

Integrated change: creating synergy between leader and organizational development

Ashley M. Guidroz, Karen W. Luce and Daniel R. Denison

Ashley M. Guidroz is a Research Consultant and Karen W. Luce is the Director of Learning and Development, both at Denison Consulting, Ann Arbor, Michigan, USA. Daniel R. Denison is Professor of Management and Organization at IMD, Lausanne, Switzerland.

Abstract

Purpose – *The purpose of this paper is to share with organizations a method for integrating organizational culture change and leadership development within one balanced corporate initiative.*

Design/methodology/approach – *This paper describes the benefits of organizational culture and leadership development, the steps taken to design such a program within a large, global manufacturing organization, and the benefits of the integrated program.*

Findings – *Integrating organizational culture with leadership development can help create a clear “line of sight” between the individual and the organization and builds broader accountability for the success of organizational change initiatives.*

Practical implications – *Integrated culture and leadership programs can be designed within any environment. This case study serves as an example to provide readers with ideas for how to create and implement similar programs in other organizations.*

Originality/value – *Kotter stresses the need for leadership in organizational change, however, few case studies have been published in this area that articulate how leadership and organizational development can be successfully integrated.*

Keywords *Leadership development, Organizational development, Change management, Strategic objectives*

Paper type *Case study*

1. Background

In his seminal book on leading organizational change Kotter (1996, p. 26) writes that “. . . successful transformation is 70 to 90 percent leadership and only 10 to 30 percent management.” Initiating planned change within an organization requires precision and careful thought but must also be supported with the right personnel and resources. When economic conditions reduce the financial resources available to engage in both organizational and leadership development initiatives, the best strategy can often be an integration of both activities into one, coherent program. This case study describes the activities undertaken to create an integrated leadership and development program at a global manufacturing organization. The manufacturing organization employs nearly 20,000 employees, and operates in 114 locations across 27 countries and five continents.

Like most organizational leaders, the leadership of the global manufacturing firm strived to make long-term, strategic plans for the future of the business but was preoccupied with short-term problems that arose from the financial and credit crises affecting the global economy in 2008. Top leaders of the organization recognized two competing needs:

1. align business strategies with organizational goals; and
2. provide development for the top 200 leaders of the organization.

Integrating an organizational assessment within a program for leadership development allowed the organization to simultaneously address both strategic issues while efficiently managing financial, time, and human capital resources. The goals of the program were to improve the skills of their top teams, the awareness of individual strengths and weaknesses, and the leader's awareness of his/her impact on the organization's culture. The timing of this program coincided with the planning process for the upcoming fiscal year, which allowed the champion of the project, the chief operating officer (COO), to make a strong business case for the need for both organizational and leadership development.

2. Integrating organizational and leadership development

Using leadership development as an organizational culture initiative offers many advantages. Culture change is most successful when there is support at the top of the organization (Kotter, 1996). In its simplest form, organizational culture is the values and beliefs shared by employees in an organization (Schein, 1992). When those values and beliefs are modeled by upper management, norms for behavior are established and implicitly communicated throughout the organization. As a consequence, helping senior leadership develop the competencies needed to support the new strategy of the organization is an integral part of initiating a meaningful cultural transformation (Kotter, 1999). In this example, the COO worked very hard to educate other company executives on the importance of organizational culture and leadership development; this ensured that support from the Executive Committee was strong at the start of the development initiative.

Integrating leadership development activities within an organizational development initiative is by no means a new concept but one that can often-times produce vastly better results than when these two efforts operate in isolation of each other. Hostetler (2007), as an example, details the work undertaken to improve organizational culture at the University of Maryland Medical Center. Senior leadership had determined that the culture of the hospital was negatively impacting financial performance. As a means for improving the culture, hospital leadership provided leadership development efforts targeted at medical center directors. Directors were invited to carry out change projects to improve the culture in their center, offered development sessions to carry out those projects, and provided feedback on their new leadership style. The leadership development helped to greatly improve the financial performance of the hospital (Hostetler, 2007).

In a similar study, Barriere *et al.* (2002) worked with a New York area hospital to improve their organizational culture. Barriere *et al.* (2002) designed a leadership development initiative to help the hospital create a more innovative and adaptive culture. Their initiative included a development program with a multisource feedback component for all managers (Barriere *et al.*, 2002). The initiative was very successful and produced positive financial and human capital outcomes.

3. Leadership and organizational development program

The manufacturing organization used the culture (Denison and Neale, 1999a) and leadership development (Denison and Neale, 1999b) tools designed by Denison Consulting. The Denison Organizational Culture Survey (DOCS) and Denison Leadership Development Survey (DLDS) are both based on a model of organizational effectiveness. Using tools based on the same model of organizational effectiveness creates a direct line of

“ Culture change is most successful when there is support at the top of the organization. ”

sight between the interface of culture and leadership. This provided a common language to all executives when planning both individual and organizational development initiatives at the global manufacturing firm.

The first step in the process was to have the top 180 leaders within the company completed the culture survey. Results were compiled at the organization-level as well as for each of the major departments of the organization. Following, each leader participated in the leadership development phase; leaders rated themselves and were also rated by their boss, peers, and direct reports.

The human resources (HR) staff worked closely with Senior Consultants from Denison Consulting to be trained on the culture and leadership model as well as how to debrief and provide coaching to each leader. Including HR in the development initiative at this stage of the process provided a distinct benefit for all members of the organization. Having members of HR trained on the Denison Culture and Leadership tools meant that all leaders had a resource, within-house, to go to at any point during the following months to seek advice or help with their individual development.

All 180 leaders of the organization attended a one-hour leadership workshop where they learned about the Denison Leadership model and how to interpret their results. They were also provided with one-on-one coaching sessions to help them create development plans. During the coaching sessions, leaders were encouraged to think about the culture and leadership results at three levels:

1. company;
2. function; and
3. individual.

Using the culture profile of the overall organization and their department, along with their leadership results, leaders could clearly see the connection between their leadership behaviors and the culture of their department and the overall organization. For example, two consistent themes that emerged in the culture and leadership results across the departments were that the global manufacturing firm was weak in Customer Focus and Capability Development. Customer Focus measures awareness of the wants and needs of the customer and Capability Development assesses the investment and commitment to developing talent in the organization. This information confirmed to the global manufacturing firm that they were losing sight of the marketplace and needed to develop their top employees, a suspicion that they held but had little data to support.

Using this information, individual strengths could be leveraged to improve weaknesses in aspects of the department or organizational culture and development plans could be put in place to shore up gaps. Leaders were encouraged to reflect upon what they could do, from a personal development standpoint, to help both themselves and the company grow. To build in accountability to the process, 10 per cent of a leader's individual and departmental goals for the upcoming year had to be development related.

4. Keys to success

Initiating culture change in an organization is no small feat and doing so in conjunction with a leadership development program requires much coordination and cooperation from many people within the company. Some activities that the organization engaged in to ensure the success of the initiative were:

- *User senior leadership to set clear expectations.* The expectation was set very early within the process that all leaders were required to actively participate and engage in the culture change process. This message was communicated from the CEO and reiterated by subsequent levels of management. Executive Committee support was leveraged throughout the process and used to engage the rest of the leadership in the organization.

“Having members of HR trained on the Denison Culture and Leadership tools meant that all leaders had a resource, within-house, to go to at any point.”

This also helped build accountability into the process from the very beginning and was reiterated when leaders created their development plans.

- *Create a well thought-out communication plan.* To manage 180 individuals through a multi-source feedback system requires considerable time and attention to detail. Detailed communication plans were created that articulated the purpose of the surveys; the timeline for the process; and key deadlines to remember.
- *Closely monitor everything throughout the process.* As the number of people participating in the leadership development effort increases so does the complexity and the possibility for errors. Closely monitoring the process from start to finish ensured successful implementation so that any obstacles could be met head-on.
- *Mobilize an internal HR team trained to help with coaching.* Key HR personnel worked closely with a senior consultant from Denison Consulting to learn the model and surveys and be prepared to deliver feedback and provide coaching to leaders. This helped crystallize the role of HR as a strategic business partner within the firm and also ensured that enough qualified individuals were present internally to support the leaders while creating their development plans or at any later point in time.
- *Provide leadership coaching and support.* Previous research and experience has revealed that most leadership development programs fail, not because of the survey, but because of a lack of support once leaders receive their results. Providing one-to-one feedback and coaching to each leader allowed the leaders to understand their results and create an action plan to further their personal development.

5. Conclusions

The integrated organizational and leadership development process was met with much enthusiasm from the top leaders of the firm and has proved to be a valuable exercise for the organization. The program was mandated for the top levels of the organization but has trickled down to lower levels of the firm; more and more leaders have participated in the leadership development process and used their results to create development plans that will serve both their own development as well as meet the needs of the organization. Integrating these two activities does require some coordination but can initiate valuable conversations within the organization, mobilize a large number of employees, and empower them to create change.

References

- Barriere, M.T., Anson, B.R., Ording, R.S. and Rogers, E. (2002), "Culture transformation in a healthcare organization: a process for building adaptive capabilities through leadership development", *Consulting Psychology Journal: Practice and Research*, Vol. 54 No. 2, pp. 116-30.
- Denison, D.R. and Neale, W.S. (1999a), *Denison Organizational Culture Survey*, Denison Consulting, LLC, Ann Arbor, MI.
- Denison, D.R. and Neale, W.S. (1999b), *Denison Leadership Development Survey*, Denison Consulting, LLC, Ann Arbor, MI.

Hostetler, E. (2007), "Safety at the center: a model that accelerates learning", *Organizational Development Journal*, Vol. 25 No. 4, pp. 63-6.

Kotter, J. (1996), *Leading Change*, Harvard Business School Press, Boston, MA.

Kotter, J. (1999), "Change leadership", *Executive Excellence*, Vol. 16 No. 4, pp. 16-17.

Schein, E.H. (1992), *Organizational Culture and Leadership*, Jossey-Bass, San Francisco, CA.

About the authors

Ashley M. Guidroz is a Research Consultant at Denison Consulting. Her research and consulting expertise is in the areas of organizational and leader effectiveness, diversity, workplace incivility, and judgment and decision making. Ashley M. Guidroz is the corresponding author and can be contacted at aguidroz@denisonculture.com

Karen W. Luce is the Director of Learning and Development at Denison Consulting. There she works to design client support materials and organize learner- and practitioner-centered events in support of Denison clients and consultants. Her background is in instructional design and writing.

Daniel R. Denison is Professor of Management and Organization at IMD in Lausanne Switzerland. His research, teaching and consulting focuses on organizational culture and the impact that it has on the performance and effectiveness of organizations.

To purchase reprints of this article please e-mail: reprints@emeraldinsight.com
Or visit our web site for further details: www.emeraldinsight.com/reprints