

Organizational Cultures, Innovation, and Change

Organizational culture

Personality of org: Organizational (corporate) culture: is a system of shared beliefs and values guiding behavior.

Shapes behavior: Strong cultures and socialization: process through which new members learn the culture of an org.

Managers Must

- develop culture: Internal
- encourage innovation: refreshing product
- manage change: Innovation is change

Tony Hsieh- CEO Zappos: Culture is a mindset

- 1) could absorb: absorbtional → event, casual clothes, different culture
- 2) different value: stuff you see, hear, write

(1) Culture is personal

cultural fit: high impact on people mainly on their job

culture: system of shared beliefs/values guiding behavior. (Internal)

: set of signals of what is consider appropriate vs. inappropriate (external)

Thinking & Action Thinking & Behavior Structure & Symbol

Not based on : ethics and complicate protocols guiding behavior.

(2) Culture is organizational

Observed: campus, dress, sports, technology, career stuff, speaker

what we see

Core: academic, grades, code of conduct, integrity, rules

how we write down ourselves

(3) Culture is Corporate

- shape attitudes
- reinforce beliefs
- direct behavior
- set expectations

Video: Disney Culture symbol: mickey with guidelines

- 1) cast member not employee
- 2) name tag
- 3) eyewear
- 4) undergarment

Microsoftstucks or forced ranking: force driving, ranking employees

creates tough culture: hierarchy and competition

KPMG Study Mergers & Acquisitions

- analysis of 700 deals over 2 years
- 83% failed to produce any benefit
- 50% destroyed shareholder value
- only 17% added value why? Bankers, lawyers, consultant, government's officials → lack of understanding

(4) Culture is Global

Societal culture examples or sub-cultures

Academic (type & level) Functional (ex: marketing) Geographic Club Ethics Political Religious Fitness Style urban

Sam Walton	Ken Frazier	Walt Disney	Meg Whitman	IndraNooyi	Ursula Burns
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Alternative Organizational Cultures

Team culture - authority shared, distributed - teams and teamwork rule - collaboration, trust valued - emphasis on mutual support	Hierarchal Culture - authority runs the system - traditions, roles clear - rules, hierarchy valued - emphasis on predictability
Entrepreneurial culture - authority goes with ideas - flexibility and creativity rules - change and growth valued - emphasis on entrepreneurship	Rational culture - authority serves the goals - efficiency, productivity rule - planning, process valued - emphasis on slow change

(1) observable cultures: is what you see and hear when walking around an org.

(2) core culture: is found in the underlying values of the organization

core values: beliefs and values shared by org. members

(3) value-based management: actively develops, communicates, and enacts share values

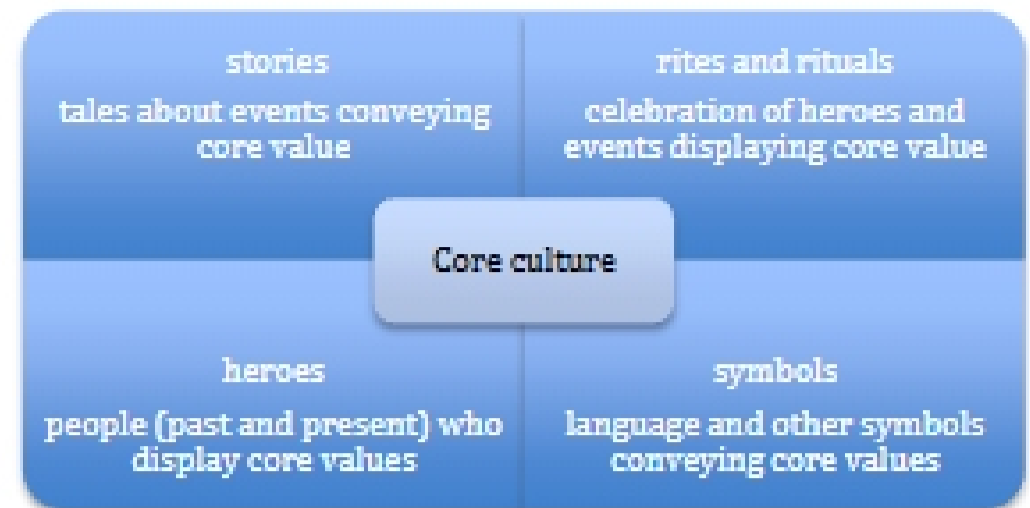
symbolic leader: uses language and symbols and actions to establish desired culture

workplace spirituality: involves practices that create meaning and community

(purpose, trust and respect, honesty and openness, growth, ethics and social resp. worker friendly practices)

SCORES

- S: structure → tight or loose
C: change → change oriented or driven by status quo
O: outcomes → what is highly valued
R: risk → risk for innovation
E: empowerment → how widespread is
S: style → competitive style internal or external?



Culture – Above & Below the waterline

Above: Observed culture: visible: dress, style, symbol

Below: Core culture: invisible: expressed value

Edgar Schein's levels of culture

1) Heroes:

- + shared knowledge of hero stories
- + establish or represent core value

2) Rites & Rituals

- + creates connections: people & organization
- + builds morale & engagement
- + shared hands on experience
- not benefit: serve in place of other benefits

→ Pixar & culture video: create innovative community

3) symbols

- + common understanding of culture
- + easy to recognize: you & others

→ Thurl Ravenscroft for voice: Kellogg : Tony symbol

4) stories

- + easily remembered & passed on
- + instills deeper cultural understanding

→ KFC: Harland Sanders

Wendy's: Dave Thomas

culture: where performance and culture intersect → top 500 fortune companies

How do Organizations Support and achieve innovation?

Innovation: taking a new idea and putting it into practice

Process of translating an idea or invention into a good or service that creates value or for which customers will pay.

Ex) 3D printing → there are benefits and side-effects

(1) Organizations pursue process, product, and business model innovations

- Process innovation: result in better ways of doing things

lean principles: reduction of waste

six sigma: process improvement

Tak-time:

- Reduction in cost
- Increase in output
- Increased turn around (cycle time)
- better customer satisfaction

ex) bending machine: credit / debit cards → incremental development

ex) Nick D'aloisie → developed app and sold to Yahoo: new service that summarize the text

→ entrepreneurship level and corporate level

- Product innovations result in new or improved goods or services

Shark Tank: food replicant: different products → new or incremental

Ginni Rometty CEO of IBM. Got enjoyed to golf club → not about gender but relationship, power

→ Condi Rice and Dalia Moore

ex) Drones: eye in the sky: benefits and unintended consequences

- Business model innovation: result in ways for firms to make money

business model: your approach to making money

ex) blockbuster and dish → television – dvd – Online

ex) Instagram- problem solving approach (beauty, speed, distribution) change business model of photo

(2) Green innovation: reduces the carbon footprint of an org or its products → sustainability

Toyota, Subaru: zero waste: making money out of recycling

Ex) Terracycle: Tom Szaky: worm poop → up cycle and recycle

Zero waste Process innovation

(3) Social innovation: is business innovation driven by a social conscience

Social entrepreneurship: pursues innovative ways to solve pressing social problems

- (4) Commercializing innovation: is the process of turning new ideas into salable products
 Begins with invention (act of discovery) → application (act of use)
 Taking innovation to market
 Ex) super soaker: how to get market big issue.
 Ex) Post it Notes: 3M (Minnesota Mining and Manufacturing) → failed at first
 Purpose of iPad was: understanding to lot of people who don't know. Explain
 Ex) Tom Szaky: Terracycle → Negative cost marketing
 → spent 0 dollars on marketing : managing waste → video → social media.
 → engage with new, innovated and sotires done
- (5) Reverse innovation (trickle-up innovation): recognizes the potential for valuable innovations to be launched from lower org. diverse locations, emerging market.
- (6) Disruptive innovation: creates products that become so widely used that they replace prior practices & competitors
 New technology to display existing practices

Highly innovative org: corporate strategy and culture embraces innovation

Highly innovative organizations					
Strategy includes innovation	Culture values innovation	Structures support innovation	Staffing builds talent for innovation / for creativity innovation	Leadership drives innovation	Management Supports innovation

Terra cycle:

Strategy: 30% revenue on new product

Culture: One day off to do own thing

Structures: 27 business unit connected

Staffing: recruiting/ tell me about you in innovation

Skunkworks: special creative units set free from the normal structure for the purpose of innovation

How do managers lead the processes of organizational change?

Change leader: tries to change the behavior of another person or social systems = personal and organizational

Change leaders

- confident of ability
- willing to take risks
- seize opportunity
- expect surprise
- make things happen

Status quo managers

- threatened by change
- bothered by uncertainty
- prefer predictability
- support the status quo
- wait for things to happen

Elizabeth Kubler-Ross (1969) Dealing Grief

Denial → Anger → Burgain (I will do anything) → Depression → Acceptance = death dying model

Denial → Anger → Burgain (I will do anything) → Depression → Acceptance → MOVE ON : business

Change defined: fear of the unknown, loss of control, disrupted habits, loss of confidence, poor timely, lack purpose

Ex) money ball trailer: changing process needs push back, analysis.

To make the form, nature, content, future course of sth. different from what it is or from what it would be if left alone.

Transformational change and incremental changes

(1) incremental change: bends and adjusts existing ways to improve performance

→ focus on building on existing ways of doing things better next time / new product, new process,

→ inferior to transformational change

= process, provement, small changes to improve, day to day process

(2) Transformational change: results in a major and comprehensive redirection of the org.

→ intense, highly stressful, and very complex to achieve (-)wrong implement: failure to build commitments

= when we have opportunity and threat / what is IBM? Service provider consulting group

How to lead transformational change:

- establish a sense of urgency for change
- form a powerful coalition to lead the change
- create and communicate a change vision
- empower others to move change forward
- celebrate short-term wins, recognize those who help
- build success; align people , systems with new ways
- stay with it; keep the message consistent; champion the vision

burning platform: die or change?