

Organizational Culture and Change Management: Greater Than the Sum of Its Parts

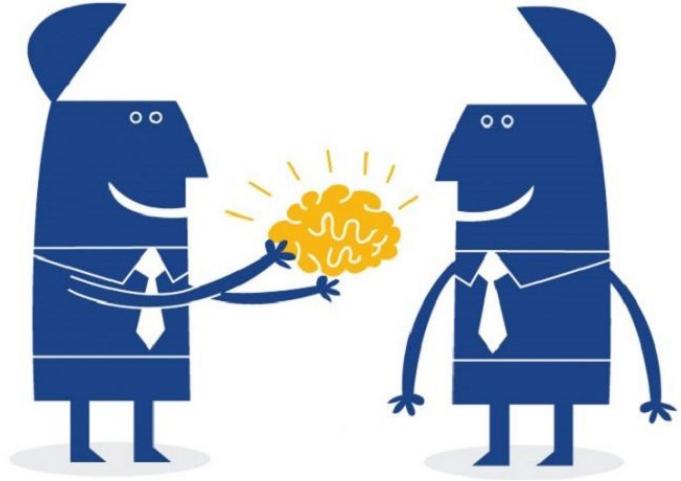
Rebecca Brinkley, Oregon Secretary of State Audits Division
Simone Rede, Office of the Metro Auditor
March 16, 2016

Learning objectives

- Evaluate potential criteria when auditing organizational culture and change
- Consider methodologies and practical tools for auditing organizational culture and change
- Identify themes of change management and organizational culture in recent performance audits

What are we going to be talking about?

- Organizational culture: Defining it, cultural factors, and organizational change
- Oregon Zoo audit
- Oregon Housing and Community Services audit



What do you want from this session?



Organizational culture: A definitive definition



Just kidding... organizational culture is defined in many ways

“Organizational culture refers to a system of shared assumptions, values, and beliefs that show employees what is appropriate and inappropriate behavior.”

“An organization’s culture may be one of its strongest assets, as well as its biggest liability.”

--Talya Bauer and Berrin Erdogan, Organizational Behavior

What is PMBOK?

- Project Management Body of Knowledge ([PMBOK](#))
- Culture and style affect project initiation and planning, work, decisions
- Culture is shaped by common experiences of members

SCOPE OF THE PROJECT MANAGEMENT BODY OF KNOWLEDGE

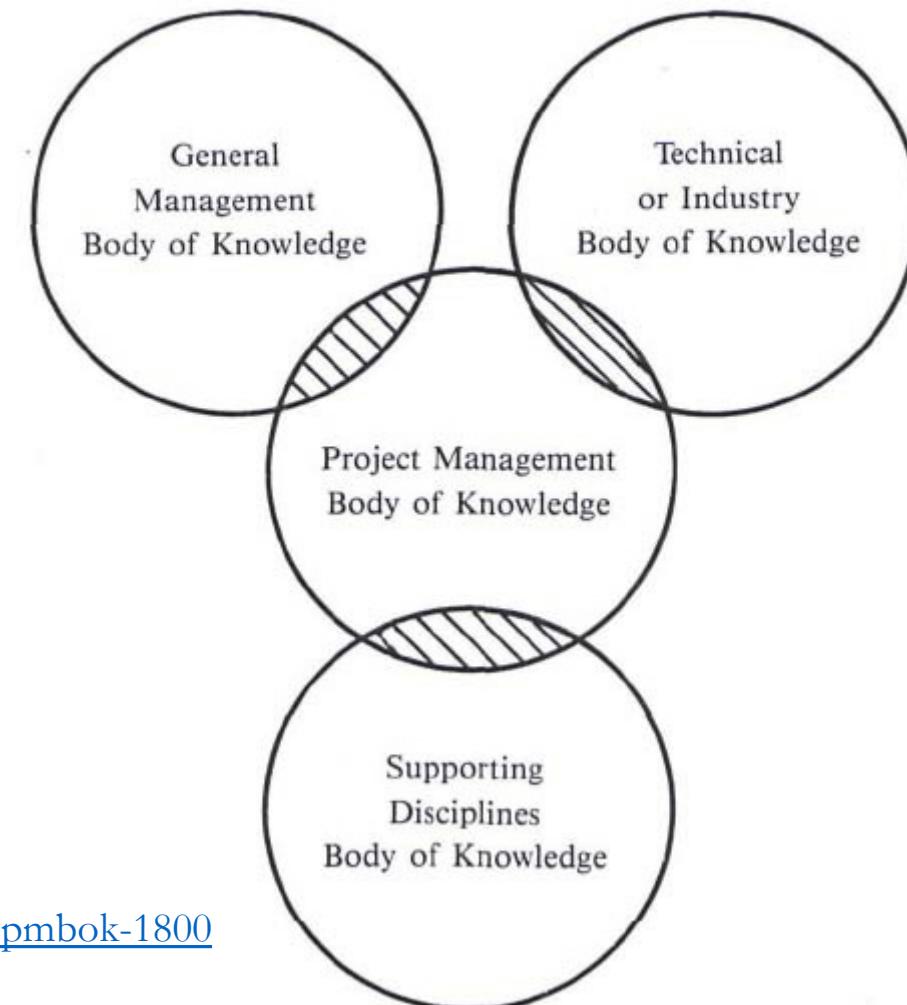


Figure: <https://www.pmi.org/learning/library/pm-framework-overview-pmbok-1800>

What common experiences shape organizational culture?

- Shared visions, mission, values, beliefs expectations
- Regulations, policies, methods, procedures
- Motivation and reward systems
- Risk tolerance
- View of leadership, hierarchy, authority relationships
- Code of conduct, work ethic, work hours
- Operating environment



What is the “operating” environment?

- Also known as the external environment



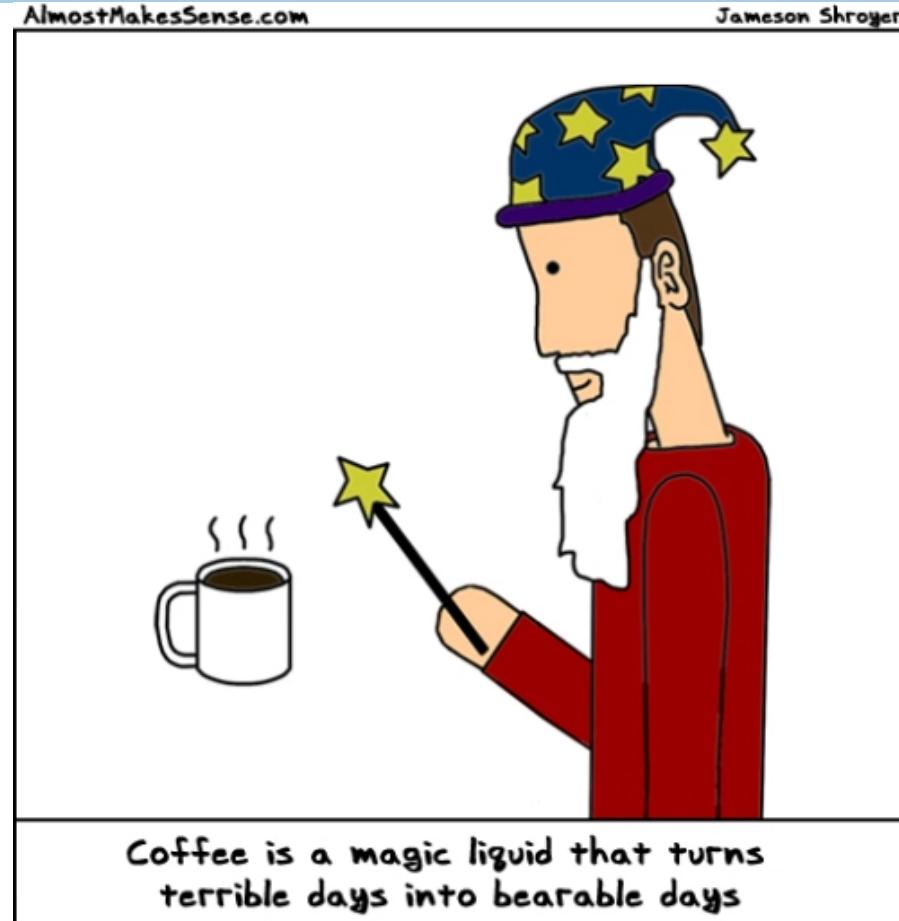
What is the internal environment?

- Mission statement
- Leadership style
- Organizational culture
- *Work environment*



A work environment is simply the physical location where one works, and there are *physical or tangible factors*...

- Geographic location
- Noise level
- Air quality
- Unlimited, free coffee



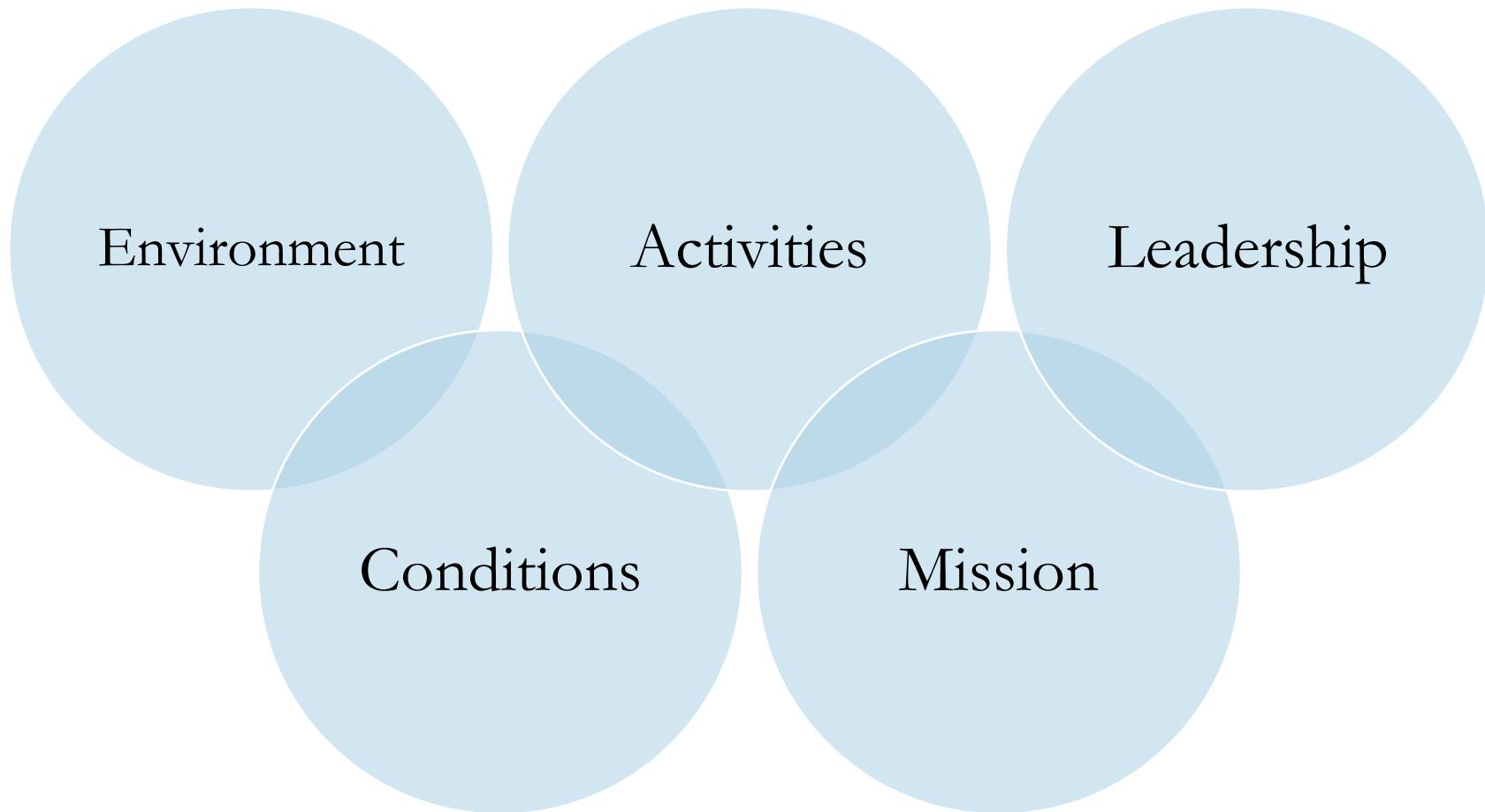
... and *intangible factors*. As in, things one cannot physically touch.

- Processes and procedures (“the way we do things”)
- “Feeling”....
 - “Hostile” work environment
 - “Positive” work environment

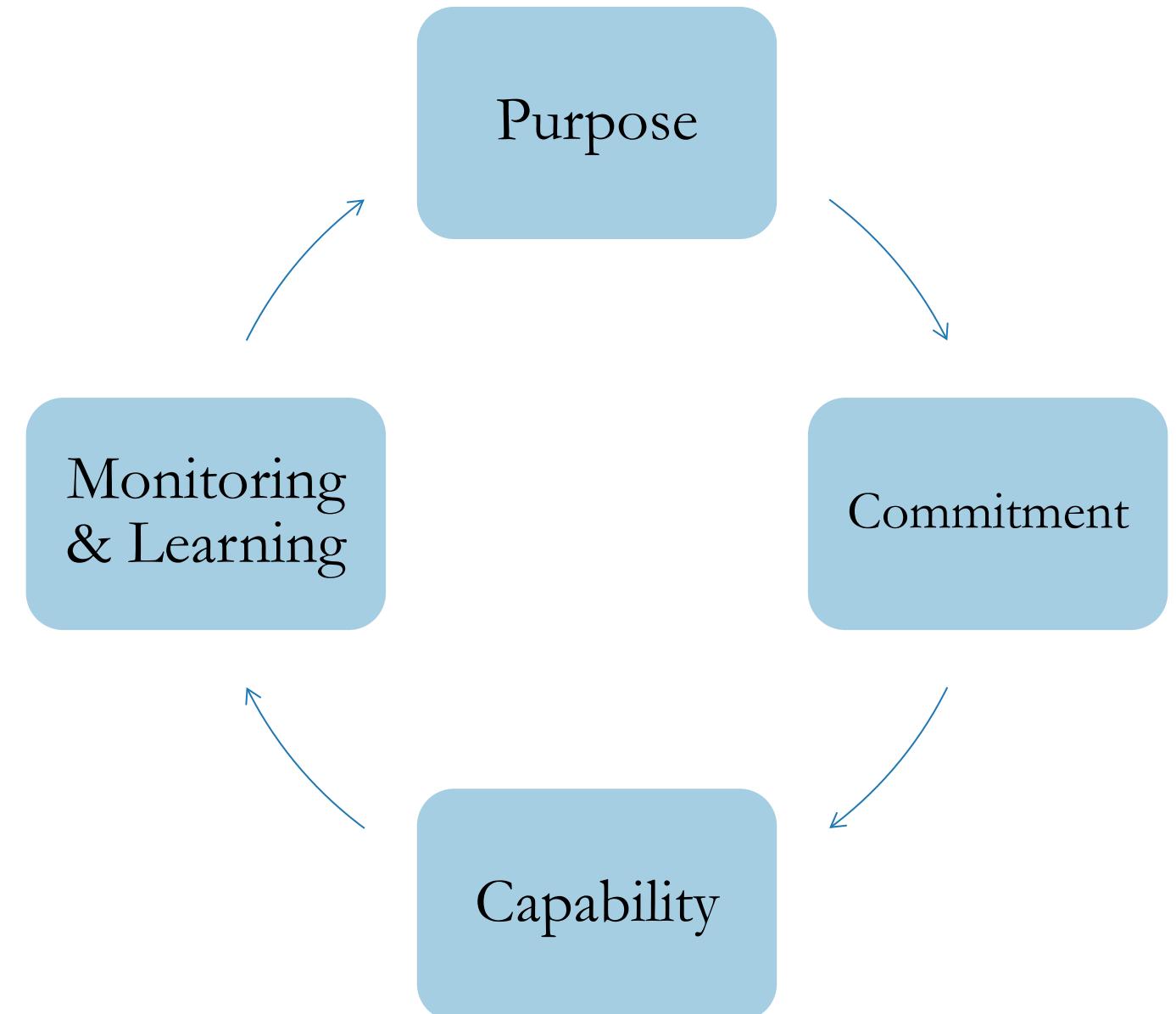




Leaders should take holistic views to understand and improve organizations



Culture influences the control environment



Organizational change may require cultural change

- Organizations should plan for change
- Planning for change involves monitoring the environment
- Effective risk management helps organizations prepare for change

What is Metro?

- Elected regional government
- Serves more than 1.5 million residents in greater Portland, OR



Solid waste system



Land use and transportation planning



Parks, trails and natural areas



Visitor venues

Who is Metro?

- Metro Council
 - Chief Operating Officer
 - 1,600+ employees



Metro Auditor connects the public and Metro

- 6 FTE
- Complies with GAGAS
- Reports to Council
- Directly elected by Metro voters



Why audit the Oregon Zoo's organizational culture?

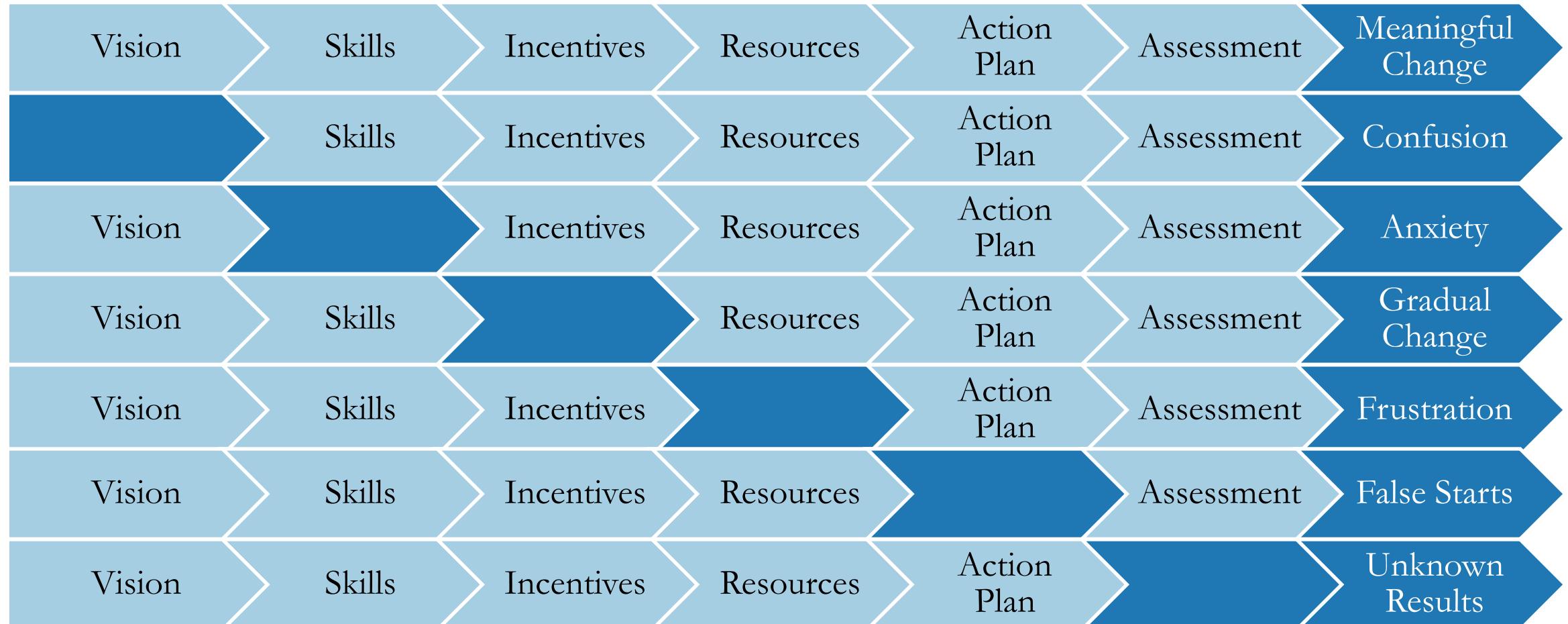


- Owned and operated by Metro
- Largest part of Metro's workforce
- Oregon's top paid attraction
- Significant changes
- Employee concerns

Can the Zoo effectively manage and adapt to change?

- Guidance
- Organizational structure
- Learning processes

Meaningful changes requires critical components



Strategic planning helps anticipate change

Broad Goals

Strategies

Action Plan

Measurable Objectives

Performance Measures

Concrete learning processes are essential to organizational adaptability

Generation

Collection

Interpretation

Dissemination

Communication drives employee satisfaction



Methods to obtain evidence based on our objectives

- Interviews
- Observation
- Document reviews

What we found

- Organizational culture defined by changing environment
- Guidance to advance mission in development
- Few processes in place to track and analyze information
- Signs of ineffective communication
- Need to align resources, skills, and incentives

Oregon Secretary of State Audits Division

- Independently elected Secretary of State oversees five divisions, including Audits
- About 70 professional auditors supported by 2 operations staff with a biennial budget of around \$26 million
- Conduct financial, performance, and IT audits
- Investigate allegations received on our Government Waste Hotline
- Monitor financial audits of municipalities



Oregon Housing and Community Services (OHCS)



Multifamily Housing Finance

About the Section

<http://www.oregon.gov/ohcs/HD/HRS/pdfs/multifamily-housing-finance-factsheet-section-overview.pdf>



Photo: OregonLive 01/17/17 http://www.oregonlive.com/front-porch/index.ssf/2017/01/6_housing_bills_in_the_2017_or.html

Our audit objective did not have anything to do with culture

Objective: How can OHCS best preserve affordable housing in Oregon?

Early on, we saw disturbing themes

- Distrust of management
- Poor communication
- Low morale
- Staff feeling:
 - Overworked and burnt out
 - Stressed out and unappreciated





Cultural themes that were getting in the way of the agency meeting its mission

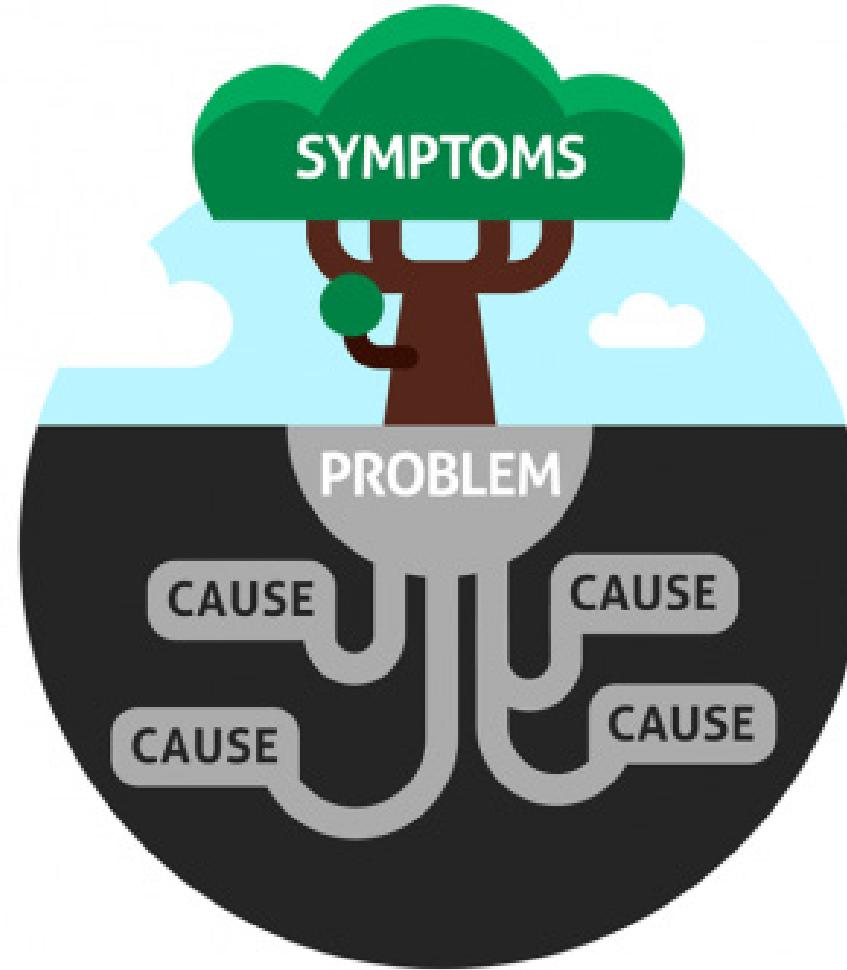
Vision

All Oregonians have the opportunity to pursue prosperity and live free from poverty.

Mission

We provide stable and affordable housing and engage leaders, to develop integrated statewide policy that addresses poverty and provides opportunity for Oregonians.

Our audit objective had a lot to do with culture



Criteria not for housing preservation, but for the *control* *environment*



Criteria on strategic planning, management, and Lean

- Strategic Planning
- Management
- Lean



Essential Elements of Successful Strategic Planning

- Documentation
- Continuous and evolving
- Environmental scan
- Targeted strategies
- Specific, measurable, and realistic goals
- Action-oriented
- Implementation plan
- Evaluation plan
- Clear mission and vision
- Prioritization
- Participatory
- Effective communication

We used traditional audit methodology...

- External customer service surveys and internal staff surveys
- KPMs and related documents
- Strategic planning documents and consultant reports
- Interviews with current and former staff (40)
- Interviews with stakeholder groups (30)
- Communication and documentation related to organizational changes and restructuring



... to complement a work environment survey

The Providence of British Columbia's Survey consists of approximately 70 questions covering a wide range of workplace topics including:

- Employee's day-to-day work
- Physical environment and workplace tools
- Development and performance
- Co-workers
- Supervisors
- The organization in general
- Commitment to the work unit, organization and BC Public Service

Work environment surveys have value

“The information included in this document is vital to the Government of Newfoundland and Labrador’s human resource planning, which in turn continually improves our public service working environment and allows us, as employees, to better serve the public.”

--2011 WES Results: Finding Patterns in Employee Attitudes



The survey we used covered a number of categories

Demographics

Vision, mission, and goals

Tools and resources

Pay and benefits

Staffing practices

Job suitability

Teamwork

General job satisfaction

Respectful environment

Recognition

Empowerment

Stress and workload

Communication

Section management

Executive team

What learned from the survey

- Significant communication issues
- Leadership style discouraged trust
- Unclear roles
- Inconsistent staffing levels
- Inadequate policies and procedures
- Staff lack information they need to do their job
- Staff not involved in decisions impacting their day-to-day work.



How it feels to be in a company with poor communication

Internal communication was a clear challenge

Figure 1: OHCS Challenges with Internal Communication as Indicated in Audits Division 2016 Workplace Environment Survey

Workplace Environment Survey, Executive Team section	Housing Finance Staff Agreement	Agency Staff Agreement
Executive team is open and honest in communication	40%	53%
Executive team encourages staff to communicate suggestions for improvements	48%	60%
Staff in my workplace communicate openly and honestly to the Executive team	37%	41%
I receive information that will affect OHCS as a whole from the Executive team	43%	54%
Executive team understands my job well	19%	34%
Executive team is accessible to staff	32%	41%
Executive team cares about staff concerns	37%	57%
Executive team is aware of staff concerns	34%	43%

Recommendations prioritized improved organizational culture and communication

Prioritized recommendations- two of the first four dealt with culture

- Lay the groundwork for improved tone at the top and internal communication by building an inclusive culture where communication, trust and transparency are embraced and management is accessible to staff.
- Strengthen organizational culture. Discuss the 2016 Workplace Environment survey results with staff and the Housing Stability Council, and address issues identified, paying special attention to internal communication and feedback mechanisms.

Our 26 recommendations were rooted in the need for cultural change

Strategic Planning- 1 recommendation

Engage in long-term, comprehensive strategic planning to create a vision for affordable housing and set the stage for the agency to provide leadership on housing issues. Develop a plan with input from all levels of the organization that incorporates the agency's mission, performance metrics, and goals specific to each section of the agency.

Preservation- 8 recommendations

Data Management- 5 recommendations

Organizational Challenges- 8 recommendations

Follow-up on tone at the top and communication a year later showed improvement



Margaret Salazar, Director

Oregon Housing and Community Services (OHCS)

Strategic goal introduction video



Julie Cody

Assistant Director of Housing Finance
Oregon Housing and Community Services (OHCS)

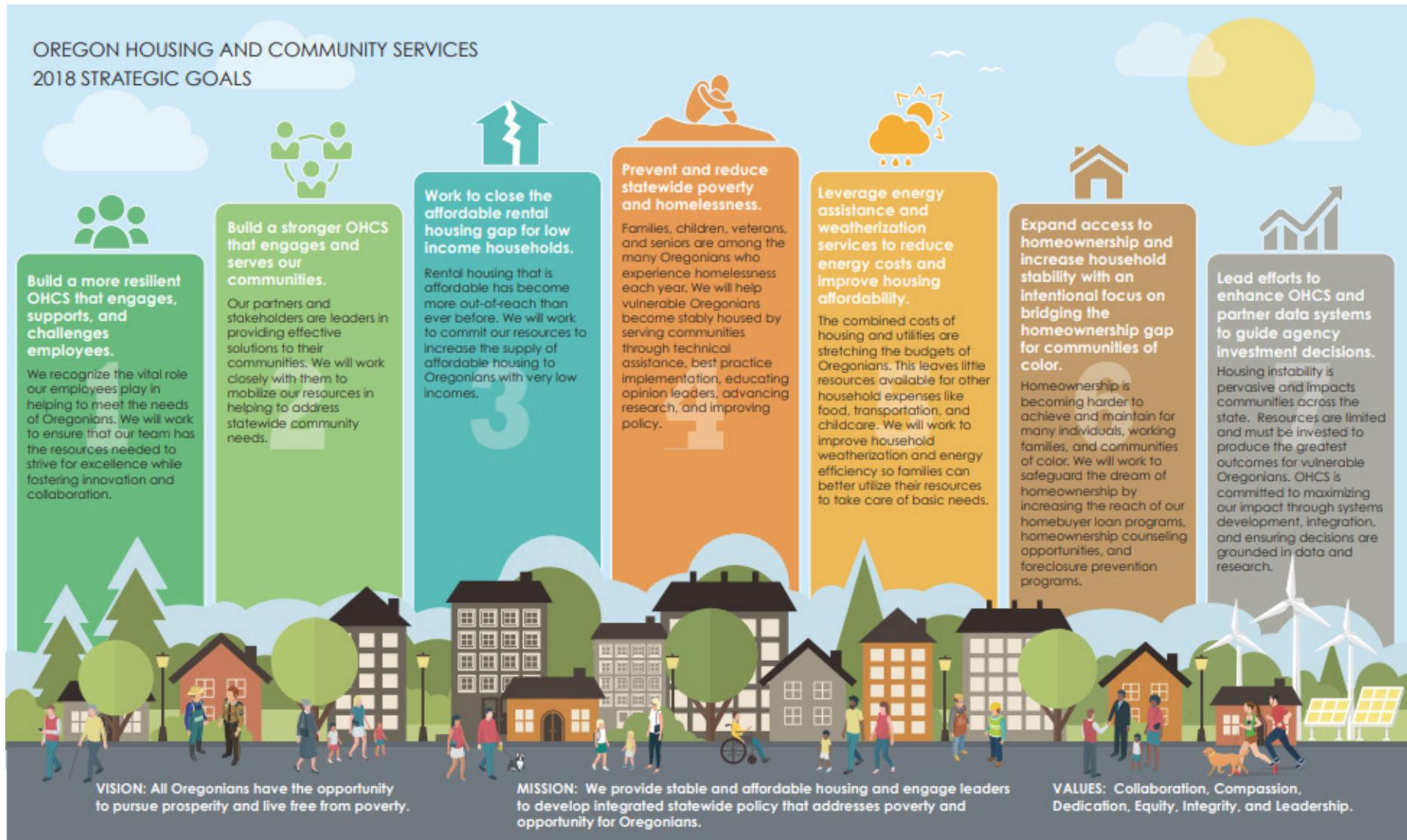


Strategic goal
introduction
video: Asst
Director
introducing
Goal #6

Follow-up on *strengthening organizational culture* a year later showed steps in the right direction

- 2017 WES showed improvement in transparency, collaboration, communication, and trust.
- Listening sessions
- Executive team and management trainings on conflict resolution, communication, change management
- Stories from staff

Follow-up on *strategic planning* a year later showed progress



GOAL 1: Build a stronger OHCS that engages, supports, and challenges employees.

GOAL 2: Build a stronger OHCS that engages and serves our communities.

GOAL 3: Work to close the affordable housing gap for low-income households.

GOAL 4: Prevent and reduce statewide poverty and homelessness.

GOAL 5: Reduce home energy costs and improve housing affordability through Energy Services programs.

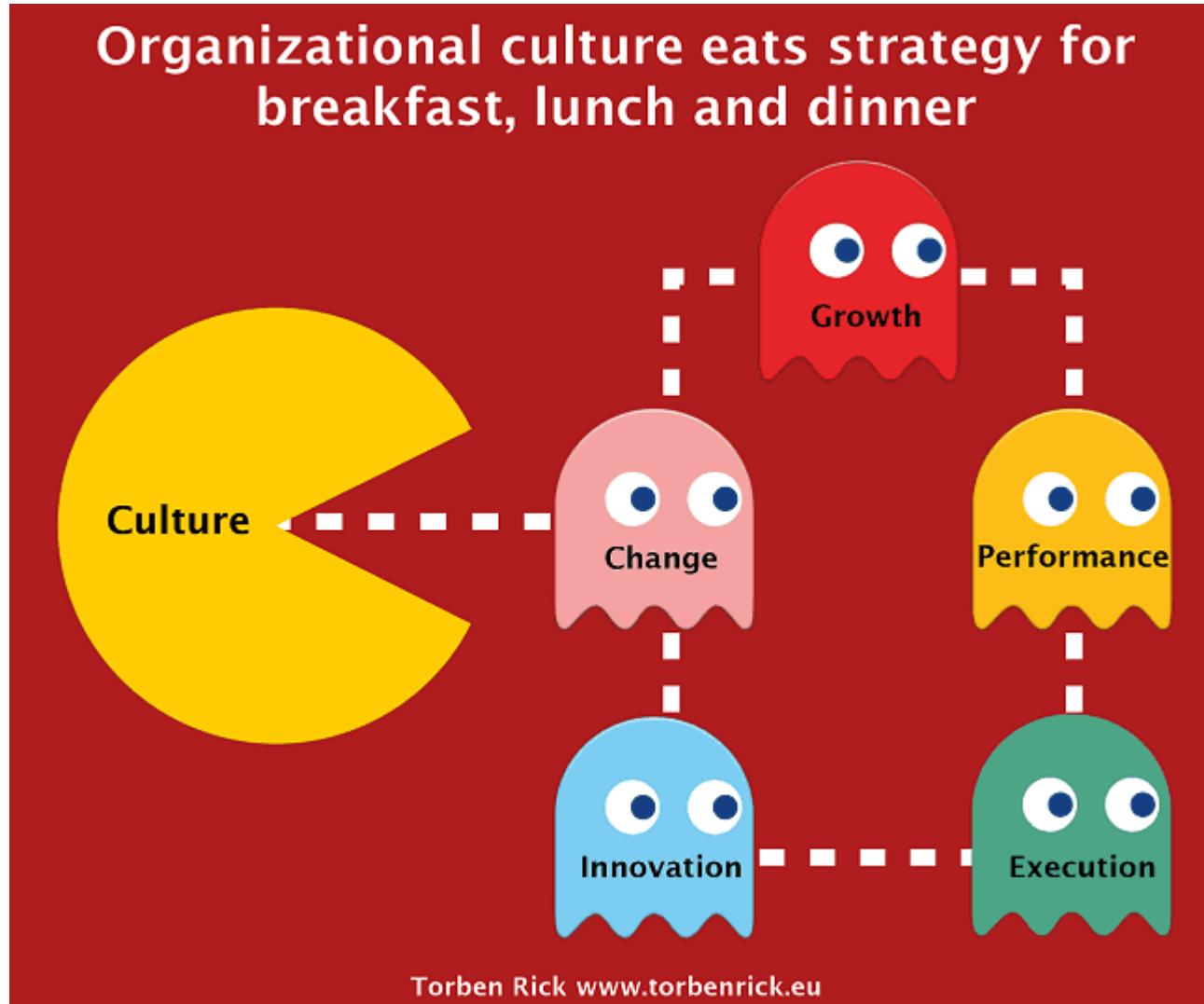
GOAL 6: Expand access to homeownership with modest incomes; in particular to bridge the minority homeownership gap.

GOAL 7: Work to avoid and resolve foreclosures.

State Housing Stability Plan

A key deliverable for OHCS in 2017 is delivering a statewide housing stability plan. This effort will help us set our housing stability, preservation, and production priorities for the short- and long-term. OHCS relies on the community we serve and our partners, so we are using local and statewide data to understand the housing needs of Oregonians, and we want to share what we find.

Why did this audit matter?



“Culture eats strategy for breakfast.”
—Peter Drucker, maybe

What we covered

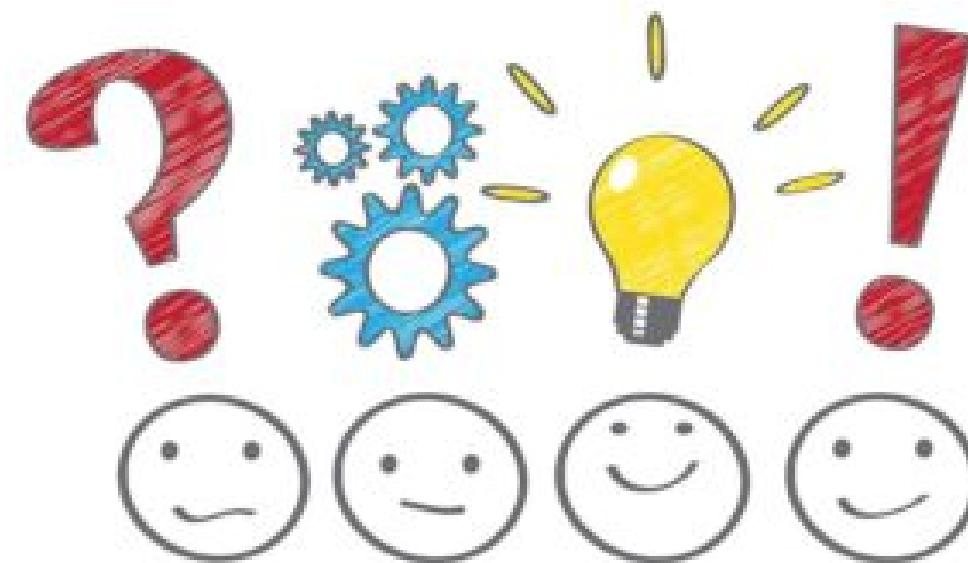
- Potential criteria
- Methods and tools
- Themes from recent audits

*"When we try to pick
out anything by itself we
find it hitched to
everything else in the
Universe."*

—John Muir
Scottish-American
conservationist



Questions?



Learn more

- Oregon Zoo: Clarify vision, prioritize actions, and learn from change to improve organizational culture
- Oregon Housing and Community Services: Critical Improvements Needed to Help Ensure Preservation of Affordable Housing for Low-Income Oregonians
 - OHCS 2018 Strategic Goals
- Managing organizational change: a growing body of knowledge
- Establishment of Strategic Plans
- Is Yours A Learning Organization?
- Project management framework (an overview of the PMBOK)
- Enterprise Risk Management--Integrating with Strategy and Performance
- Culture eats strategy for breakfast. So what's for lunch?

Contact us

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