Culture is King to Achieve Optimized Design-Build Results

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Getting Closer to Cracking the Nut

2011
• Design-Build Enterprise

2012
• Integrated Project Leadership

2013
• Case 4 Space

2014
• Culture is King
High Chances of Success in Business

- High barriers to entry
- No substitution for products
- Large market share
- Low levels of bargaining power for customers
- Suppliers have low levels of bargaining power
- Rivalry among competitors

How does a little company headquartered in Bentonville, Arkansas, become one of the largest retailers in the world, with more than $400 billion in sales?
• How does a company selling a commodity product that has existed for centuries grow from $122 million in sales to more than $5 billion in slightly more than a decade, and more than $12 billion in two decades?

• How does a small company in Texas with all the cards stacked against it—whose business plan was created on a napkin—grow into one of the largest and most profitable players in its market?
• How does a company with an odd, un-businesslike name come out of nowhere in the competitive environment of Silicon Valley to challenge the behemoth Microsoft and replace it as the leader in the Internet space?

Google

• Being different makes all the difference
• Sharing your values beats selling value
• Nobody is as smart as everybody
  • People are the culture
What is Culture?

Culture can be thought of as the personality of a team or organization.
It’s the emotional climate and atmosphere in which team members or employees work.
Culture is ‘the way we do things around here’
It is the set of shared, taken-for-granted implicit assumptions that members of an organization hold, and that
Determines how they perceive, think about and react to things.

Observable and Non-Observable

- Observable Behaviors
- Hidden Beliefs
- Values
- Assumptions
Elements of Organizational Culture

- **Explicit Behaviors**
  “How things are around here…”
- **Artifacts**
  Decor, posters, cloths, artwork…
- **Conscious Contracts & Norms**
  Policies created based upon assumptions…
- **Implicit Assumptions**
  Unspoken, taken for granted…

**Walmart**
Starbucks

Southwest

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**Southwest Culture**

**Warrior Spirit**
- Great People
  - Fun-LVving attitude
  - Be resilient
  - Be intuitive
- Great Leaders
  - Be supportive
  - Celebrate successes
  - Be there to assist

**Business Strategy**
- Set the right expectations
- Be humble
- Be efficient
- Set S.M.A.R.T. and flexible goals
- Focus on costs as well as revenues
- Be selective about the markets we serve

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I CARRY FREE BAGS.

Design-Build Institute of America
1. **Engagement**
   - how an employee or team member feels connected and committed to the organization.

2. **Productivity**
   - the quality and quantity of work produced daily by each employee or team member

3. **Discretionary effort**
   - an employee’s or team member’s willingness to happily, and regularly go the extra mile to get the job done
What is Culture

• Described positively:
  – focused; fast-paced; results-oriented; customer focused; supportive; challenging; fun; optimistic; rewarding...

• Described negatively:
  – confusing; frustrating; full of mixed signals; not supportive; negative; punitive; ambiguous; confining; depressing; uncaring...

Culture is Important Because

• “It is a powerful, latent, and often unconscious set of forces, that determine both our individual and collective behavior, ways of perceiving, thought patterns, and values.”
Describe a Design-Build Culture?
Culture Classifications

Competing Values Framework – a theoretical model that is now the dominant framework in the world for assessing organizational culture.

Six Dimensions –
1. Dominant Characteristics
2. Organizational Leadership
3. Management of Employees
4. Organization Glue
5. Strategic Emphasis
6. Criteria of Success

Clan Culture

- A very friendly place where people share a lot of themselves. It is like an extended family. The leaders are considered to be mentors and, maybe even, parent figures. The organization is held together by loyalty and tradition. Commitment is high. The organization emphasizes the long term benefit of human resource development and attaches great importance to cohesion and morale. Success is defined in terms of sensitivity to customers and concern for people. The organization places a premium on teamwork, participation, and consensus.
The Hierarchy Culture

- A very formalized and structured place to work. Procedures govern what people do. The leaders pride themselves on being good coordinators and organizers, who are efficiency minded. Maintaining a smoothly running organization is most critical. Formal rules and policies hold the organization together. The long term concern is on stability and performance with efficient, smooth operations. Success is defined in terms of dependable delivery, smooth scheduling, and low cost. The management of employees is concerned with secure employment and predictability.

The Adhocracy Culture

- A dynamic, entrepreneurial, and creative place to work. People stick their necks out and take risks. The leaders are considered to be innovators and risk takers. The glue that holds the organization together is commitment to the experimentation and innovation. The emphasis is being on the leading edge. The organization’s long term emphasis is on growth and acquiring new resources. Success means gaining new products and services. Being a product or service leader is important. The organization encourages individual initiative and freedom.
The Market Culture

• A results oriented organization. The major concern is getting the job done. People are competitive and goal oriented. The leaders are hard drivers, producers, and competitors. They are tough and demanding. The glue that holds the organization together is an emphasis on winning. Reputation and success are common concerns. The long term focus is on competitive actions and achievement of measurable goals and targets. Success is defined in terms of market share and penetration. Competitive pricing and market leadership are important. The organizational style is hard-driving competitiveness.

AEC Industry Culture
Different Emphasis

Design-Build strategy will not work in a Design-Bid-Build culture...
The Challenge in Design-Build

Culture eats strategy for breakfast.
- Peter Drucker

Mission/Vision

Values

Strategy

Goals

Objectives

Activities

Culture

Values

Practices

Behaviors

Results
Building a Design-Build Culture

Where to Begin?

Layers of influencing culture...

Industry Influences

Company Influences

Team Influences
Individual Values and Perspectives
How Do We Change Culture?
Steps 1 & 2

- Reach consensus on the current culture
- Reach consensus on the preferred future organizational culture
- Identify leadership implications
- Identify metrics, measures, and milestones to maintain accountability
- Identify a communication strategy

Step 3

The “Means – Does Not Mean” Analysis

- Clan Culture
  - Increase ✓
  - Decrease
  - Remain the Same
    - **Means** – Promote teamwork and participation, create higher levels of trust, express more obvious concern for people, etc.
    - **Does not Mean** – Becoming undisciplined, group hugs everyday, forgetting about stretch goals, etc.
Step 3 (cont)

The “Means – Does Not Mean” Analysis

• Adhocracy Culture
  – Increase ✓
  – Decrease
  – Remain the Same
    • *Means* – Encourage and celebrate risk taking, become more forward looking, create innovation programs, etc.
    • *Does not Mean* – Does not mean running the company with reckless abandon, missing goals, disregarding customer requirements, etc.

• Hierarchy Culture
  – Increase
  – Decrease ✓
  – Remain the Same
    • *Means* – Eliminate useless rules and paperwork, reduce corporate directives, push decision making down, etc.
    • *Does not Mean* – Loss of logical structure, letting the inmates run the asylum, elimination of accountability, etc.
Step 3 (cont.)

The “Means – Does Not Mean” Analysis

• Market Culture
  – Increase
  – Decrease ✓
  – Remain the Same
    • *Means* – Stop driving for numbers at all cost, focus on key goals, adapt to human as well as market needs, etc.
    • *Does not Mean* – Ignoring the competition, losing the spirit of winning, missing stretch goals, stop looking at results, etc.

Step 4

• Identify stories illustrating the desired future culture
  – That identify the key values, desired orientation, and behavioral principles that characterize the new culture
  – Southwest Airlines describes the CEO working on baggage line on holidays so that employees could take the day off...
    • To illustrate the value that customers are number two and employees are number one at Southwest
Step 5

Identify a Strategic Action Agenda

Clan Culture
- What should we do MORE of?
- What should we START?
- What should we STOP?

Adhocracy Culture
- What should we do MORE of?
- What should we START?
- What should we STOP?

Hierarchy Culture
- What should we do MORE of?
- What should we START?
- What should we STOP?

Market Culture
- What should we do MORE of?
- What should we START?
- What should we STOP?

Step 6

- Identify immediate small wins
  - Find something easy to change, change it, and then publicize it!
- What are the easy things in our organization that can be targeted for change?
- What visible actions can spark an impression of change?
- What aspects of the physical environment can be altered?
- What kinds of celebrations and recognitions can be conducted?
- How frequently can and should we highlight the small victories?
Step 7

• Identify the Leadership Implications
  – Leaders must have the necessary capabilities and competencies to facilitate the change process
  – Plus they must have the competencies necessary to lead the organization when it has developed the desired future culture
  – Incongruence between new culture and old leadership
  – Steve Jobs at Apple

APPLE’s Cultural Transformation

• Started out with emphasis on Adhocracy – “Renegades and Crazies”
• Shifted to an emphasis on Clan + Adhocracy – The Apple Family
• Sales souring – shifted to Hierarchy
• Then to an emphasis on Hierarchy + Market
Step 8

• Identify metrics, measures, and milestones
  – How do you know if your culture is actually changing?
  – What are the key indicators of progress?
  – What constitutes success?
  – Who should be held accountable, and for what?
  – What are the best metrics to collect?
  – How often should we assess progress?
  – By what date will we have documented noticeable change?
  – When will total change have occurred?

Step 9

• Identify a Communication Strategy
  – Best ways to spread the message
  – Most important changes:
    • Logos
    • Letterhead
    • Bumper sticker slogans
    • Signage
    • Colors
    • Other identifiable characteristics
When Do We Change?

Difficulty of Change

ANTICIPATORY Change

REACTIVE Change

CRISIS Change

Most Difficult

Difficult

Easiest

Adapted from (Black J. S. and Gregersen H. B. 2002)
Cost of Change

ANTICIPATORY Change

Least

Moderate

Most

REACTIVE Change

CRISIS Change

Adapted from (Black J. S. and Gregersen H. B. 2002)

Competitive Advantage

Adapted from (Black J. S. and Gregersen H. B. 2002)
“Problems cannot be solved at the same level of awareness that created them.”

-Albert Einstein

Design-Build Done Right Requires

A BIG Culture Shift
You can’t do big things if you’re content with doing things a little better than everyone else or a little differently than how you did them before.

The Other Side of a Cultural Shift will be Radically Different

FACT
It will require new tools, new values, new behaviors...and new people.
How We Engage

Focus – No Discretion

Fluid – Real Time

Vertical Specialization
Where and How We Engage

From - Alone

To - Together

When we Engage

Was Clear

Now Blurred
From Push to Pull

From Organizational Fiction to Reality
People + Purpose Factor

Culture is the Challenge

FACT
The old culture that once brought success will hold on and resist attempts to change.
It all starts with the From / To Formula

FACT

Culture shift begins with a departure.

Creative Destruction

Creative destruction occurs when something new kills something older
Other Ways to Influence Culture?
Using Space to Shape Culture

• Space Matters!
  – Think about your companies space...
  – Does it facilitate
    • Communication?
    • Collaboration?
    • Creativity?
    • Innovation?

Using Space to Shape Culture

• Think about your typical teaming space arrangement...
  – Why is co-location so important?
  – What’s the BIG deal about the BIG room?
Ready for the Design-Bid-Build a Rap?

https://www.youtube.com/watch?v=k7V_zcwYNMc

Culture is King

• Culture First
• Strategy Second
• Structure Third

Communication impacts all
» More than the **past**
I am interested in the **future**, since that's where I intend to **spend**
the rest of my life «

Albert Einstein

Ready to change the game?
**LET’S TALK.**

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