

CHANGING A TOXIC CULTURE

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I am a newly appointed Distribution Manager. I have recently taken on an under-performing food distribution centre. It is a third-party distribution centre and the company is at risk of losing the contract because of the many issues in the DC. These are the key issues:

- Poor KPIs – productivity, order accuracy, quality, time-scales
- Poor communication between DC and Stores
- High levels of absenteeism and turnover
- High levels of grievances, disciplinary
- Two serious tribunal claims – Harassment and Bullying

The fear Culture within the DC has been influenced by the outgoing DM, his autocratic, hire and fire, aggressive and uncompromising style of Leadership has caused this. The management team within the DC are mirror images of the outgoing DM (he recruited them all)

My management team consists of: ADM (Assistant DM), 6 Shift Managers, 8 SLM (Senior Line Managers), 28 FLMs (First Line Managers), 2 HR/Training Managers, 2 Health & Safety Managers.

NOT ONE OF MY MANAGEMENT TEAM SHARE MY VALUES AND BELIEFS!

The DC employs over 300 warehouse operatives of which a third are agency staff.

I have to QUICKLY get rid of the Culture of Fear, unfairness and aggression in the DC if I am going to get it back on track and not lose the contract to a competitor.

What should my strategy be?

Organizations tend to overlook growing negative culture signals, especially if productivity metrics remain high. Even if productivity metrics are failing the tendency is to ignore or delay taking action to correct a toxic culture because many senior managers are uncomfortable addressing such 'squishy' and poorly understood people issues as 'culture change'. Only when the issue reaches crisis proportions will they act and then they look for the proverbial 'silver bullet' for a quick fix to a problem that has taken years to manifest itself. When they do decide to take action they often promote a person, such as the Distribution Manager above, into a new role with a mandate to quickly 'fix' the problem. This mandate unless carefully implemented can cause more harm than good, making matter worse and setting the new DM up to fail.

Before moving forward to implement a first-steps rapid response initiative, first a few questions for the DM the answers to which will inform these first step activities:

1. What happened to the previous DM? Is he still with the organization?
2. Has the DM had an open and frank 1:1 discussion with each manager expressing his displeasure, reasons why and his vision going forward? If so, what was the reaction? If not, why not? Beyond the initial group briefing described below, a group meeting is not useful in the environment described until later in the process.
3. Who on the DM's management team does he trust?
4. If needed are there outside resources the DM can bring in to assist for the short term?
5. What level of support does the DM have from senior management to, if needed, tip-over-the-apple-cart to initiate a positive culture change?

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6. Does the DM have, if needed, the authority to immediately make a staff member redundant? If not, what are his options, if needed, to make an example to emphasize your point? If redundancy is not an option, is he allowed to remove authority and/or reassign using the Japanese concept of giving them 'a room by the window'?
7. In DM's opinion, what is the cause of the dysfunctional behavior? He says it stems from his predecessor's style; is it possible that his predecessor was enabled by others, either peers and/or senior managers? If so, what are the ramifications for the DM and his brief?
8. Are the causes the DM describes widespread/defuse or localized by area or individual?
9. What are the causes cited for the high absenteeism and, especially, turnover? The initial thought is existing management behavior is the cause.
10. Have the customer complaints been logged and categorized? What are the top 5 or what comprises Pareto's 80/20?
11. Does the DM feel he has, or can gain, the support/trust of the 300 warehouse operatives?
12. Is the facility non-union, union or multi-union?

The short answer to the DM's "what strategy" question is to take charge; staff pays attention to what the boss pays attention to on a daily basis. That said, the Distribution Manager has a major challenge on his hands under any circumstances. Because he suggests that the change process must get moving quickly an initial limited collaboration, 'revolutionary', intervention is indicated. The rapid response actions outlined below are not a substitute for a deeper, more protracted, culture change initiative. They are only intended to quickly break the inertia of the old culture to start the organization moving in a new direction.

Assuming full, unambiguous, support from senior management and the DM has trusted internal DC resources to rely on for the day-to-day operations, these would be suggestions for immediate implementation:

1. The demeanor of the DM should be understated, firmly assertive, no-nonsense, direct and unambiguous. While collaboration is a 'nice to have', because time is limited for the short term unilateral, unequivocal, decisions need to be made by the DM. From the outset he must make it abundantly clear that the old management model will no longer be tolerated and that the defined new values and behaviors will be the order of the day.
2. The DM should fully understand how people go through change and the change cycle (denial, resistance, exploration, commitment) and how to recognize and manage each phase.
3. A collaborative values discovery intervention will come later. The DM should articulate in writing his values, their succinct definitions, and associated expected behaviors. There should be no more than 5 values to focus on; fewer is better. Of 21 specific values the following five should be initially considered: 'Trust' is purposely left out for the time being as a foundation of changed behavior must be laid before it replaces 'self-control' as a value. The DM will need to detail for each of the values the observable DC-specific behaviors by which he, and the organization, will gauge whether or not an individual manager is practicing (or not) that specific value.
 - *Responsibility*: The state or fact of being answerable or accountable for something within one's power, control or management.
 - *Dependability*: One can be relied upon to do what is promised and can be depended on to hold up their end of an agreement.

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- *Honesty*: Not engaging in deception. Refusing to lie, steal or deceive in any way. Honest about emotions.
 - *Fairness*: Free from self-interest, prejudice or favoritism in dealing with others. Applying the rules impartially.
 - *Self-control*: Exercising restraint over one's own impulses, emotions or desires.
4. Utilizing the internal training team, the DM should institute ethics training throughout the DC emphasizing the DM's ethical principles and what they look like behaviorally.
 5. In a 1:1 meetings with each manager the DM clearly articulates the dysfunctional behaviors that the manager is exhibiting and why the behavior must change; if deemed necessary, a note outlining the conversation is sent to the individual's HR file. Attach the values/behaviors described above to a personalized letter from the DM to each member of the management team outlining his expectations. In the 1:1 meeting the manager is asked to read both, asking clarifying questions only, and is requested to physically sign each document signifying his/her understanding and acceptance. *An expectations letter that has been used by CEOs, CIOs and VPs is available to be shared on request as a thought catalyst.*
 6. The DM uses coaching, mentoring and counseling, as well as pointed constructive feedback, written reprimands and/or redundancy and reassignment as needed with management group members. The DM should be prepared to provide immediate (timely) feedback with specifics (not names) of undesirable behaviors that he personally observes.
 7. The DM prepares a list of the top 5 most dysfunctional behaviors he wants to change with a template of how he wants them changed, by whom, by when and how the DM will be measuring the change (the DM's direct daily observation of their behavior is first of the metrics). This change template is the topic of discussion each morning in a 15" stand-up meeting with all managers.
 8. Schedule small meetings (not more than 15 participants) with the entire DC staff. At these meetings the DM briefs them (a discussion will come later) on what he has found, what he's unhappy with, and why. The DM advises the meeting participants of the steps to be taken, his expectations of each of them and the change metrics. The meeting is closed with a Q and A session.
 9. Each manager schedules a similar meeting in their areas of responsibility, and each front line manager with their team, to reiterate the DM's vision and plan and their commitment to both. The DM attends each of these meetings as an observer, not a participant.
 10. When the DM arrives each morning he demands to have waiting on his desk the absenteeism and KPI figures from the previous day. The morning of the last day of the week, the KPIs and absentee data for the week are submitted by the responsible manager with recommended remedial actions for DM review.
 11. Each morning, or every other morning, the DM holds a conference call with the stores. Each store quickly, succinctly, reports the previous day's activities, unfulfilled commitments and communication breakdowns. The DM follows up with the management group asking for a remedial plan to mitigate future breakdowns. Pass those remediation plans on to the stores and ask them to monitor and provide feedback. Track and map all breakdowns to inform process improvement efforts.
 12. Immediately reengineer legacy work systems/processes that are barriers to KPI achievement and superior communication.

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13. The DM must role model daily the new values and behaviors.
14. Provide each person in the DC with the ability to provide anonymous written feedback and suggestions. One question to ask: 'If you were the Distribution Manager, what one thing would you immediately change to make things better?'
15. The DM is visible walking around the DC every day, throughout the day and across shifts (MBWA – manage by wandering around), providing coaching, constructive feedback and answering questions. As the DM walks around he asks for feedback from the non-management staff on how the management group is doing and if they have any suggestions/recommendations for them; if they offer feedback, protect the confidentiality of those providing it.
16. The DM relentlessly continues the activities outlined until the needed change becomes observably consistent and resistance has been reduced.

In the toxic environment described the new DM must move quickly and decisively to clearly establish a new modus operandi for the management team and, as part of that process, begin to inculcate new values and their associated behaviors. However, there are pitfalls that the DM needs to avoid that can cause the change effort to struggle and/or fail:

- Using an approach that is not taken seriously.
- Losing focus and becoming bogged down in the day-to-day operations.
- Not role modeling daily the new values and associated behaviors.
- Permitting senior management, or the previous DM, to step around the DM to either protect a 'sacred cow' or interfere with the change process by continuing to enable/excuse old behaviors.
- Allowing naysayers and 'go slow' advocates to protect the status quo.
- Not publicly recognizing, and supporting, honest efforts to change.
- Not dealing immediately, directly, openly and unambiguously with problem behavior.
- Not linking the needed behavior changes to the formal appraisal and feedback systems.
- Not reengineering legacy systems/processes to remove performance barriers and facilitate KPI achievement.
- Not understanding the change cycle.
- Playing favorites or overlooking problem issues in a key staff member
- Continuing to reward bad/old behaviors.
- Not listening to the stores and the 300 DC warehouse operatives

To be successful, effective culture change will depend on the DM's ability to hold firm, stay the course and take quick remedial action. If he does, in an organization of the size indicated, he can expect to see substantial positive change within 60 to 90 days, perhaps less.

The inertia of any culture is strong, especially so for the toxic culture. There are significant negative emotions to be overcome, relationships to mend and trust to rebuild. To make the change permanent and sustainable takes time, consistent new, ethically driven, behaviors and hard, often 'messy', work; there is no silver bullet or quick fix.

This collaborative next steps change initiative can begin once the DC organization is stable, e.g., consistently demonstrating new 'do right' behaviors, with KPIs showing marked improvement

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and positive progress is continuing. The protracted initiative should be launched as soon as the metrics can support it so that the already established momentum can be maintained. The end result will be a collaboratively achieved 3-year strategy and tactical plan for the DC, including mission, vision and values, with hiring profiles, policies, training content/ philosophies and systems/work processes all reengineered and aligned to support the new culture and the new ways of doing business.