Preparing for and Managing a Cultural Shift in Your Organization

Assessment and Implementation Approach

February 26, 2019

Presentation for:
Joseph Weldon, Chief Talent Officer
Spiro, Inc.

Table of Contents

Our Professionals

With a bench of organizational effectiveness, project management, human resources and change professionals who have years of relevant functional expertise across many industries and the knowledge to effectively implement change, MCC is ready to tackle and solve your most complex issues. For every engagement, our team is prepared, knowledgeable and committed. Our leaders are personally involved in all engagements, ensuring that the best solutions are recommended and, most importantly, implemented with minimal business disruption

Austin R. Jarred

Human Resources professional with diverse business experience, pursuing a master's degree at NYU. Empathetic leader with HR depth in benefits and compensation, HRIS reporting and analysis, and change management.

Courtney Imperiale

HR professional with six years' experience, revamping credentials from New York University, specializing in employee relations, training & development. Effective collaborator with effective communication skills, able to create value across entire enterprise. Thrive in fast-paced challenging environments with stretch objectives.

Darlene Passarelle

Human Resource Professional with over four years' experience in Corporate Campus Recruitment, Admissions Counseling and Management.

Shiyi Lu

HR professional with total rewards expertise, with revamped credentials from New York University, bilingual, multicultural, with business acumen

(Iris) Yutong Qian

HR professional with management and psychology background, multicultural and multilingual, pursuing a master's degree at NYU.

Spiro, Inc.'s Situation

Post Financial Crisis

- Aggressive plan to reduce expenses
- Reengineer major processes
- Seek alternative ways to produce quarterly profits
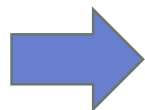
Ongoing Since 2008 Change

- Internal Audits reveal employee and executive behavior contradicts organizational values
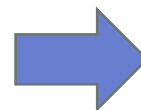
Major Concerns

- Negative impact on reputation and therefore revenue
- Potential for high implicit and explicit costs

Corporate Values

Integrity
Accountability
Drive For Results
Humility
Teamwork
Leadership

Is there a deeper cultural issue here?

Our Understanding & Analysis; The Case for Change

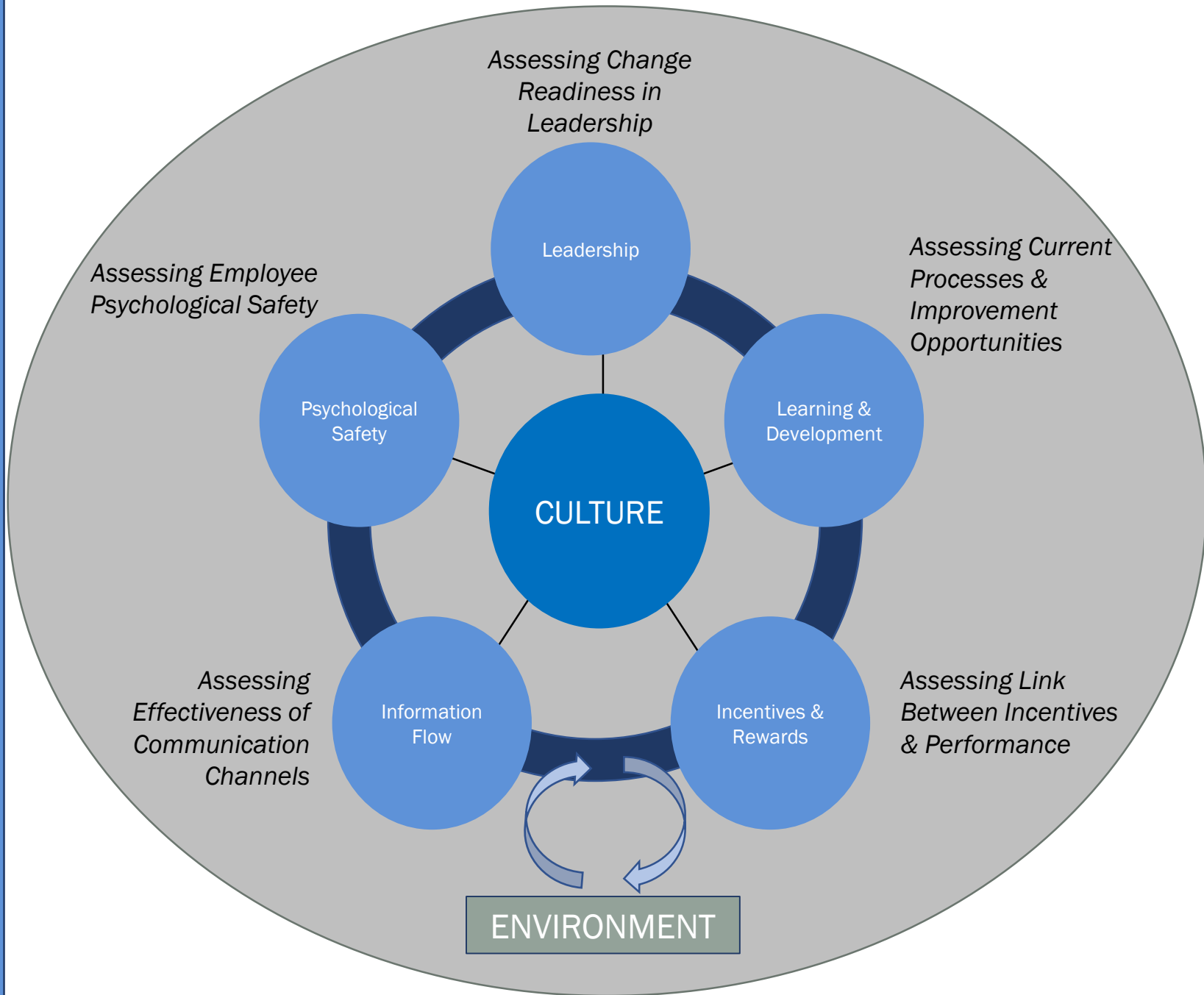- Spiro's response to the Financial Crisis inadvertently created an underlying culture that is misaligned with the firm's values.
  - Constant emphasis on increasing revenue and cost-cutting measures, led to employees' fear for their own job security, resulting in behavior contrary to the firm's desired ethical behaviors.
  - Employees across the organization have unknowingly learned the **"Drive for Results"** value outweighs the importance of the firm's other values.
    - ➤ Job tasks and projects were not being completed with **"Integrity"**
    - ➤ **"Leadership"** failed to call out or acknowledge unethical behavior as situations were transpiring
    - ➤ **"Accountability"** for unethical infractions were not discussed in broad context throughout organization to reduce chance of continuing behavior

- MCC proposes a <u>transformational cultural change</u>
  - Align employee and executive interpretation and execution of Spiro's Vision, Mission & Strategies
  - Change will require:
    - ➤ Time
    - ➤ Buy-in, flexibility and engagement throughout all groups and levels of the organization
    - ➤ Open communication channels

Spiro, Inc. faces potential reputation degradation if ownership and leadership do not take the appropriate steps to align its organizational culture to eliminate unethical employee behavior and action.

CULTURE CHANGE

ASSESSMENT

Assessing Change Readiness in Leadership

Assessing Employee Psychological Safety

Assessing Current Processes & Improvement Opportunities

Assessing Effectiveness of Communication Channels

Assessing Link Between Incentives & Performance

Leadership

Psychological Safety

Learning & Development

CULTURE

Information Flow

Incentives & Rewards

ENVIRONMENT

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Assessing Change Readiness in Leadership	• Identify what employees currently think the Vision, Mission, and Strategy of the firm are • Develop firm's Vision, Mission and Strategy statements to align with the desired behavior changes • Assess the consistency with which executives, directors, and managers uphold the firm's values. • Use 360 evaluation results to determine leadership tolerance for ambiguity, need for control, and EQ.
Assessing Current L&D Processes & Improvement Opportunities	• Reassess the current feedback processes to ensure continuous development and improvement throughout the year(s) • Identify employees who share the organization's purpose and values to serve as mentor(s) • Identify internal and external barriers to learning across the organization • Assess employees' knowledge of ethical policies and disciplinary consequences
Assessing Link Between Incentives & Performance	• Board: Review senior leaders' performance and examine link between their performance and firm's performance compared to competitors • Senior level: Review department performance and examine relationship of total rewards and department performance • Middle level: review individual performance and examine the relationship of total rewards and individual performance • Entry & Mid level: employee surveys about rewards satisfaction (check fairness, satisfaction, complaints, and suggestions)
Assessing Effectiveness of Communication Channels	• Assess the availability and effectiveness of two-way communication Channels, identify additional potential channels • Identify the main concerns among communications within and between each levels • Assess transparency of information sharing within organization, to what degree employees can access to the information • Analyze internal network (shadow system) of current communication channels that affect productivity
Assessing Employee Psychological Safety	• Evaluate entry-mid level employees' level of trust and comfort regarding openly discussing ideas, opinions, and expressing disagreement • Assess tools, resources and opportunities available to encourage employee innovation and engagement (ie: internal organizational forums)

Proposal Overview; How We Can Help

Assessment Phase; 6 Months

- Examine qualitative and quantitative data to develop clear understanding of situation
- Identify constraints, key issues and potential solutions
- Determine course, detailed agenda and processes

Implementation Phase; 1-2 Years

- Project plan into action
- Meet clear, previously agreed-upon objectives and benchmarks
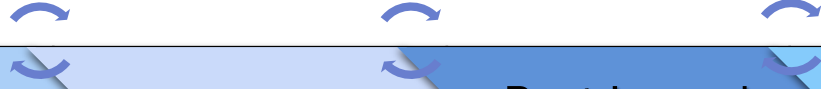- KPIs
- Monitor & control
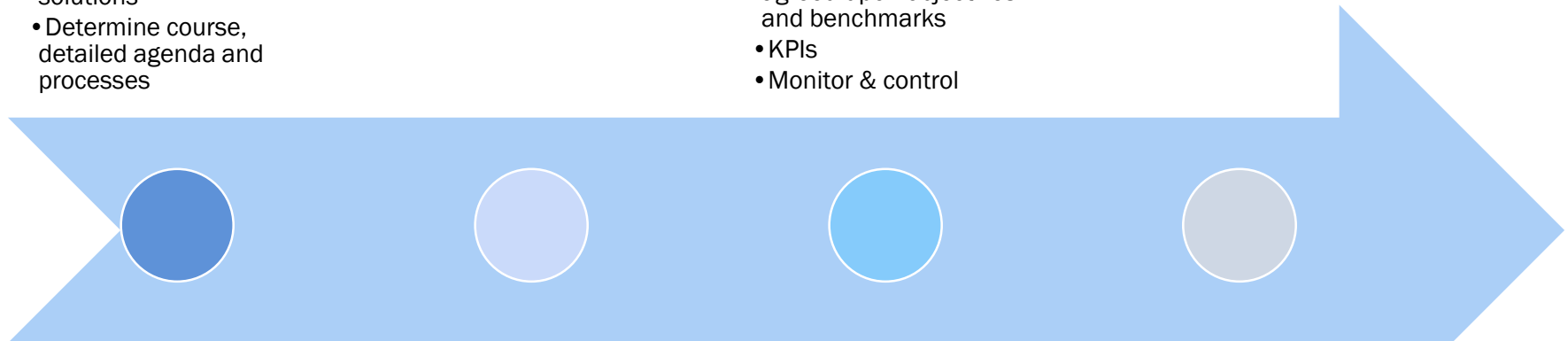
Launch

- Communicate the change initiative
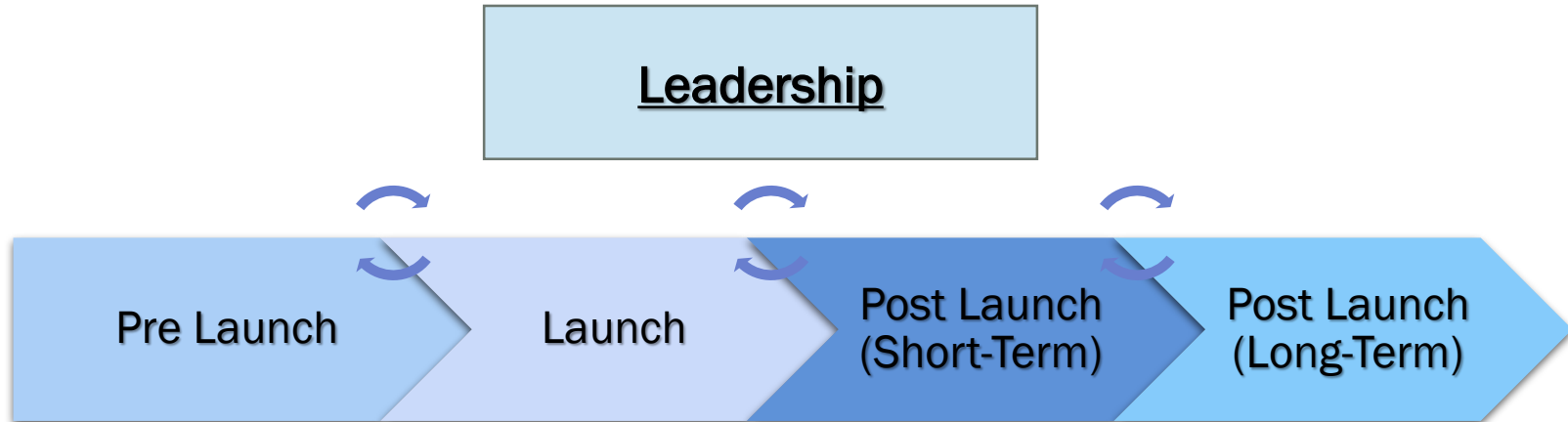- Answer questions and show support to employees as they react to the announcement

Monitor Phase; Long-Term

- Monitor & control
- Assess and modify as needed

MCC Solution's Culture Change Model

Factors of Culture Change	Pre Launch	Launch	Post Launch (Short-Term)	Post Launch (Long-Term)
Leadership	Create Urgency Refine Messaging Form Coalition	Announcement Artifacts Implementation Training	Role-modeling Share wins Maintain Consistency	Internal Succession Planning External Monitoring
Information Flow	Redesign system Develop procedure	Feedback loop Training Trust Building Program	Reinforce norm Collect feedback Result sharing	Transfer into culture Maintain transparency
Learning & Development	Reevaluate Performance Management Identify Influencers Empower Employees	Restructure Training Announcement	Monitor Performance Evaluate Outcomes	External Monitoring Reassess
Incentives & Rewards	Identify weaknesses Create rewards system Address Conflicts	Align to performance Reinforce communication	Monitor behaviors Maintain the system Present effectiveness	Monitor competitors Reassess opinions
Psychological Safety	Analyze	Explain Listen Train	Improve and Measure	Monitor and Reassess

Achieving Transformational Change

Leadership

Pre Launch → **Launch** → **Post Launch (Short-Term)** → **Post Launch (Long-Term)**

Pre Launch	Launch	Post Launch (Short-Term)	Post Launch (Long-Term)
Create urgency amongst BOD and leadership about need for change.	Announce Change	Maintain consistency of messaging and ensure all possible communication channels are being used.	Succession planning to ensure continuity and consistency of values and behaviors (identify people within and outside of company)
Refine messaging for proposed mission vision and strategy with board of directors and key change agents.	Update all existing platforms with new Mission, Vision and Strategy	Reinforce leader role-modeling of desired behaviors	Continuously monitor external environment for implications on ethics, values and culture.
Identify and form change coalition with leaders equipped to handle ambiguity and low need for control	Change coalition: manage feedback loops

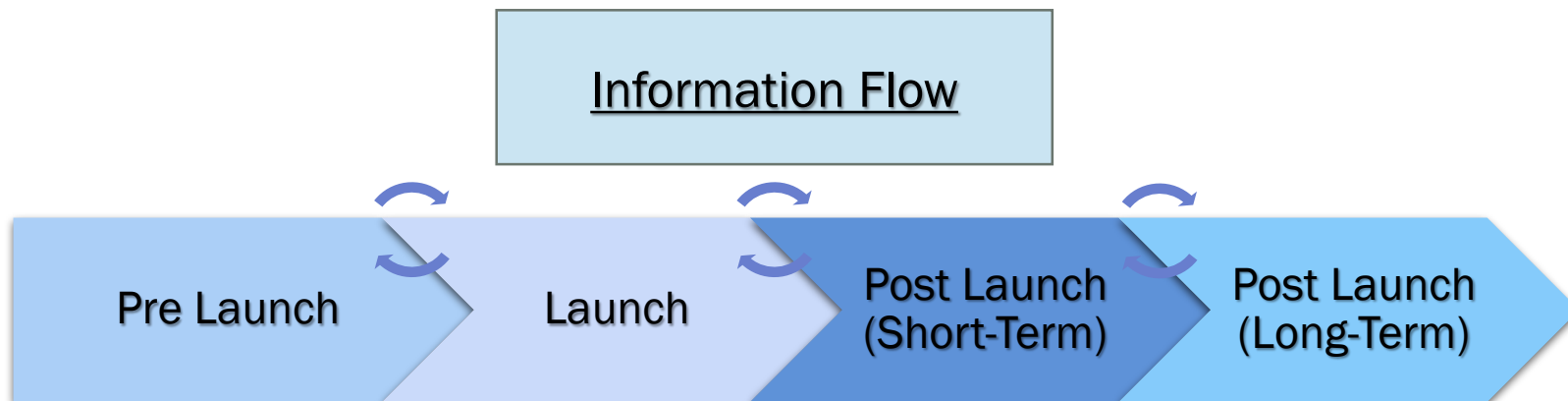Leadership EQ training to help support employee mentality during launch | Feature role models at all levels in announcements and outwardly celebrate short-term wins. | |

Achieving Transformational Change

Information Flow

Pre Launch	Launch	Post Launch (Short-Term)	Post Launch (Long-Term)
Identify gaps and redesign information sharing channels

Develop new procedures at each level to increase efficiency and transparency in information sharing

Design trust-building program to enhance open communication | Implement feedback loop system

Offer training at each level on how/why/when to use information sharing system and the importance of feedback loop

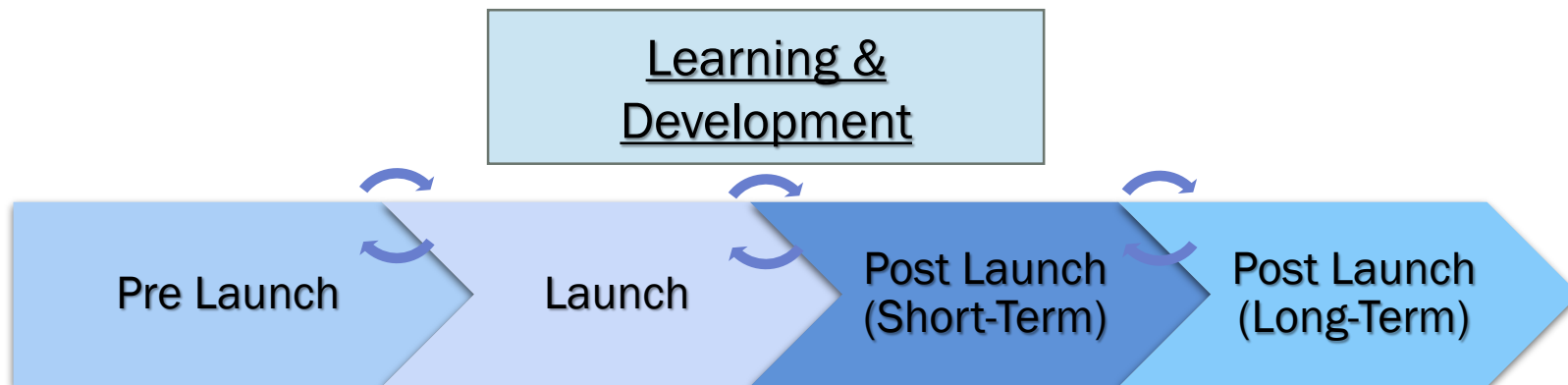Implement trust-building program | Reinforce norm in using internal information sharing system rather than rely on external media

Conduct survey, interview and self-reflection on employees on trust-building program

Declare short-term wins on the program through Story sharing and Result comparison | Transfer short-term wins into everyday behavior and organization culture

Maintain transparency in information sharing and active communication |

Achieving Transformational Change

Learning & Development

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Pre Launch  →  Launch  →  Post Launch (Short-Term)  →  Post Launch (Long-Term)
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Pre Launch

Identify a more comprehensive and dynamic employee appraisal assessment that focuses on employee learning, participation and two-way feedback

Identify a mentorship program focused on professional development and assign key groups

Develop training modules and workshops for employees on ethics and compliance

Launch

Restructure the employee performance appraisal from an annual process to an ongoing dialog, with formal and informal check-ins throughout the year

Announce and launch mentorship program

Launch training modules and workshops

Post Launch (Short-Term)

Monitor performance progression on a quarterly basis and hold employees accountable

Monitor performance assessment progression, highlight success stories and training outcomes

Provide mid year survey to evaluate ethic and compliance training outcomes

Post Launch (Long-Term)

Develop and maintain a continuous learning culture

Examine retention rates, employee engagement levels, and promotion rates before and after Mentorship program implementation to better assess how it has impacted the organization.

Monitor external environment for changes needed in current training workshops and modules.

Achieving Transformational Change

Incentives & Rewards

Pre Launch	Launch	Post Launch (Short-Term)	Post Launch (Long-Term)

Pre Launch
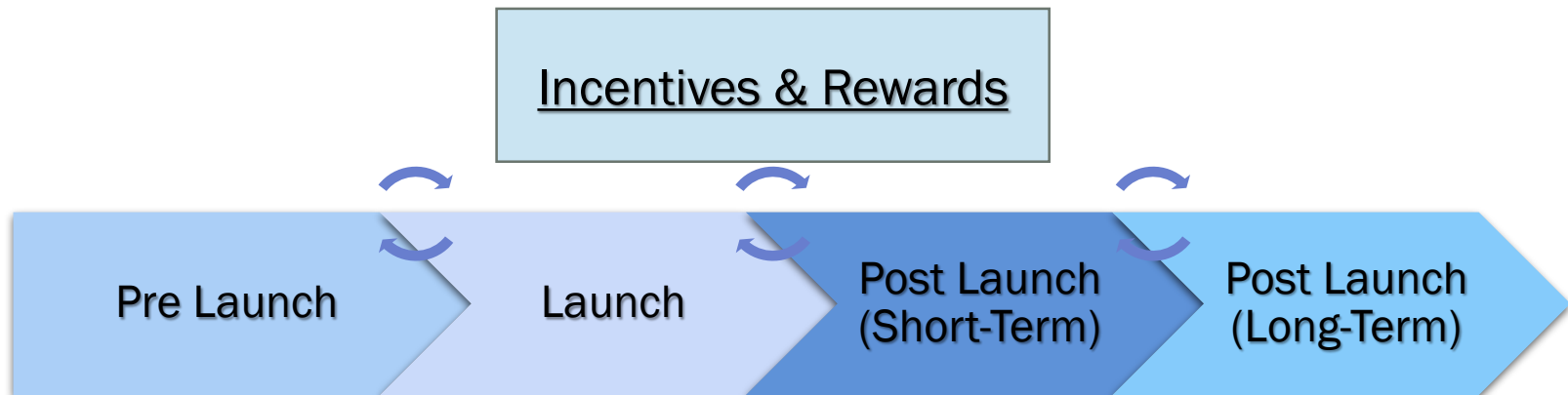
Identify the weakness of current compensation and rewards structure and the link between unethical behaviors.

Create and communicate a future rewards system change.

Address the conflict between current rewards system and incentives for individual/team/departm ent performance.

Launch

Ensure the rewards system linking to performance appraisal.

Reinforce continuous communication regarding the new rewards and emphasize the link between the new rewards and employee performance.

Post Launch (Short-Term)

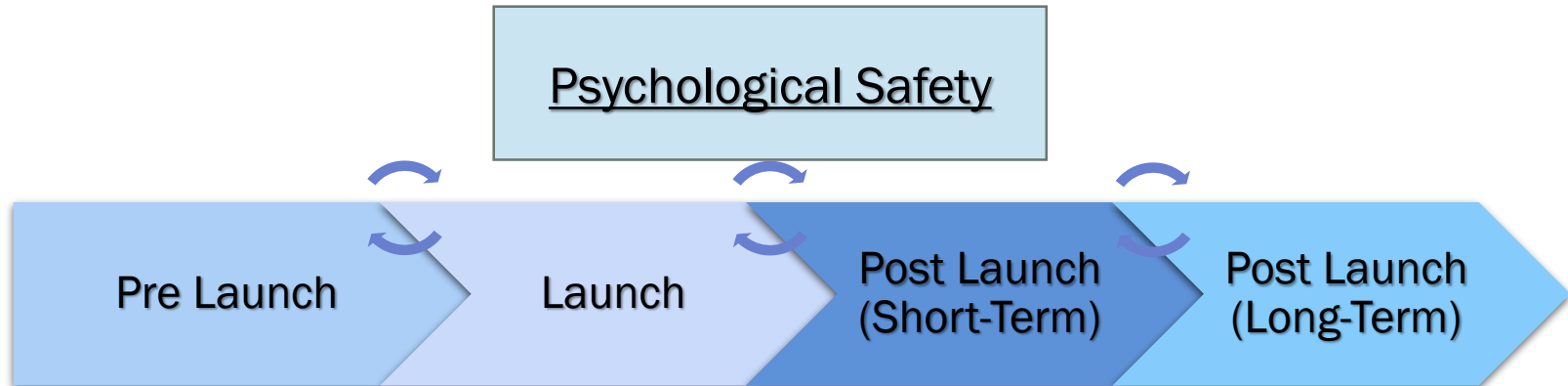Communicate to department managers to ensure they follow the new rewards system and conduct appropriate actions to employees.

Maintain the consistency and validity of the new reward system.

Present short-term outcomes to employees and reinforce their confidence in the new reward system.

Post Launch (Long-Term)

Monitor industry standards to ensure rewards system is competitive.

Reassess employee opinions on compensation

Achieving Transformational Change

Psychological Safety

Pre Launch → **Launch** → **Post Launch (Short-Term)** → **Post Launch (Long-Term)**

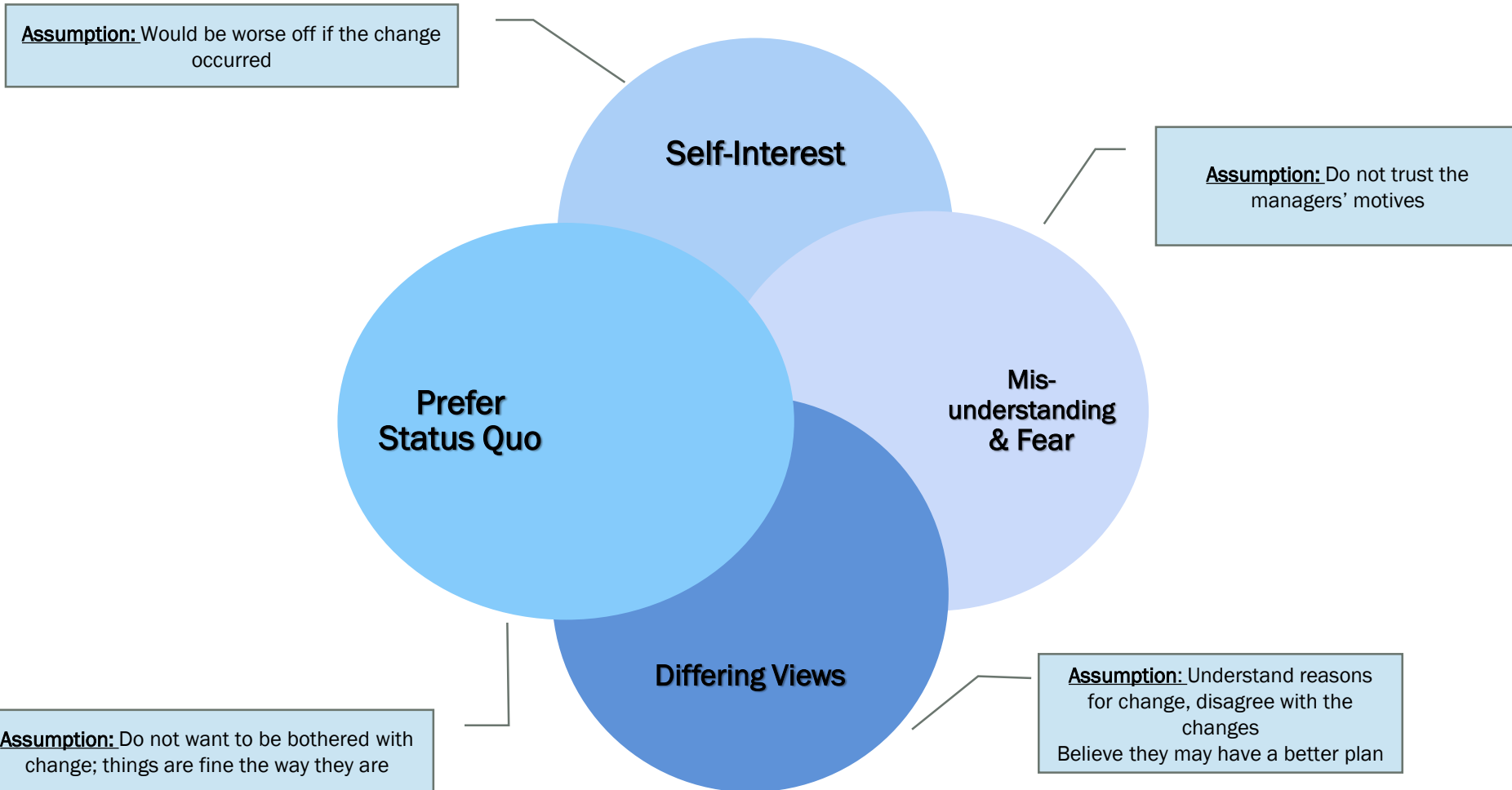| Pre Launch	Launch	Post Launch (Short-Term)	Post Launch (Long-Term)
Based on assessment results, identify areas of improvement for employee empowerment	Implement training and confidence building programs Encourage reporting of unethical behavior and ensure protection of "whistleblowers"	Reward diversity of opinion Re-measure psychological safety	Continuously improve processes that reinforce psychological safety

Potential Barriers and Challenges

Assumption: Would be worse off if the change occurred

Assumption: Do not trust the managers' motives

Self-Interest

Prefer Status Quo

Mis-understanding & Fear

Differing Views

Assumption: Do not want to be bothered with change; things are fine the way they are

Assumption: Understand reasons for change, disagree with the changes
Believe they may have a better plan

In discussing potential barriers and challenges, Spiro and MCC will mitigate the resistance to change risk

"The only thing of real importance that leaders do is to create and manage culture. If you do not manage culture, it manages you, and you may not even be aware of the extent to which this is happening."

-Edgar Schein-