what they also do not know themselves and they invite others to think with them. In this way, they create equality in collecting and sharing information. A communal search process comes about, a search for the meaning of an unclear situation. That search process is about recognizing and acknowledging the emotions of others and themselves. The concept of “fair process” occurs literally in several companies.³ An honest process is characterized by involving people in decisions that affect them. There is understanding for the feelings of others and space for expressing emotions.⁴

A fair process arises if

- the parties involved have the possibility of sharing experiences and articulating the situation,
- there is space for expressing and sharing emotions,
- the parties involved can influence the course of the proceedings and their outcome,
- the process of decision making is transparent,
- the final decision is clear and experienced as fair,
- it is clear what the decision means for individuals and
- it is clear what is expected of people on the basis of the decision.

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Learning Leadership

This chapter is about the ways people learn in strategy development and cultural change and the role of the leader in that. It is about experimenting with renewal, making results visible, accepting and learning from mistakes and sharing rich experiences.

Experimenting and Learning

The strategy and culture of Amazon are rooted in a sturdy entrepreneurial optimism. Jeff Bezos in his own words says: “We are willing to plant seeds and wait a long time for them to turn into trees. I’m very proud of this piece of our culture, because I think it is somewhat rare. We’re not always asking ourselves what’s going to happen in the next quarter, and focusing on optics, and doing those other things that make it very difficult for some publicly traded companies to have the right strategy. We may not know that it’s going to turn into an *oak*, but at least we know that it can turn out to be that big. I think you need to make sure with the things you choose that you are able to say, ‘If we can get this to work, it will be big.’ I think most big errors are errors of omission rather than errors of commission. They are the ones that companies never get held to account for—the times when they were in a position to notice something and act on it, had the skills and

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competencies or could have acquired them, and yet failed to do so. It's the opposite of sticking to your knitting: It's when you shouldn't have stuck to your knitting but you did. What you really want to do companywide is maximize the number of experiments you can do per given unit of time. At the same time, you have to recognize that there are times when you can't put a toe in the water; you have to leap in with both feet. You have to say, 'This is going to be expensive—and that means we're going to have to make it work.' You allow that you might take lots of twists and turns on the details, but you really commit yourself to the objective. And by the way, it's very fun to have the kind of culture where people are willing to take these leaps—it's the opposite of the 'institutional no.' It's the 'institutional yes.'"¹

Amazon has an entrepreneurial practice in which people are encouraged to experiment in order to work on renewal that way and learn from it. 3M with its "inventorpreneurs" also has a strategy of experimenting and learning. Youth Format works on renewal in youth care by challenging professionals to start innovative practices and share their experiences with others. At InAxis, the strategy itself has been fully constructed to stimulate and start innovative experiments in public administration.

In every organization, people learn from critical events and mistakes. These learning experiences form the culture because in these kinds of situations people in the organization learn how they have to deal with unexpected things. These experiences become embedded in the "way we do things around here." Leaders can stimulate learning processes in organizations and thus contribute to the formation of a learning attitude which can contribute to strategic renewal. The idea behind this is that people in learning organizations are curious and willing to experiment. Experimenting and learning means that people from different backgrounds are prepared to share their knowledge and welcome each other's success. Peter Senge¹ argues for systems thinking to promote experimentation and learning in organizations. Systems thinking is based on building shared vision, reflecting on mental models, team learning and personal mastery. Building shared vision fosters a commitment to the long term. Mental models focus on the openness needed to unearth shortcomings in our present ways of seeing the world. Team learning develops the skills of groups of people to look for the larger picture beyond individual perspectives. And personal mastery fosters

the personal motivation to continually learn how our actions affect our world. For leaders, the art is in recognizing the five disciplines and working with them to bring about an open culture and a learning organization.

Basic principles for stimulating a learning organization in which people experiment and learn are:

- Continually clarifying and deepening our personal vision, focusing our energies, developing patience and seeing reality objectively;
- Questioning our mental models, which are deeply ingrained assumptions, generalizations or even pictures of images that influence how we understand the world and how we take action;
- Building shared vision: a practice of unearthing shared pictures of the future that foster genuine commitment and enrolment rather than compliance;
- Team learning that starts with dialogue, the capacity of members of a team to suspend assumptions and enter into genuine thinking together and
- Systems thinking as the art of seeing patterns and connections between events, understanding their backgrounds and being able to give meaning to them.

Visualizing Results and Sharing Successes

The director of paint wholesaler Olijslager is voted as entrepreneur of the year. “When I heard that I had become entrepreneur of the year, I immediately thought: I don’t want that prize. I am just part of the organization; the organization has the success. I put this situation to a member of the Board of Supervisory Directors. He dealt with me and said up front: You are depriving your people of a prize they are entitled to and that they can be proud of. And you are neglecting an opportunity to be visible in your market and work on their future. You are actually being egocentric if you don’t accept the prize. That got me thinking differently.” The director then comes up with the idea of making a cup for all the employees with the text: “one for all, all for one.” All the employees at the painter’s congress receive a cup personally from the hands of the director. In that way, he allows his people to share in the success and he confirms the cultural value that people are making a success together.

Almost all the companies in this book make results visible and celebrate their successes. By paying attention to successes, leaders articulate the things that are important in the company. This strengthens their cultural values. The director of the Immigration and Naturalization Service celebrates together with the employees the fact that the backlogs have been eliminated after six months of overtime, a job in which everyone pulled their weight. The telephone team that serves chain partners is invited to tell their success story: Within two years, the accessibility percentage rose to 80% and the number of complaints dropped by 95%. The Immigration Service remains modest towards the outside world, but internally it is a celebration when the ombudsman concludes that the Immigration Service has become an outward-oriented government organization that provides a service. At the Rabobank, the profits from the new customer system are so obvious that it stimulates directors of other local banks to join in. Customers experience their bank as closer by, despite the reduction in the number of bank branches. Customer questions are answered twice as fast as before. The completion time of offers is reduced drastically. Product purchase per customer has risen and customer satisfaction has increased. The company wins the prize for the most innovative customer relation management system in Europe. At Deltaland Hospital, the daily stories of the professionals make the results of the cultural change visible. They are stories that make their professional pride visible and the care and attention for the patient are the key issues. InAxis makes its successes and learning experiences visible in publications, interviews with people involved, its own website and at congresses and small meetings.

Because leaders pay attention to successes and the way they were achieved, new opinions arise in the company about what is important. This also contributes to the spread of positive experiences and the formation of ideas about how work is done in the company. The confidence of individuals and teams in successful cultural change grows if people experience success at an early stage in the change. Sceptics can become supporters if they see progress and advantages in the new way of working.²

Leaders in cultural change show progress and celebrate successes by

- making progress visible in facts and figures, stories and events,
- already gaining first successes at an early stage and magnifying them,
- sharing successes in internal and external communications, meetings and congresses,
- working with symbols and examples that emphasize the success and
- allowing others to share in successes that have been achieved.

Learning from Mistakes

Arcadis learns from mistakes made and thus knows how to build an engineering company that belongs to the world's best. In the 1950s, the company did not pay sufficient attention to cultural differences in their international takeovers. In the 1970s, Arcadis again made many international acquisitions. This time, there was insufficient attention for the connection between the separate companies. Arcadis learns from this: rash diversification and international takeovers without local knowledge put the continued existence of the company at stake. The learning experience is that Arcadis now only takes over companies if the takeover partner is a well-run company with a strong market position that matches the core activities and the core values of Arcadis. A second learning experience is that the high-principled service of Arcadis gains shape in the relationship with customers and that local networks can only be built up with people who know the local culture. The organization remains controllable through gradual takeovers and thanks to strict financial reporting, the company remains manageable. Learning from mistakes is an essential part of entrepreneurship at Arcadis. As the board chairman says: "You only gain success if you have had failures, unless you are really lucky. You have to learn and you learn the most from your mistakes."

To be able to learn from mistakes, you have to recognize and accept that mistakes are made. Making adjustments requires the progress and the results of a change to be monitored and made visible. After deciding to work in specific customer segments, Tempo-Team is shocked to discover that the turnover and customer satisfaction are dropping in segments that have not been named explicitly. The employees are paying too much attention to the named customer segments and attention for the other customer groups slackens. The board observes that the strategy on customer segments has been put through very strongly, but also with no subtlety. It comes to the conclusion that it has neglected the local intelligence. The board then enters into discussions with employees and decides to pay attention to local entrepreneurship again and appreciate its strength. After the company was privatized in the 1990s, the board of Dutch Railways forcefully starts on the improvement of the service in combination with

renewal of the culture and the organization. Cultural change is considered to be a condition of making better service possible. A special course is created for management in which the emphasis lies on the possibility of things being done and having to be done differently. The idea is that the change can become a success if all managers learn new skills and apply them in their daily work. At the same time, a change is initiated in the operational process to link train personnel to fixed routes. This change results in a conflict between the board and personnel and in the end leads to the departure of the board. The new board of Dutch Railways learns from the mistakes made. It distances itself from a centrally developed and tightly run change programme. Here too, the board chairman of Dutch Railways articulates a learning experience: "Assuming a style of leadership that has you swearing at the hordes to bustle them along won't work. Respect for each other and for each other's craftsmanship. That is what it is about. Showing how you want to work. Culture is a word I never use. I try to show leadership and something comes out of that."

Companies that work on cultural change pay a lot of attention to learning processes.¹ They continually monitor the progress of the change process. The leaders force themselves to examine their own presuppositions and substantiate them with observable facts and events. They delay their judgment and test their ideas by asking the opinion of others, from inside and outside the organization. They use formal methods to follow the change process and invest in formal and informal networks to check the progress of the change and establish whether results are already visible. They are not afraid of making mistakes because they are convinced that they can fix them. They see mistakes as an opportunity to learn from and to develop themselves. If the mistakes are made on a strategic level and the continued existence is endangered, the impact on the cultural values of the organization is large. Precisely in these kinds of situations, implicit standards arise about what is acceptable and what is not. These standards sow the seeds of unconscious patterns about what is normal and desirable.³

The culture changers in this book learn from mistakes because they

- keep a finger on the pulse and carefully monitor the progress of the change,
- reflect on their own mental models and the limitations of those models,
- are aware of the effects of their own behaviour and want to discuss them openly,

- delay their judgment and test their presuppositions before they take decisions,
- ask others for their opinions if they have an idea,
- acknowledge mistakes and search together with others for alternative strategies and
- see mistakes as an opportunity to learn from and want to share these learning experiences with others.

Sharing Experiences

The Consultancy Group is a part of the municipality of Amsterdam. Sharing learning experiences is ingrained in the culture and working methods of the group. The subculture of the group concentrates on encouraging personal initiative, integrating life and work and identifying with the social issues instead of with a position or a department. More than one hundred people work at the Consultancy Group. They have an academic education and have had several years of experience. They work for no more than four years with the group. Regularly, all one hundred of them come together to share practical experiences and discuss the newest developments in the city. Within units and projects, there are regular learning sessions to discuss problems and share learning experiences. Personal development, innovation and mobility are central to the company philosophy. All the employees have their own shadow advisor who helps them reflect on their own work practice. In the four years that the people work at the Consultancy Group on various projects, they learn to look outside of familiar contexts and think corporate-wide. They develop wide networks and include others in their method of working. When the consultants go to work for a different service after four years, they spread their methods of working. They keep in contact with other services, add new perspectives and share their experiences.

The philosophy of the Consultancy Group is nurtured by the leader, but it is the people themselves who have control of their learning process. The Metropolitan Police starts a learning process in which the managers themselves put forward themes they want to work on. This approach provides for flexibility, space and ownership. At the meetings, experiences are shared

about diversity and the internal tensions that diversity calls up. It is through those tensions that a learning process arises to which people also contribute their own experiences and emotions. This creates a deepening of the learning process and brings underlying assumptions to the fore. People in the police force learn with each other, from each other and about each other. At the Rabobank, the need of local bank directors to share experiences about the introduction of the new customer system comes about almost naturally. The predecessors are enthusiastic and the success is crystal clear when the commercial performance of the employees in the local banks almost doubles. They convince their fellow bank directors. The most successful local commercial employees are used as a source of inspiration and as trainers to inspire the staff at other local banks and to teach them to work with the new system. At InAxis, spreading learning experiences is part of the daily work practice. Attention is paid to circulating innovative experiments. InAxis develops methodologies to learn from experiments, such as knowledge discussions and working with reference groups of people from similar organizations who follow the experiment closely. And they develop numerous methods for stimulating the diffusion of knowledge and the adoption of innovation, such as purchasing risk capital, adoption subsidies, learning circles, learning sessions, intervision meetings, podcasts, innovation patents and innovation festivals.

There are many ways to share experiences and set up learning processes. The basic principle, however, is always the same: Get people together in an open atmosphere to exchange experiences that match their own ambition and invite others to make the translations to their own work practice.⁴

Learning from experiences in cultural change gains shape if

- people assume the responsibility themselves for their learning process,
- personal development is appreciated and linked to personal ambitions,
- more than one perspective on a situation is possible and can be discussed,
- space is offered in which people can articulate their own visions and discuss them with others,
- mental models and implicit presuppositions can be discussed,
- defensive routines can be discussed,
- there is security for discussing emotions and showing uncertainties and
- administrators and managers make their own learning experiences visible.

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Conclusions of Leadership in Cultural Change

The final chapter of this part contains conclusions about the role of people who take the initiative in changing and developing an organizational culture. It concerns leaders in cultural change who give direction and provide space. Five forms of leadership are distinguished and I examine which form of leadership is best suited to cultural change. I specifically discuss transformational, meaningful and authentic leadership. This chapter concludes with the distinction between episodic cultural change and gradual cultural development.

Leaders and Initiators

This part of the book contains numerous examples and concrete conduct of leaders who work successfully on cultural change. You could incorrectly draw the conclusion from this part that cultural change is mainly a matter for top managers. This part is not about top managers but above all about people who stick their neck out and assume a leading role in a cultural change. Top managers are often the initiator and without the support of top managers, cultural change is difficult. Yet, in all the practical studies I encountered people who took the initiative, brought existing patterns up for discussion and stuck their neck out. People who want to realize their ambitions or set to work from a feeling of professional shame and want things to be different. These are the youth workers at Youth Format, the

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mechanics at KPN, the odd-job officials at the Ministry of the Interior, the professionals at Deltaland Hospital, the managers at Professional Services of Albert Heijn, the recruiters at Philips, the middle management at the IND, the salespeople of Olijslager, the branch managers at Unique and the police officers in Amsterdam. People do not take the lead in a cultural change because of their position but from a sincere feeling that it should work differently to how it is now. They demonstrate leadership by taking the initiative and heading in a direction that is worthwhile.

Direction and Space

The leaders in this study give direction by giving meaning to unclear events. They concentrate more on possibilities than on threats or problems. They know what the organization stands by and what it goes for, and they know what affects their people. They are a role model to others and they do what they say. They make cultural values explicit and work on making these values concrete in behaviour. They actively involve other members of the organization and external interested parties in the articulation of a meaningful, attractive and feasible vision of the future. Trust and space from leaders motivate others to get to work on a new vision in their own working environment and invite people to experiment with renewal. Leaders in cultural change are not afraid to make use of their formal position. They indicate boundaries and are extremely clear in what they do not want. They also use their position to form coalitions of internal and external supporters who help give shape to the change. They are willing to change players if this makes the transformation easier. The leaders stay optimistic, show progress and make successes visible.

Effective Leadership Styles for Cultural Change

Different leadership styles are distinguished in the leadership theory.¹ These different styles are summarized in Table 16.1.

Successful cultural change mainly concerns a combination of transformational and participative leadership. You can roughly say that leaders in cultural change are found on the right hand side of the range. With starting enterprises, the founders form the culture of their company. They do that from a powerful motive and a clear vision. They look for people who fit in

Table 16.1 Forms of leadership.

<i>Entrepreneurial</i>	<i>Autocratic</i>	<i>Transactional</i>	<i>Charismatic</i>	<i>Participative</i>	<i>Transforming</i>
Initiating	Goal setting	Goal setting	Impressing	Guiding	Sensing
Communicating	Commanding	Informing	Speaking	Listening	Sense-making
Engaging	Intimidating	Managing	Building	Evaluating	Vitalizing
Appealing	Reacting	Performing	Achieving	Consulting	Envisioning
Cultivating	Realizing	Stabilizing	Modelling	Delegating	Supporting
Inspiring	Punishing	Rewarding	Monitoring	Developing	Appreciating
Demanding	Positioning	Controlling	Expecting	Encouraging	Empowering

with that and want to participate. Starting entrepreneurs are founders of their business and they form the culture that suits them. The transformational and participative leadership styles are mainly suited to get a cultural change going for businesses that have been around for longer and have a robust culture. This does not mean that leaders in cultural change do not use power. They certainly do, albeit sparingly and not from an autocratic attitude. Power is used to articulate problems, indicate boundaries, break through barriers, change players and make space for renewal. In crisis situations in particular, top managers take control and say how things are and how they will be. Leaders in cultural change do not aim, however, at increasing their own position of power. They do not work according to their position but transformationally, involving others in the cultural change. In essence, they make an effort to increase the ability of the community so it can give shape to its own future on its own and realize sustainable changes.² Leaders in cultural change work transformationally, give meaning and are authentic. I discuss this in more depth in the following three sections.

Transformational Leadership

Transformational leaders have a deep understanding of the fundamental values in our society and of the social and emotional needs of people. They are conscious of their environment and they are socially conscious. Transformational leaders are curious, explorative and have broad interests. They have a learning attitude and know themselves with their strong and weak sides. They are capable of seeing connections between varying developments and understand what an incidental disruption to a work system is and what symptoms of fundamental change are. They are aware of the values

and standards of a social system and recognize when those rules have to be modified. They listen to others and have the capability of trusting others and building trust. They are inspiring and they know how they have to operate administratively to solve conflicts and realize cultural changes.⁴

Meaningful Leadership

Meaningful leaders deliberately pay attention to specific cases and events. In crisis situations, they step forward to identify the situation and tackle it. They are explicit about what they believe is important, what they attach value to and what they definitely do not want. Initiators in cultural change name events, share interpretations and invite others to share their vision. Through this they create space for dialogue and give meaning in that. In these interactions, they form the culture of organizations together with others. They also tell stories and inspire others through that.

Authentic Leadership

The leaders in this study know what is important inside and outside the organization. They are conscious of their environment, have a social consciousness and are self-conscious. Through a sensitivity to what is happening in the environment, they see new possibilities. They know what is happening in the organization and what people allow themselves to be controlled by. This enables them to connect the emotions and ambitions of others and they are able to direct the energy of the people in the organization to the future. The leaders also know themselves with their strong and weak characteristics. They know who they are and they know their own motives. They are accessible and can be approached, organize honest feedback and are not afraid to make emotions discussable.

Episodic Cultural Change and Gradual Cultural Development

The transformational leaders in the study make a choice about the approach they will use to bring about a cultural change. The previous section already showed that they mainly choose a step-by-step and

interactive change strategy. The choice for a specific change strategy can now be clarified further. In crisis situations, leaders often choose to change strategy and structure drastically and apply an episodic change to the existing culture. In prosperous times, leaders are more likely to choose a gradual change of the strategy and structure and a continuous process of cultural development.

In this book, seven organizations recognize a crisis situation. In four of the organizations, the crisis forms an immediate threat to the continued existence. In those companies, top managers take the initiative for a deep change of strategy, structure, systems and culture. They name the problems, build a leading coalition, formulate a new vision, plot out a strategy, choose a different customer approach, invest in their service, change structures, save costs and introduce new values. In three organizations, the legitimacy of the organization is at stake. Here too, management takes the initiative for a deep change. They also formulate a new vision and invest in renewal. However, they aim mainly at renewal of the service, the relationships of cooperation and the cultural values. The top managers of the companies whose continued existence or legitimacy is under pressure do not panic. They see to a good financial basis, keep the focus on their market and set to work energetically. They emphasize their unique strength and look for new market possibilities. They save costs and choose for decentralized control of market-oriented activities. They profile their strong points and continue to innovate.

The organizations that are not experiencing a crisis choose to develop their strategy, structure, systems and culture gradually. They emphasize continuity, confirm existing values and demonstrate a lot of trust in the strength of the employees and managers. They invite the employees and managers to participate in the change process. Successful companies with a strong organizational culture often choose a process of gradual cultural development. There is no need for a fundamental cultural change, and moreover it would be difficult, because people would not see the reason for any change. The culture is also difficult to fathom because people are no longer conscious of many cultural values and basic assumptions. Episodic cultural changes are not often encountered in successful companies. Now, we can enrich the distinction described in Part 1 between episodic cultural change and gradual cultural development with leadership behaviour demonstrated in the organizations that work on successful cultural change. Table 16.2 shows a good list of what leaders do in specific situations to change the culture of their organization successfully.

Table 16.2 Elements of cultural leadership and consequences for organizational culture.

<i>Elements of cultural leadership</i>	<i>Consequences for culture</i>	
	<i>Innovation</i>	<i>Maintenance</i>
Perceived situation	Crisis and lack of a legitimate position threatening the existence of the organization	Good performance and a wish to qualify for the future and maximize customer value
Vision and mission	New vision, mission and business idea Episodic change focused on new market position and redefined customer value	Strengthen existing vision and mission Continuous change focused on improvement and customer value
Administrative actions	New structures and strategies New focus on customer values Cost reduction, efficiency and effectiveness Communicates new ideologies and values	Refurbish structures and strategies Maximize customer value Effectiveness and gradual innovation Affirms and celebrates existing cultural ideologies and values
Use of cultural forms	Embedding new cultural values Formulating vision with leading coalition Explaining new strategies Articulating new cultural values Giving clear examples Using facts and figures Communicates high expectations	Developing vision with broad coalition Confirming success of existing strategies Validating existing cultural values Sharing meaningful stories Utilizing essentials and symbols Communicating confidence and trust
Leader behaviours	Organizing teamwork and collaboration Acting as an evangelist and role model	Supporting teamwork and collaboration Acting as a catalyst and role model

Personal qualities	Making an appeal to trust from others	Giving confidence and trust to others
	Celebrating successes	Sharing successes
	Learning from mistakes	Learning by reflection on meaningful events
	Self-awareness	Environmental awareness
	Environmental awareness	Social awareness
	Social awareness	Self-awareness
	Self-confidence	Confidence in group
	Expressive and dramatic	Inspiring confidence
	Dominant with strong convictions	Facilitator with strong convictions
	Reputation as crisis manager	Reputation as meaningful leader
Performance	Repeated success in managing crisis	Continuation of success
Followers' attributions	The leader has extraordinary qualities to deal with crisis	The leader represents exciting values that were successful in the past

Inspired by Trice and Beyer (1991) and revisited on the basis of this research and publication.

Leaders who are confronted with a crisis situation often start with an episodic cultural change. They do not leave the crisis unused. One disadvantage of the episodic cultural change is that the leader who saved the organization is seen as a hero. This can lead to a position of dependence on the leader and stagnation of the cultural change. That is why leaders who started with an episodic cultural change switch to gradual cultural development in which they work together with others to safeguard the cultural values and make space for further renewal. Leaders in organizations that are not in crisis are more likely to choose a gradual and continuous cultural development. This choice also has its drawbacks. A strong culture can result in people in the organization clinging on to success formulas from the past and closing themselves off from what is happening in their environment. Leaders can get so caught up themselves with the existing culture and the environment that they can only receive very selective signals about what is happening around them. Years of success can also lead to overconfidence and taking excessively large risks. Maintaining a sensitivity to the environment is essential in gradual cultural development. Whatever choice is made for the approach to the change, for leaders in cultural change, it is quite a job to fathom the existing culture and choose the right interventions to realize change. The interventions used by the leaders to realize successful cultural change are discussed in the next part.

Notes and References

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