AHP Cultural Transformation:
Driving Positive Organizational Change

Roxanne Ray
Senior Performance
Consultant for Advocate
Health Care
with Eric Sanders

Winner of the 2006 OD Network Chicago Impact Award

Roxanne Ray of Advocate Healthcare uses the *Organizational Culture Inventory*® (OCI®) and *Life Styles Inventory™* (LSI) to drive positive change

Roxanne Ray, Senior Performance Consultant for Advocate Health Care presented her findings on, "Do We Have What it Takes to Drive Positive Change?" at the OD Network Conference in San Francisco (2006). She demonstrated how assessments could be used effectively not only to improve individual performance, but also to drive positive change throughout an organization.

Ray discussed the ways in which leaders shape organizational culture and how assessments can be used to set baselines and benchmarks for individuals, groups and organizations. Through the example of Advocate Health Care, she demonstrated the critical role of leaders in driving positive organizational change.

Ray developed the following white paper for which she received the 2006 OD Network Chicago Impact Award. She acknowledges Human Synergistics by saying, "The whole reason we have a good change process is because we have solid measurement tools to track individual and organizational level progress."

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"A key part of the effort is communication about the desired change. It should be frequent, two-way, and involve all associates, carrying the message of why, what and how change should be made. ... Most important, learn from the process as it evolves, and be willing to modify plans to meet the ever-changing needs of the organization."

AHP Cultural Transformation

Driving Positive Organizational Change

By Roxanne Ray
and Eric Sanders

Do we have what it takes to drive positive organizational change? OD practitioners frequently ask this question of themselves, and of the organizations they assist. The senior leaders at Advocate Health Partners (AHP), part of Advocate Healthcare, came face to face with the challenge of driving a cultural transformation in May of 2005. This case study reviews the steps taken to initiate, plan, implement and then institutionalize a cultural transformation at AHP.

In summary, we found that positive organizational change works best when members at all levels are included and committed. The senior leadership team's role is to initiate the transformation, set the vision, and model the change they want others to make. The management team's role is to translate the vision into a realistic plan and carry it out. A key part of the effort is communication about the desired change. It should be frequent, two-way, and involve all associates, carrying the message of why, what and how change should be made. Set and achieve reasonable goals, and celebrate their accomplishment. Most important, learn from the process as it evolves, and be willing to modify plans to meet the ever-changing needs of the organization.

Factors to Initiate Change

Advocate Health Partners administers full and partial risk contracts for Medicare and Commercial products, processing over 1.5 million claims annually for eight Physician Health Organizations (PHOs), serving over 250,000 managed-care patients for over 3,000 participating providers of healthcare. AHP has two main divisions with a total of 163 associates.

In 2005, two new Vice Presidents were brought to AHP, where they found a complacent, conventional culture, with both leaders and staff members locked in a status quo mentality. An organizational needs assessment uncovered the following issues: 1) low productivity and service, 2) error-ridden manual production, 3) lack of cooperation between departments and alignment of business lines, 4) high levels of dissatisfaction among clients, and 5) low associate morale, resulting in a poor reputation in the market.

Interviews with associates at all levels of the organization revealed the work environment was "not safe." People were afraid to make mistakes because individuals were blamed for process problems, which were then aired publicly, with assumptions prevailing over facts. Communication across business lines was difficult and work teams were isolated from one another, causing well-defined silos, "turf wars" and complicated workflows. The organization was bureaucratic, with a large disconnect between management and staff. The leaders held only short-term views, making popular decisions rather than the correct ones. Protecting the status quo kept the leaders closed to new and different ideas, and "too busy" to set achievement goals.

Given this information, the VPs realized that they needed to change the culture of the entire organization,

starting with the leadership team. They understood that in cultural transformation, associates at all levels take signals from the leaders. In interviews, the AHP VPs said, "If our leaders are modeling different behaviors, we will not get to our desired state." "We cannot accomplish the goals of the organization without the [leadership] culture being what it needs to be." Changing the organization's culture would require a strong commitment on the VPs' part, provision of clear direction, well-defined goals and the courage to implement the difficult, but needed change. Most important, they had to be role models of the change they wanted in the organization. The question was whether the rest of the leadership team, locked in a status quo mentality for many years, would be on board with the changes.

Organizational Culture Assessment
While culture change was the goal of the AHP leaders in this case, the motivation was to improve organizational performance. Given the quantitative orientation of the AHP staff, a quantitative measure of organizational culture

that could be used to relate culture to performance was most appropriate for their objectives. We used Human Synergistics' Organizational Culture Inventory® (OCI) (Cooke & Lafferty, 1987).
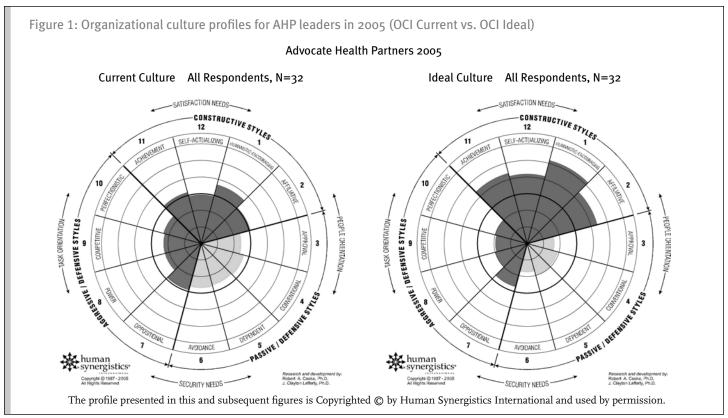
The OCI measures the operating cultures of organizations in terms of behavioral norms or "what's expected" of members. It includes 120 statements describing behaviors that might be expected or implicitly required of members of an organization. The results of the assessment are mapped on a circumplex—a circular graph divided into 12 sections like the hours on a clock. The twelve sections represent twelve behavioral styles grouped into three clusters or types of cultures: **Constructive** cultures have norms that promote higher-order satisfaction needs of members, and have a balance between task and people orientations; Constructive styles include Achievement, Self-Actualization, Humanistic-Encouraging, and Affiliative. **Passive/Defensive** cultures have norms that promote self-protective behavior in interactions with people; Passive/Defensive styles include Approval, Conventional,

Dependent and Avoidance. **Aggressive/Defensive** cultures have norms that promote self-protective behavior with respect to the way that members approach tasks; Aggressive/Defensive styles include Oppositional, Power, Competitive and Perfectionistic. [Cluster descriptions are from the Organizational Culture Inventory, Copyright © 1987 by Human Synergistics International. Used by permission.]

AHP Data
To initiate the cultural transformation at AHP, two versions of the OCI were administered to the entire leadership team. The OCI Current measured the culture at that time, and OCI Ideal measured what they felt it should be. The findings revealed that the predominant organizational styles were in the moderate range of Constructive with degrees of Oppositional, Avoidance, Dependent and Conventional styles *(Figure 1)*.

We analyzed the organizational culture by levels to give a clear picture of the issues to address at each level. The Director level demonstrated a moderate passive defensive style with a conventional,

Figure 1: Organizational culture profiles for AHP leaders in 2005 (OCI Current vs. OCI Ideal)

Advocate Health Partners 2005

Current Culture   All Respondents, N=32

Ideal Culture   All Respondents, N=32

avoidant tendency. They wanted to protect their status by using relationships with others in ways that included "going along," and avoiding responsibility for any changes implemented. The Managers, on the other hand, were ready for change. They were very constructive, with a healthy dose of opposition, which allowed them to constructively criticize new ideas presented to them. The Supervisors and Team Leaders were strong on the constructive styles with an aggressive tendency, and thus were ready to develop into even better leaders.

As the VPs recognized, if the differences between behavioral styles at each leadership level were not addressed early in the cultural change process, they would lead to greater difficulty in moving the whole organization toward the desired Constructive style. Leaders must model the desired behaviors. Clearly, the directors needed to be convinced that the changes they were implementing were both necessary and desirable. This was the group with whom we focused our greatest efforts.

Plan for Change

We developed the plan for change understanding that people generally resist change. They may be afraid of the unknown. They may be comfortable with the status quo, and not understand the need for change. Some people are inherently cynical about change, while others doubt there are effective ways to accomplish the desired change. Often there are conflicting goals in the organization, for example, increasing urgency to accomplish the change and at the same time cutting costs to remain viable. Whatever the reason, people resist change.

Addressing the resistance to change required an increased and sustained communication that clearly explained why change was necessary, what the goal was and how to accomplish it. The lines of communication were opened so that staff members at every level could express their ideas for the planned changes, as well as their concerns and frustrations. They could then move from feeling like they can't

possibly change, to thinking maybe it's possible, to finally embracing the change in what we called a "Let's Go!" mentality. We created a broad communication strategy to develop a Constructive culture—with a focus on Achievement—and started addressing the old behaviors that were blocking the change.

Beyond communication, adopting a Constructive, Achievement style required multiple actions: establishing a clear direction, creating standards of excellence, establishing performance and behavioral

Simple recognition of the process people go through in change helped logic prevail over emotion as situations arose. Just as steps were taken to automate the processes, steps were taken to help the staff to adjust to the changes as they were implemented. This required a conscious effort and a heightened awareness by all leaders in understanding their impact on others. It required gaining skills in listening, goal setting, giving and receiving feedback, becoming open to new ideas and a willingness to delegate tasks.

expectations, seeking solutions to general issues and then directly addressing individual problems, and involving the right people to correct business processes.

The directors became involved in weekly meetings seeking feedback from associates on the identified process issues and their potential solutions. Root cause analysis was used to streamline and automate processes across all business lines. AHP's clients were educated on changes as they were implemented. Joint accountability was established between all directors and interdependencies within and between departments were identified. One key to our success was the ability to break down the barriers between departments to create greater interdependence. Related departments were consolidated to facilitate better collaboration on work processes and projects, and leaders were moved closer to the functional areas that they managed. Communication and workflow improved markedly simply by putting people who needed to cooperate closer together.

Specific performance goals were set for each functional area. The achievement of goals was measured on "dashboards" and reported to the staff regularly. As goals were accomplished, celebrations were held to recognize both team and individual efforts—something that was not done previously. A significant operational improvement was installing an automated claim processing system. This required a large amount of new learning on the part of most staff members. In addition

to regularly held staff meetings, those involved received extensive training on skills required to run the new automated processes.

Difficulties Encountered
The focus on Achievement required changes in all aspects of performance, and quickly. During the year, staff reductions altered leadership assignments, thus adding new skill requirements, in addition to the changes in systems and procedures. The speed of the changes in both processes and personnel proved to be too much "movement" for some staff members to handle. Communications once again became inconsistent, resulting in the right hand not knowing what the left was doing. As expected, one response to change was to revert back to familiar old behaviors. Recognizing this, the leadership team as a whole worked hard to overcome the "old" behaviors, and sustain the change effort.

Table 1: Example personal goals set by members of the AHP leadership team	
SKILL	**ACTION**
Listening	Practice attentive and active listening Stop interrupting others
Delegating	Identify routine and important work that can be delegated Share responsibility and accountability
Work Life Balance	Reduce long work hours, delegate more, go to the fitness center 3 days a week

Implementing Change

Leader Development

A key to implementing the change was leader development. At the individual level, leaders needed an understanding of their own role in the culture change process. Leader development focused on promoting the personal attributes desired in the leader, desired ways of behaving, and ways of thinking or feeling (Day, 2001). Ideally, this is done using objective assessment, coaching and feedback. This allows the individuals to identify potential areas for insight, growth, and self-improvement, and increase their overall effectiveness and performance. At AHP, we implemented a plan to develop the entire leadership team, which included recognition of performance and/or behavioral deficiencies, identification of the causes through assessments, and action planning to address the deficiencies.

Life Styles Inventory™

The behavioral styles assessment we used was the Life Styles Inventory™ (LSI) (Lafferty, 1988) from Human Synergistics. This assessment included both a self-evaluation and several descriptions by others to identify both individual leaders' attitudes and their actual behaviors, as perceived by those around them, using the same behavioral styles and circumplex as the OCI. Because of concurrent development programs across Advocate as a whole, we also used MBTI® and Lominger Voices® with some individuals, and had complementary results on those assessments.

Individual Action Planning

The development process included coaching the leaders to analyze their LSI results for gaps between their self-perception of their style compared to how others perceive it. Additionally, the leaders were encouraged to assess how their style enhanced or hindered the effort to move towards a strong Constructive organizational culture. The entire leadership team was required to develop individual action plans by choosing one or two specific measurable goals to work on over the year. Examples of the types of goals chosen are shown in *Table 1*.

In the action planning process, the leaders involved their peers and everyone began to support each other in their changes, resulting in increased ability to learn from each other. This was a significant improvement, which helped break down the barriers between the departments.

Simple recognition of the process people go through in change helped logic prevail over emotion as situations arose. Just as steps were taken to automate the processes, steps were taken to help the staff to adjust to the changes as they were implemented. This required a conscious effort and a heightened awareness by all leaders in understanding their impact on others. It required gaining skills in listening, goal setting, giving and receiving feedback, becoming open to new ideas and a willingness to delegate tasks.

Institutionalizing Change

Effective leadership played a vital role in AHP's change process. Being given the opportunity to step out of old ways of doing business enhanced the ability of leaders to become innovative, increasing their capacity to imagine new possibilities and transform ideas into reality. This allowed leaders to ensure their organization could continue to serve its clients as their needs and the business environment change. The change showed in both the leaders' individual styles and in the organizational culture.

Assessment Results

Individual Behavior Assessments

One early advantage to using the OCI and LSI assessments together was that it gave the leaders a common language for culture and the ability to recognize behaviors that were not Constructive. It also assisted leaders in focusing their own development needs. There was an increased willingness to delegate tasks or ask for assistance, instead of the old Perfectionistic behavior of taking on more and more assignments. Learning from mistakes became very important—especially learning how to challenge processes instead of challenging the people involved. There was more fact finding and less assumptions being made; less blaming and more looking for patterns and trends in the data.

The leaders at AHP showed very good progress when re-assessed with the LSI one year into the change process. They had focused on setting and accomplishing reasonable goals and promoting a more team-oriented workforce, shifting their personal styles and the culture of the entire organization. *Table 2* shows the percentage of leaders with primary behavioral styles in each of the LSI style groups. The clockwise shift around the circumplex, from Passive/Defensive to Aggressive/Defensive

Table 2: Percentage of AHP leaders whose primary LSI styles were in each cluster	
2005	**2006**
21% Constructive	58% Constructive
34% Passive Defensive	31% Passive Defensive
45% Aggressive Defensive	15% Aggressive Defensive

to Constructive is not uncommon, and we were delighted to see it here.

As an example of the behavior changes made by individual leaders, here are the assessment results and action plan details from one of the directors *(Figure 2)*. Note that the directors initially had the highest resistance to change.

For this director, the means to her changes in 2006 was her acceptance of the need to change her Aggressive/Defensive behavior. She realized that in the long term it was not effective, and resulted in great levels of dissatisfaction personally, as well as among the staff. She has worked hard at becoming more cooperative, and now willingly shares her knowledge with her team members. She has learned to delegate better, with the desire to reduce her long work hours, which she no longer views as a "good thing." This increased inclusion of others, better communication and improved work-life balance was found in many of the leaders, and accounts for a large degree of the organizational change made.

Organizational Culture Assessments

Leaders drive positive organizational change by changing their individual behaviors, and thus shifting the culture of the entire organization. The culture change at AHP showed up in both the OCI survey results and in its business outcomes.
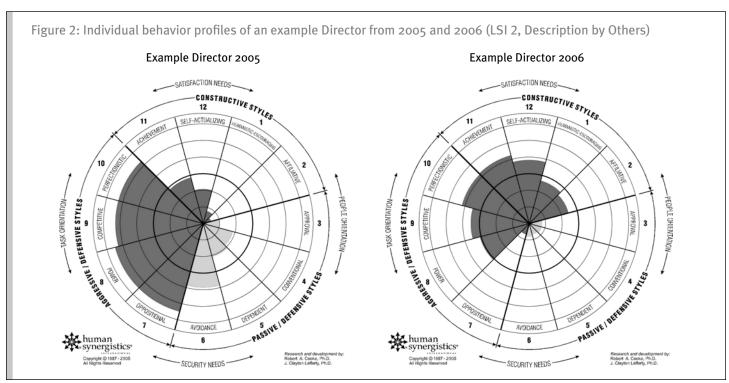
There were small but significant reductions in the Passive/Defensive and Aggressive/Defensive styles, while maintaining the Constructive styles. There was a staff reduction shortly before the 2006 OCI was administered. Achieving these good results so close to such a drastic change demonstrates how well the leaders are moving their teams toward the desired culture. Most important, the culture is less defensive. This difference is highlighted when we look at the cultural styles of the different levels of leaders.

In the 2005 OCI survey, the Director level showed the lowest strength in constructive styles of any level of leadership. The leaders used the LSI to make significant changes in their own personal behavioral styles. As the VPs began to push decision-making downward, the directors began to feel more empowered in their roles. They moved from primarily Passive/Defensive styles to primarily Constructive cultural styles. In 2005 the most prominent style was Avoidance; in 2006, the most prominent

cultural style was Achievement. This is a huge shift in the cultural norms of the organization, and a testament to the leaders "walking the talk."

The team of managers was impacted by the organizational changes that included not only changes in procedures and processes, but changes in their roles. Modeling the VPs behavior, the directors have recently identified appropriate decisions to push downward to the managers. One recent example of this empowerment was the delegation of staffing changes. As a team, the mangers showed the least movement in their LSI's from 2005 to 2006, even while they experienced the greatest level of staff reductions. Despite these changes, while their perception of the organizational culture is slightly more defensive in 2006 than in 2005, it is still primarily Constructive.

The supervisor/team leaders were greatly impacted by the organizational changes, which required them to develop new skills in order to perform the new processes. More authority and responsibility has been delegated to these leaders by their managers, and they have risen to the new challenges. They still

Figure 2: Individual behavior profiles of an example Director from 2005 and 2006 (LSI 2, Description by Others)

have a primarily Constructive cultural profile, with the strongest extensions in the Humanistic-Encouraging and Affiliative Styles, manifested in a strong team orientation, a friendly atmosphere and increased cooperation among staff members.

Business Results Achieved

None of these leadership behavior and cultural style changes would be important or sustained without complementary improvements in the business results of the organization. AHP's clients experienced the greatest positive financial impact. Significant reduction in turn around time results (see *Table 3*) improved cash flows for the clients, thus increasing customer satisfaction. At AHP directly, the change in cash flow created by the improvements reduced interest expenses from 2005 to 2006 by nearly $100,000.

Other business results included over 400 system corrections. Aligning and automating the claims processes resulted in 98% payment of claims on time, significantly reducing client complaints. Streamlining the mechanism for process improvement involved all levels of leadership and staff, and included audits

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to design skill training for the staff. The increased skill and knowledge development resulted in a marked increase in the number of internal promotions. Associate satisfaction rose to 98%, which was an all-time high.

In summary, the results achieved at AHP in just one year included:

» AHP interest expense was reduced by nearly $100,000
» Increased percentage of claims filed electronically
» More claim payments made with in 15 days of filing
» Reduced turnaround time in addressing pending claims

» Increased customer satisfaction 98% Associate satisfaction

Conclusions

The leadership team of AHP has driven significant positive organizational change, and members at all levels are now invested in transforming the culture. They have achieved tremendous behavioral and business results in a very short time by doing the following:

To initiate the change, the VPs led by clearly communicating the vision, sponsoring the change process, and demonstrating the willingness to make tough decisions. They also used objective assessments and interviews with their staff members to gather information in developing the change plan, rather than come in with a set agenda.

The change plan included leaders at all levels developing action plans for their own personal and professional development. The action plans encouraged reflection upon which leadership behaviors would drive the movement to a Constructive, Achievement culture, and which behaviors would hinder that movement. They set challenging but attainable goals, developed ways to measure their achievement, and celebrated each accomplishment throughout the year. This positioned the change effort in a positive light for every one. The open communication strategy and inclusion of members at all levels was critical to their success.

In implementing change, the leaders at all levels modeled the behaviors they expected. They also focused their problem-

Table 3: Key Process Indicators for improvement in turn around time (TAT)			
	1/05 Inventory TAT	**1/06 Inventory TAT**	**Change**
1. First Pass Rates: • EDI filing rate • Paid claims adjudication rate • Paid claims within 15 days	60% 70% 80%	95% 85% 95%	35% 15% 15%
2. Pending Claims Volume • Average TAT	17,000 ›90 days	3,000 ‹6 days	‹14,000› ‹84 days›
3. Pay and Deduct Volume • Average TAT	13,000 21 days	4,000 6 days	‹9,000› ‹15 days›
4. Fatal Edits Volume • Average TAT	23,000 60 days	3,100 2 days	‹19,900› ‹58 days›
5. Paper Volume • Average TAT	12,000 43 days	‹100 1 day	‹11,900› ‹42 days›
6. Appeals Volume • Average TAT	11,000 ›95 days	850 ‹15 days	‹10,150› ‹80 days›

The new systems required education and training for all levels of staff, the delegation of work to different levels of staff, and working together in new and different ways. The combination of better systems, delegation and education improved individual and organizational performance.

solving efforts on the work processes, and not the individuals involved. Mistakes no longer needed to be hidden, but were addressed as a way to improve processes.

The leaders became proactive rather than reactive, and changed the status quo. The new systems required education and training for all levels of staff, the delegation of work to different levels of staff, and working together in new and different ways. The combination of better systems, delegation and education improved individual and organizational performance.

To institutionalize the change, the leaders continue to guide the change process, encourage continued employee growth, and are role models of the desired behaviors. This requires them to be open and accepting of feedback, and willing to delegate on all levels. Most important, as we learned in the first year, the leaders must persevere through the tough moments, keeping the end goal in sight.

Finally, as we have done in this case study, it is important to take the time to reflect on what has been accomplished and how, what has gone well and what could be done better. There are always lessons to be learned, which can be used to improve how leaders can drive positive organizational change.

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Roxanne Ray, MSMOB, is a Senior Performance Consultant with Advocate Health Care. She is the "principle" consultant leading the system wide frontline leader development program linking learning and development to organizational initiatives. She specializes in organizational change, leadership assessment, development coaching and team development. She holds a Master's degree in Organizational Behavior from Benedictine University. Roxanne can be reached at *roxanne.ray@ advocatehealth.com.*

Eric Sanders, MA, MBA, is a Senior Manger, Leadership and Organization Development at U.S. Cellular. He is an expert at showing financial as well as behavioral results from OD initiatives. Eric surveyed organizational culture for many organizations (including AHP) while with Human Synergistics, and at U.S. Cellular he helps servant leaders and their teams drive culture change. Eric has a certificate in OD from Benedictine University, an MA in economics from Northern Illinois University and an MBA from the University of Illinois at Chicago. He can be reached at *eric.sanders@ uscellular.com.*