

Tony Manning talks to Edgar Schein

Edgar M. Schein is Professor Emeritus at the Massachusetts Institute of Technology. A pioneer in the field of corporate culture and change management, he is the author of many books and articles and a consultant to major corporations worldwide. Tony Manning interviewed him in Cambridge, Massachusetts in May 2004.

Manning: How does culture impact on organizational performance?

Schein: There is of course the national culture, but the things that hurt organizations are really occupational cultures. People who grow up in the different functions like sales and manufacturing and engineering and marketing develop different mentalities, vocabularies, and concepts. So getting an organization to work well is really a *multicultural* issue. And when you add on top of that multinational, global kinds of organization – joint ventures and so on – it's a miracle that organizations work at all, given the different mentalities you have to coordinate.

Manning: There's a view that diversity is a good thing. Do you see value in it in an organization?

Schein: There's a lot of evidence that when you're facing an uncertain, novel, unpredictable environment you're better off with diversity. The systems theorists have a proposition, the Law of Requisite Variety, which says that when the environment has six different components, you'd better have six components in your organization – that you can't have uniform organizations in diverse environments and expect them to adapt and work. So while diversity as an absolute is not necessarily of any value, diversity in relation to environmental diversity is essential.

One way that organizations grow is by drawing on their sub-cultural diversity. Years ago when Ciba-Geigy wanted to become more marketing oriented, it pulled managers out of the pharmaceutical division, which was more mature in its marketing skills, and put them into more senior positions. And organizations typically do that: they locate the sub-culture that represents the needs of the future, and draw their top leadership from that sub-culture.

Manning: In South Africa, we're faced with rapidly bringing together people from very different backgrounds, with very different world views, different experiences, and so on. How would you get them to work together?

Schein: Pre-training might just lead to stereotyping. So I'd probably throw them into sink-or-swim situations, but build a lot of reflection time into the process.

I would do the best possible job of hiring, and acknowledge that we're going to have a hard time working together at first. But tell people that we need to get to know each other, so at the end of each day we're going to take an hour or so to see how it went, to examine our process and see what our needs are. I don't have any data saying that would work, but that would be my intuition.

You need *real work* to bring people up. You need learning time after a period of work. Where most organizations fail is that they don't put in the learning time. They throw people into a task, and they struggle, but they don't have a chance to reflect on what they've done and why they've done it.

Manning: I use a simple model in change processes. It has four steps: create dissatisfaction with the status quo; debate possible futures; act to learn; and review, reflect, and revise. That seems to be quite a successful sequence of activities.

Schein: That sounds right. You really need to make sure the reflection time is used well.

What usually happens – particularly if people have had some success – is that they say, “OK, that was good; we don’t need processing today.” So it may take a particular kind of facilitator to say, “Right, now we’ve got to examine *why* this worked and *how* it worked, and *what* we could do better,” and lead them through a process of learning from their own experience. You shouldn’t expect them to do that by themselves.

Manning: What about the time it takes to change a culture? What’s your experience?

Schein: That depends very much on what you’re actually changing. I think changing culture is a misnomer. You change people’s *behaviour*, and you may eventually influence their beliefs.

If you define culture as a common learned response, then it changes with success. If you impose a new way of doing things, and people try it and it works, then slowly they build a new culture. Change comes from success, not from somebody imposing something new. Something new might not work out, in which case it’ll simply disappear.

Manning: So why is there such an emphasis by the so-called culture gurus on changing minds?

Schein: It gives them a sense that “This is worthy, this is important enough.” If you just call it changing business processes, it sounds routine. If you say, “I’m changing the culture,” that elevates it to a higher status – but in the process loses some clarity.

When people ask me to help them to diagnose or change culture, my first question always is, “Why?” And, “What problem are you facing that makes you want to change anything?” You need to force them to be clear about the business problem or the organizational problem that’s motivating any change. And then the culture comes in. In the context of that change, will the culture help you or hinder you?

But you don’t change the culture unless you discover some particular element that hinders you from making the change you really want to make. At that point, you can consider the question, “How do I change that particular element?” And that may be done by using the culture to change that one element – by drawing on other parts of the culture to make the change.

When companies do layoffs, they often violate the norm that “We will never have any layoffs.” They justify their action by saying, “We’re a culture that takes care of its people, so we’re going to handle layoffs in a gentle, humane way.” So they’re using their culture to justify changing some element. And it’s psychologically critical for them to be able to think about it that way, because for one thing, it does force them to think about it in a humane way – “So maybe we’d better slow it down, we’d better work just with natural attrition, we’d better hire a firm that will manage the outplacement.”

Firms that really do care for their people have the capacity to do a lot of useful things in a layoff programme. That’s not a rationalization; it’s a cognitive redefinition that “We have to do this, but let’s do it in a way that’s consistent with our culture.” Whereas, if you’re one of those tough turnaround managers, you wouldn’t even think about that. You’d say, “Get rid of people, and do it fast.”

Manning: How would you respond if you were asked to help a firm develop a new culture in, say, six months?

Schein: Well, what I do in that situation is ask, “What are you trying to change?” Push it down the abstraction ladder. And they’ll say things like, “Well, we need to become more customer oriented.” Or, “We need to develop a teamwork culture.” Or, “We need to become more open in our communications.” In each of those cases, I push and say, “I still don’t understand what you mean. Do you want subordinates to tell their bosses what they really think of them?”

“Well, no.”

So you really have to push and try to find out what problem they really want to solve before you cycle back to deciding what approach you’re going to use. They typically haven’t thought through their change problems.

The teamwork thing is a wonderful example. Everyone wants a teamwork culture, but are they prepared to change the incentive system? Are they going to have group pay? “Oh, well, no, we can’t have group pay!”

“Well then, maybe you can’t have teamwork if all your systems are so individualized that your culture is an individualistic culture. So what’s really the problem?”

“Well, people are competing with each other too much.”

“OK, so the problem is people are competing. Let’s not call that culture. Let’s just say this is dysfunctional. So what would you like to have them do?”

“I’d like to have them cooperate.”

“Well, let’s address *that* when they go on sales calls to talk to customers. How are we going to train people to talk to customers differently?”

And then we can examine how the individual incentive system is motivating them to compete. Maybe we need to change the incentive system. And eventually, we may have changed the culture.

Manning: So culture is a *consequence*? A cause and a consequence?

Schein: That’s right. If someone said, “Let’s have a big teamwork programme,” without knowing exactly what the problem is – that these salesmen are competing – you might well go through the programme and say, “Now I’ve changed the culture, and those two people are still doing what they were doing before.”

Manning: So what’s your impression of all those teambuilding activities that are so popular – white-water rafting, abseiling, and so on?

Schein: I think they’re questionable. I think they clearly change relationships among people, and that might be a good thing. It might be a good thing to get to know each other better. But they get very close to an invasion of privacy, which is a problem. Because when you sit around the campfire, as I understand it, you’re supposed to talking about your marital problems and all sorts of stuff which is probably dangerous. People might reveal stuff which they wish they hadn’t revealed, and become less effective, and embarrassed. So it backfires.

But that's a perfect example of how the word "openness" is one of those misused words. "We want more open communications." But I have to say, "About what?"

Well, in the safety and environmental area, if Worker A who is working for Worker B is doing something unsafe, we want Worker B to do something – to get Worker A to be safe. That's an interesting, specific problem. But just having a course on openness isn't going to solve that problem because it's about norms and about status and about whether Worker A would in fact feel comfortable saying anything at all to Worker B because Worker B might be a fellow union employee.

So suddenly you discover that under this broad label of openness, you've got a horrendously difficult problem of group norms. And the manager might say, "Yes, well that's the culture change I want." But you're not going to get that without changing the whole structure and the whole trust relationship. Those norms are so embedded culturally that they may not change. So I find that by forcing specific change targets, that brings the culture out into the open in a clearer way.

Manning: Start with clear goals?

Schein: Yes. And what problems you're having. "You've got safety problems? OK, give me some examples." When you force people to give examples, many of them turn out to be training or incentive issues, which have nothing to do with openness or inter-personal things. If turns out, for example, that productivity pressures are so high that workers are forced to do unsafe things, then what you've got to change is not the culture but the reward system. If you want X amount of productive work in the day, and people run into unanticipated problems, and have to invent ways around things that may not be safe, you've made them do that with your incentive system. And that's not a *culture* issue, that's a *management* issue.

Manning: In SA there's a panic to change things. It's astonishing how many of these activities are taking place.

Schein: Is it working? The trouble is that we often don't have enough process consultation to decide what kind of expertise we really need. The consulting business is geared to selling whatever its product is. And there isn't that first step of asking, "What's your change problem?" Maybe, under some circumstances, Outward Bound is exactly what you should do; but under other circumstances, its not.

Manning: How important is understanding of each other in a change process, when people come from very different backgrounds?

Schein: You have to discover what the differences mean in the work context. Maybe simulations might not be so bad. Instead of climbing mountains, do a simulation of the job and see where the problems arise.

Which words are ambiguous? People have different concepts of time, different concepts of how to show respect for each other. And they're not conscious of these things. So try to anticipate differences and say, "Let's have a dialogue about them."

You might say, "Our job is to build these products, but before we get out onto the manufacturing floor, let's simulate the process. Let's see how we operate as a team." That would make sense to me, because then people would say, "Well, I didn't like it when you were rushing me on this" ... "I didn't understand what you meant by such and such." But that conversation would only work if they had actually tried to work together and not just had fun.

Manning: For some years I've been using the notion of strategic conversation – a deliberate structured process.

Schein: Well, that's close to what I'm talking about. Do you know about the work of Adam Kahane has done with scenarios?

Manning: Yes, it's excellent. What do you think about scenarios?

Schein: Very positive. But the process hinges on getting people into the room, and that's often the hardest part. In a business context it should be easier. You have the power to get them there.

Manning: Too often, though, the people who need to hear the story aren't there. The value is in the fabric of the discussion, not the outcome.

Schein: The conversation is often held at the wrong level. It's not clear to me that even though Shell virtually created the scenario process, the top executives were involved. The planning group seems to be in charge. But getting the top people involved – the ones who set the tone – is crucial. I've often found that if a senior manager says, "I want you to do something with such and such a group," the biggest challenge is to keep *his* feet to the fire.

He'll happily pay me to go off and do stuff with others, when very likely he's the problem. So I have to invent ways to be ignorant and say, "Could we think about it some more?" And we have to develop a process to get him involved diagnostically before I go off and see anybody else.

The contact client is often the one who is anxious to get you somewhere else. Don't do it! They don't realize it's going to cycle back to them and they don't like it. When the consultant comes back and says, "The reason they're having a problem is because of the way *you're* managing them," they're not prepared for that. When someone points to a problem group, I often say, "Well supposing when I go out there that we discover the problem is in relation to your group? Are you prepared for me to come back and give you some feedback?" Because that's what's likely to happen.

Manning: What's the leader's role in making change happen?

Schein: If the HR person takes it on he's making a mistake. The leader has to remain involved at some level. He's part of the chain that creates the system.

Manning: What about his learning? How important is that?

Schein: It's crucial. It's the most important thing. That's another reason why, as a process consultant, you often don't have big projects. You sit with a senior person, and by forcing him to think through what it is he actually wants you to do, he gets some big insights. And very often that's enough. That's why I charge upfront. I often say to people, "We can spend a couple of hours together, but I'm going to bill you, because in that time we might solve the problem to your satisfaction." They have to buy in to the idea that we're not just going to have a discussion about what we might do, but rather that this is already reality.

Most of the mistakes I've seen in consulting projects are mistakes that have been made in the first couple of hours. In what the consultant promised to do or was willing to do. When they should have tried to be clear about what the client really wanted or was prepared to do, and have examined the political implications.

Manning: In an interview with the *Harvard Business Review*, you talked about organizations as being coercive, and increasingly so. Why do you say that? Isn't this the age of empowerment?

Schein: Empowerment is just a word that's thrown around, like culture. Managers use it, but don't for a minute understand what it really means. I don't think companies are functioning that differently today, unless you're talking about young, entrepreneurial firms – and they've always had a more open, empowered model.

When people are truly empowered, they become powerful and that creates problems. Managers use the terminology, but then either subvert it or don't mean it in the first place. So I think organizations are as coercive as they ever were, in terms of expecting people to play by the rules or do whatever they're supposed to do.

Whether or not they should be depends on the task. For some kinds of tasks, you want tight coordination and an autocratic management style.

Take the current situation in Iraq, for instance. How empowered is the US administration going to make the Iraqi government and the Iraq military and the Iraqi police? If we give them power, they will become powerful. I think the US position – although they won't admit it – is that “We don't for a minute want to give them power; we want to stay in control.” And that's what the Iraqis hate. I don't envy either future president.

Manning: In South Africa today, empowerment is the big goal for everyone, whether you're a factory worker or a teacher. The problem is, you have many people who have no experience and limited ability. You can't let them loose and managers won't let them loose. It's a problem that's going to have serious consequences.

Schein: Sounds tough.

Tony Manning is an independent consultant in competitive strategy, leadership, and change management. His latest book is *Tony Manning's Management Toolkit*, (Zebra Press, 2004). He can be contacted at strategist@tonymanning.com.