SUPPORT DOCUMENT

Ways and means of adapting culture and structure: Case studies

Support document 1

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Overview

The resource in this support document is a set of small case studies, offering insights into how a range of organisations have gone about adapting their organisational structure and/or culture to enhance their capability.

Key elements of each case are presented with a particular emphasis on:

✧ the **principles** that have underpinned each approach to organisational change

✧ the way **people** have been engaged in the change processes

✧ the **practicalities** associated with the implementation of change

Ways and means of adapting culture and structure

In undertaking this research and scanning the literature, a diversity of approaches to building organisational capability through structural and culture change were identified confirming the views of many authors (Mintzberg, 1989; Peters, 1993; Drucker, 1999) that there is no one way or even 'right' way to achieve structural or cultural transformation within an organisation.

This diversity is well demonstrated by the five examples that follow – three drawn from TAFE institutes, one from a public service organisation and the other from higher education institutions in the United States.

In each of these cases, there is a marked variation in focus. The first outlines an adaptive culture change, the second a transformational structure change, the third an evolutionary structure change, the fourth a communication-driven cultural change and the fifth a reshaping to foster internal collaboration.

Key elements of each case are presented with a particular emphasis on:

✧ the **principles** that underpin each approach to organisational change

✧ the way **people** were engaged in the change processes

✧ the **practicalities** associated with the implementation of change.

A brief outline of the outcomes achieved as identified by senior managers and authors of the research studies are also included.

Case 1: An adaptive culture change

Introduction

All levels of staff at the North Coast Institute of TAFE describe their organisation as having a 'can-do' culture that supports responsiveness, flexibility, innovation, empowerment and devolution of decision making. Its hallmark is a confident 'don't say no' attitude.

The incoming chief executive in 2000 decided that culture change was the key to moving the organisation on from its confused mix of old and new cultures which were TAFE loyal but mistrustful of management, and focused on control rather than empowerment. This confused culture was a result of being 'structurally battered' over the past 12 years, moving from a principalship model to a cluster of 6 campuses, then a cluster of 3.

Its new form in 2000 was to be faculty model with a one-institute focus. This model broke down bureaucratic processes, empowered campus managers to work with local communities and empowered head teachers. It increased team-working that united support with educational staff, and empowered the teams with devolved decision making and permission to make mistakes, and trained leaders to lead them.

This culture change underpinning the structural change was to be informed by experience rather than theory. It was based on the capability platform emanating from the Macquarie School of Management which aimed to build an organisation's capability by placing people and people management at the centre of an organisation's culture, structure and systems, competencies and experience. It aimed at adaptation without what the chief executive described as any 'big bangs'.

Key elements of change

The following table sets out the elements determined by interviewees to be crucial to this model of adaptive culture change.

Table 1: Key elements: North Coast Institute of TAFE

Principles	**Vision** – have a vision, and one that people can really understand. **Strategy** – base improvement strategies on continuous improvement, avoiding ad hoc strategies.
People	**People** – get the right people with passion in the right positions, remove barriers to their interaction, and do this first. **Management** – break down bureaucratic processes and encourage innovative ways of managing, especially using technology. **Teamwork** – develop team leaders and encourage staff to challenge anyone not living up to agreed leadership behaviours. **Leadership** – produce leaders who are happy with devolved decision making, confident about not having to control and happy to make mistakes. **Staff development** –fund the development of culture and skills to generate more income and the confidence and pride to be successful.
Practicalities	**Innovation** – back innovation with resources and give staff access to research and development to ensure responsiveness. **Budgeting** – use transparency of funding to breed trust, and get people in key positions who are prepared to let go and be transparent in budgeting. **Decision making** – devolve decision making to the level appropriate. **Empowerment** – capitalise on people's talents by empowering them. **Rewards and incentives** – celebrate success, and keep some profits from commercial activity for targeted rewards and incentives such as providing support for funds-starved equity programs. **Communication** – ensure people understand what is happening through open, transparent communication. **Inclusiveness** – invite unions to participate in the change process, and empower support staff by making their role educational. **Language** – use the language of inclusion: 'we', 'us', 'our institute' to encourage pride in a winning team.

Outcomes of this approach

Benchmarking performance and the accolades of visitors all affirm the difference in culture in this organisation. North Coast Institute now generates more income pro rata than any other institute in the state. Equity training is part-funded by profits from commercial training. The institute was New South Wales Training Organisation of the Year in 2004 and 2005, Australian Large Training Provider of the Year in 2004, and in the top three shortlist for this award in 2005.

Case 2: A transformational structure change

Introduction

Before the 1990s, TAFE in Tasmania consisted of five TAFE colleges. These became regional colleges, then institutes. In 1998 TAFE Tasmania was formed from these institutes, with one CEO and with a statutory base enabling the organisation to be more responsive to enterprises and industry in the face of strengthening competitors, increasing costs and the impetus of the global economy.

Swiftly, five hierarchical organisations with a transmission based curriculum and campus based delivery of 12 programs became one networked organisation with multiple client relationships, offering a huge variety of products, services and delivery methodologies. A focus on teaching and learning hand in hand with a focus on enterprise and industry was established across the entire organisation rather than just in partnerships with specific enterprises or industries.

To achieve this organisation-wide focus, a strategic capability was placed at the centre. A whole stratum of management was removed so that general managers could work directly with the team leaders of approximately 90 delivery teams – some of which had two or three leaders. Delivery levels were flattened by reducing six levels to two, with no direct path as part of a networked structure. Campus leaders were introduced to coach and mentor the team leaders and to foster a sense of community. Efforts were made to break down 'silo' attitudes, whether of regions, teams or functions, and to foster collaboration.

Despite some change fatigue, frequent structural changes keep the organisation in a constant state of 'white water'.

Key elements of change

The following table sets out the elements determined by interviewees to be crucial to this model of transformational structure change.

Table 2: Key elements: TAFE Tasmania

Principles	
	◆ **Vision** – "Know where you want to go, and communicate, communicate, communicate" (Senior Manager). The Corporate Plan to 2008 focuses on providing organisational agility in order to align TAFE Tasmania with specific enterprises and industry bases within the state, and to become a centre of excellence and provider of choice. Core business is teaching and learning aligned to the Tasmanian economic community.
	◆ **Strategy** – Corporate Plan strategies include: - becoming learning partners in skills development with both employers and employees through sustaining relationships and providing solutions - skilling people to replaced the ageing workforce and meet the ever-higher skill demands of enterprises through skills alignment and career pathways.
	◆ **Capability** – a business strategy has been developed, setting out actions to develop capability in six key areas: People, Business, Market, ICT, Service and Facilities. This business strategy is supported by detailed Financial, Human Resource and Capital Plans, and individual team-level business plans to deliver on the Corporate Plan's key objectives concerning alignment with enterprise and industry.

Principles	• **The Enterprise Development Team** – supports and guides every one of the approximately 90 delivery teams to develop a culture based on customer focus and agility. Its vision is to ensure enterprise customers are provided with relevant, just-in-time, customised training with high level of facilitation and training design. Headed by a General Manager (Enterprise Development) it provides teaching and learning support in designing effective delivery models for enterprises, advice on implementing continuous improvement models as well as assisting teams to identify and access professional learning to enable them to respond better to customers.
People	• **People** – 'Invest strongly in people' (General Manager Learning). • **Management** –team leaders especially are expected to step into very complex roles managing training packages, record keeping and AQTF requirements, and keeping up to date. • **Leadership** – emphasis is on leadership rather than management, which focuses on developing sound, authentic and transparent relationships with clients, learners and staff, and to model this relationship development. Senior managers 'press the flesh' daily. They are not lone leaders, but focus on developing capability of people that work around them. • **Leadership Development Program** – based on Emotional Intelligence, this supports the networked organisational by breaking down barriers. It is available to people from disparate areas. • **Professional development** – as well as leadership development, this includes communities of practice, return to industry and some induction processes. A commitment of 2% of salaries ($500,000) is made to professional development.
Practicalities	• **Rewards and recognition** – teaching leaders are promoted as being as important as those in leadership positions. Their achievements are celebrated and recognised by giving them access to the leadership development program and using them as champions in communities of practice. • **Succession planning** – relies on developing and nurturing skills of leaders through acting positions, repositioning of teams and positions, and funding. • **Support** – teachers' support staff have responsibilities for research and innovation. Administrative staff have responsibilities for managing technological change and easing the complexity teachers are dealing with. 'To feel you are supported is just as important as the doing part of it' (Team leader). • **Teamwork, networking and cooperation** – are fostered at organisational, campus and team level. • **Coaching and mentoring** – are built into responsibilities for campus leaders.
	• **Decision making & empowerment** – people who do the work are empowered by responsibility and autonomy being delegated to teams. "Get rid of the hierarchy" (General Manager Learning). • **Performance agreement** – key performance indicators are drawn from the corporate plan. Together with operational plans and individual delivery team business plans, they form the basis for a performance agreement between the CEO and managers. • **Balanced score card** – this methodology measures and monitors the efficiency and effectiveness of performance across all areas of the organisation, measured by comparison with both internal and external benchmarks. This exists together with a commitment to improve direct industry feedback and a capabilities document for each enterprise delivery team. • **Memorandum of Understanding** – this agreement with the Australian Education Union has achieved flexibility for staff.

Outcomes of this approach

Leaders within TAFE Tasmania report increases in positivity, responsiveness, accountability, and financial security, and better connections to and credibility with customers. For example, the number of building and construction apprentices enrolled at the beginning of 2005 (550) was

more than treble the 2002 figures. Workplace delivery was expanded, as was delivery of additional pre-employment courses. Relationships were also strengthened with peak industry groups and with individual enterprises.

Lower levels of management in particular though, have targets for continuing change such as: greater flexibility, more effective campus leaders, more responsibility taken by team leaders, greater sharing of the organisational vision, maintenance of function and enjoyment in teaching, and a check on the increase in non-delivery areas and the powerful club culture of the corporate area which counteracts the rhetoric about having a people culture.

Case 3: An evolutionary structure change

Introduction

For over 45 years, the William Angliss Institute of TAFE (WAIT) was a market leader providing training to a captive market of food, hospitality and tourism industries, with full state government funding. In the late 1980s environmental challenges arose, in 1993 the first new chief executive for 20 years was briefed by the council to commercialise WAIT, and by 1998 progressive government funding cuts hit staff morale and brought serious cash flow problems and demands for change.

The three Directors at WAIT from 1993 undertook a series of changes that transformed the institute in an evolutionary way. To achieve this organisational change, two ostensibly contradictory philosophies were balanced, for example:
- changes to structure enabled collaboration and information-sharing among program areas, while others reinforced and strengthened the existing hierarchy
- efficiency and control co-existed with flexibility and innovation
- responsiveness and exploration were complemented by controllability and exploitation
- the balance between autonomy and interdependence was a source of invigoration rather than one of endless combat.

Key elements of change

The following table sets out the elements described in the literature as crucial to this model of evolutionary structure change.

Table 3: Key elements: William Angliss Institute of TAFE

Principles	**Vision** – evolving visions from successive chief executives, depending on need, were: - to develop curriculum in line with the needs and expectations of industry in order to be more attractive to potential students - to grow the business rather than cutting, outsourcing and downsizing, while maintaining the institute as a community that should look after and care for its employees - to move from a focus on vocational training to develop WAIT as a centre of life-long learning, while recognising dependency on its relationship with industry, financial viability and globalisation. **Strategy** – a broad-based strategic plan from 1998 was replaced with a Strategic Business Plan 2003-2005 aiming to change the marketing position of the institute

People	**Human resource orientation** – people issues were recognised as facilitating rather than undermining the desired internal mode of operating, and were used to engender trust and cross-boundary cooperation. **People** – all contracted teachers were put on to permanent tenure after 12 months, funded partially by international ventures, to increase certainty, loyalty, commitment and morale. **Performance management by objectives** – a framework traced every service to micro measures and specific accountabilities.
Practicalities	**Structure** –old and new forms were introduced: - a department-based structure was changed to a program-based structure, linked to industry groups - a Corporate Strategy Division and subsequent Business Services Division were created - four profit centre divisions were created to respond to the needs of clearly defined market segments and give more autonomy and decision-making responsibility to delivery staff: International, Student Education and Training, Industry Training and Consulting divisions. **Research and development** – opportunities and trends were identified, and gaps pinpointed. **Joint ventures** – arrangements with off-shore and local institutions were sought, while the institute continued to deliver customized, industry-specific training programs. **Technology** – IT investment included a database to log, coordinate and control detailed client information and staff-client transactions, with mandatory logging and monthly broadcasts of log-in statistics. **Communication** – the vocabulary and style of communication was changed eg quarterly staff meetings focused on celebrating individual and group achievements in growing the business. **Rewards** –explicit congratulations for long-service generated pride and goodwill.

Outcomes of this approach

In 2002 the state government endorsed WAIT as a Specialist Centre for Hospitality, Tourism and the Culinary Arts, reinforcing its reputation and standing as the industry benchmark. The 60-year old institution which had been struggling to survive had been transformed into a healthy, vibrant and prosperous entity.

Lessons from this process of capability building were:

✧ Organisational change requires complementary manipulation of structures, processes and boundaries - and of conflicts within them.

✧ Resistance may be accepted as a normal function of change and does not necessarily demand suppression.

✧ Organisations must strengthen their duality and derive their competitive power from combinations of seemingly contradictory organisational principles. Flexibility does sometimes arise from stability, and freedom to break rules can be unleashed from within the safety of a strong culture.

✧ Opposing pressures cannot always be solved through design. Leaders must also exercise judgement in top-down framing of employees' experiences.

Case 4: A communication-driven culture change

Introduction

A case study of the Department of Main Roads (DMR) in Queensland (2000–2002) provides a model of what can happen in a traditional bureaucratic public sector organisation, whose services have been provided based on social values and equity, which is implementing changes believed to be typical of the private sector. It could be informative for TAFE institutes also making such changes to increase productivity, transparency and efficiency.

Before 1996 most changes were aimed only at efficiency and were structural. More recently, cultural change is being demanded in order to achieve greater responsiveness to government and community.

Key elements of change

The following table sets out the elements described in the literature as crucial in this model of cultural change.

Table 4: Key elements: Department of Main Roads, Queensland

Principle	◆ **Vision** – to achieve a more outward-looking culture, adopting a philosophy of continual learning, more relationship oriented internally, and inclusive of broader 'whole of government' objectives such as commercialisation, the environment, social justice and community relations. ◆ **Strategy** – to alter human resource capabilities to improve adaptiveness and change readiness - to shift the change impetus from a top-down planned approach to continuous learning and continuous change.
People	◆ **Management** – getting three management systems to work together simultaneously - alignment of people, systems and structures to work together for the achievement of the strategic plan - relationships based on genuine communication and information sharing both internally and externally - balanced performance scorecard used to broaden the basis on which performance is measured (not only in financial and technical outcomes, but in terms of customer/stakeholder relationships, good management of people and learning). ◆ **Capability** – using five key change themes to build organisational capabilities, support management and achieve new strategic objectives: - **listening** to government, community, stakeholders, the private sector and internal staff - **aligning** with government, community, stewardship, internal department priorities - **leading** from the technical and professional basis - **positioning** to be relevant, future focused, an integral part of public sector delivery and a strategic partner with its private sector section - **learning** from activities, capturing those learnings and retaining corporate knowledge
Practicalities	◆ **Communication** – - establishment of excellent communication skills as an end goal of the change process and an essential element of the change process itself.

Outcomes of this approach

Initially the change initiative used planned, top-down communication, with change a specific event with a starting point and a planned end state - a more relational culture. However,

blockages occurred, so the chief executive officer communicated directly to staff seeking feedback, using a more transactional approach to communication.

Case 5: Reshaping to foster internal collaboration

Introduction

A case study of our higher education institutions in the United States sets out a model of the ways that they reorganised to foster greater internal collaboration. Acknowledging the organisational benefits to be gained from collaborating more closely – namely greater efficiency, effectiveness, enhanced student learning and capacity building, these universities reshaped various aspects of the way they worked to provide a better environment for internal collegiate activity.

The study explored which aspects of the organisational context were observed to be the most important for facilitating collaboration, specifically focusing on structure, processes, people, learning, rewards, values and culture. Internal collaboration included activities such as cross-functional teamwork, inter-disciplinary teaching/research and cooperation in the areas of student and academic affairs.

Key elements of change

The following table sets out the elements described in the literature as crucial in this model of structural change to enhance collaborative activity across an organisation.

Table 5: Key elements: US higher education institutions

Principle	◆ **Mission/Philosophy** -developing a mission that respected and encouraged collaboration - adopting a philosophy of learning that challenged traditional individualistic views of learning and that noted the importance of relationships to the social construction of knowledge ◆ **Strategy** – to have a well-articulated mission that was known by everyone and which tended to bring people together - to align collaborative initiatives to the mission and goals of the organisation.
People	◆ **Campus networks** – an intentionally created campus network (defined as a coalition, alliance, or complex set of relationships among a group of people that are useful to accomplish a present or future goal) - **investing** in building strong relationships through a mix of professional development activities and social events - **affording** opportunities that help to connect people informally - **complementing** such efforts with a central unit for fostering collaboration and building relationships - **using** incentives to develop networks - **serving** on campus committees and cross-campus working groups - **deploying** physical space on campus to foster and build networking - **opening up** meetings and processes to a broader range of people.

Practicalities	◆ **Integrating structures** – reshaping of structures to overcome barriers to collaboration - establishing a central unit or initiative for collaboration to assist in breaking down of silos - revamping accounting IT and budgetary systems to take account of collaborative activities - developing specialised cross-organisational units in areas such as assessment, service or community-based learning, interdisciplinary teaching/research to ensure people were working together ◆ **Rewards** - individualised incentives tailored to meet discipline or unit needs eg. mini-grants and administrative assistance - making the intrinsic rewards of collaboration visible - openly acknowledging the intrinsic rewards gained from collaboration such as meeting new people, sharing of knowledge and the accomplishment of tasks that could not be done alone. ◆ **Sense of priority from people in senior positions** - modelling by people in senior positions was one of the key ways to signal that collaboration was a priority - capitalizing on the external pressures to collaborate was an important dimension that facilitated and enabled collaborative activities - promoting the values of being student-centred, innovative and egalitarian as an important reason for fostering collaboration - modelling collaboration led people to learn the skills of collaboration.

Outcomes of this approach

In discussing the outcomes of this study Kezar (2006, p. 831) notes there are other lessons to be learned from the institutions in this study including the need to rethink organisational missions, networks and structures. Further, as in Australia there is considerable governmental pressure for more collaborative approaches to organisational operations.

> Armed with the experiences of these campuses, institutional leaders can now work to foster a philosophy about the importance of collaborative work; fashion a narrative using the words of external groups about the necessity of collaboration that takes into account disciplinary and other types of differences on campus; [and] develop campus networks and grassroots leadership more intentionally….

Adapted from Kezar, A (2006) "Redesigning for collaboration in learning initiatives: An examination of four highly collaborative campuses", *The Journal of Higher Education,* Vol. 77, No. 5, September/October 2006, pp. 804 - 838.

What do the cases tell us?

Despite the different approaches adopted in the implementation of change in these five examples, there is considerable consistency in the strategies and principles that underpin structural and /or cultural change in each case. Elements essential in the process of organisational are:

✧ Vision: developing and communicating a strong vision that people can understand and to which they can commit

✧ Strategy: developing a clear future-focussed mission and a strategy based on continuous improvement that defines the key goals of the organisation within its particular context and aligning strategy with structure, culture and people to maximise the attainment of these goals

✧ People: getting the right people into the right positions, investing in their development, removing barriers to their interactions and providing them with support

✧ Leadership: placing an emphasis on the development of leaders at all levels of the organisation and fostering leaders who are comfortable with uncertainty, devolved decision-making, risk-taking and responsibility

✧ Communication: ensuring people understand what is happening through open, transparent communication and the fostering of knowledge sharing, both internally and externally

✧ Management: aligning people, systems and structures to break down bureaucratic process and encouraging innovative ways of managing, especially using technology

✧ Teamwork/collaboration: reshaping structures to minimise barriers to collaboration and fostering opportunities for integrated activities which utilise the combined skills of disparate clusters of talented individuals

✧ Empowerment: devolving decision-making to capitalise on the abilities of people regardless of level, while also expecting accountability

✧ Inclusiveness: inviting staff at all levels and categories to participate in the change process and use the language of inclusion 'we' and 'us' to encourage pride in and commitment to the organisation

✧ Rewards and recognition: openly acknowledging and celebrating success, generating pride and goodwill

✧ Professional development: building skills and knowledge through a variety of means such as formal programs, return to industry, communities of practice, mentoring, coaching and networking.