The challenge of systematic culture changes

Business

The Challenge of Systematic Culture Changes BY YOU YOUR HERE HERE The Challenge of Systematic Culture Change Robert Nardelli could be considered a proverbial tough as nails leader that demanded superior performance and organizational efficiency. Upon arriving at the Home Depot when he took the CEO position, the culture was one of family-based orientation, guided under the leadership of Bernie Marcus and Arthur Blank. Marcus and Blank established a culture with much more autonomy and less hierarchical controls that led to employee empowerment, a more emotionally-driven connection between consumers and internal employees, and an executive-level rejection of bureaucracy (Charan, 2006). There was, indeed, a culture of unity and teamwork residing at The Home Depot prior to Nardelli's arrival, however it was one of angst and rebelliousness against typical corporate authoritarianism. This culture was reflected in the use of the " B. S." stamp on unrecognized vital corporate paperwork as a sign of defiance in favor of customer service and one-on-one manager/employee and manager/customer relationships (Charan). This culture helped to serve The Home Depot in its earlier years of operations by making the brand stand out as a customer-oriented organization, but ultimately left the company facing financial, growth-related and operational problems. Nardelli determined that more operational and structural efficiency was required, thus he established a more centralized command hierarchy with more controlling and authoritarian values. Nardelli used a blend of personal accountability and behavioral modeling, in his own role, along with ultimatum philosophy to establish a much-needed sense of discipline with employees and managers to improve productivity and efficiency. Schein describes three elements of cultural development, including artifacts, espoused values, and basic underlying

assumptions. The artifacts are surface aspects which are " easily discerned, yet hard to understand" (Schein, 1992, p. 1). Nardelli entered an organization where artifacts included manager visibility on the sales floor as part of regular operations, rather than attending to corporate-mandated obligations. At the same time, uncompleted paperwork tossed into the trash can or stamped with the aforementioned " B. S." stamp were artifacts that clearly dictated the style of culture that resided at The Home Depot. To minimize the negative aspects of these artifacts, Nardelli developed a metrics system for performance measurement and established processes that made the managers more accountable for meeting performance and operational targets, such as weekly conference calls requiring mandatory compliance. The espoused values are strategies and philosophies that drive the business culture. Prior to Nardelli, these were people-focused that put operational and financial issues at risk, such as employee empowerment and management rejection of hierarchy control. One method was to remove the autonomous functions related to purchasing from the hands of empowered managers and centralizing it to maximize new client volumes and also to improve efficiency. Disciplined talent reviews were also established to put accountability back into the hands of managers and employees that detracted from the strong interpersonal systems that superseded business needs. Rather than have the previously established individualism and autonomy in place that once drove The Home Depot's philosophy, Nardelli created a system of mandated collaboration tools to ensure teamwork and compliance related to organizational goals. Espoused values are largely unconscious beliefs and values that deal with emotions and feelings in the employee environment (Schein). These values were transformational

leadership qualities, dealing with core values of social harmony and overall good works (Bass & Steidlmeier, 1999), in this case interpersonal relationship development. There was too much social group membership occurring that was individualistic rather than establishing a culture of collectivism toward meeting organizational goals. Under the guidance of Marcus and Blank, corporate values were being taken for granted by the unconscious human need for group belonging and social affiliation. Nardelli set about his mission of reducing the inter-dependency between workers at the social level and putting more professionalism into the culture, despite its large change resistance that occurred. Change resistance is often referred to as " the irrational and dysfunctional responses of change recipients" (Ford, Ford & D'Amelio, 2008, p. 362). Underlying assumptions about acceptable behavior, guided by the more liberal Marcus and Blank, continued to contribute to the negative emotional and psychological responses of employees and managers when more aggressive and controlling policies related to performance were being put into place. By centralizing certain management and administrative functions, Nardelli managed to change the culture despite the ongoing resistance that lingered from a more corporately-rebellious culture. Though teamwork previously existed, Nardelli used his own behaviors to model respect, productivity and accountability and expressed these as the new values of the business to managers and employees. It represented radical cultural change from the established norm.

References Bass, B. & Steidlmeier, P. (1999). " Ethics, Character and Authentic Transformational Leadership Behavior", Leadership Quarterly, 10(2), p. 188. Charan, Ram. (2006). " Home Depot's Blueprint for Culture Change", Harvard Business Review. Ford, J., Ford, L. & D'Amelio, A. (2008). "

Resistance to Change: The Rest of the Story", Academy of Management Review, 33(2), p. 362. Schein, Edgard. (1992). " Three Levels of Culture". Retrieved October 27, 2011 from http://www. valuebasedmanagement. net/methods_schein_three_levels_culture. html