
Changing Airline Culture

Addressing the
Behavioral Side of Change

by Joseph E. Shackford

**2005 Symposium on
Managing Safety, Reliability, And Services**
April 25-27, 2005
Incheon, Korea

Changing Airline Culture

Addressing the Behavioral Side of Change

by Joseph E. Shackford
President, The Mattford Group

Good morning! My first opportunity to visit Korea was in the 1970s in support of the J85 engine for your F5E and F5F military aircraft. It is very good to be back again.

When I was invited to speak to this gathering, I reviewed the work you've been doing to earn Korean Air's place in the world airline community. And I looked at what you've identified as your next steps to become a respected leader in that community.

In March 2004, as you know, Chairman Cho announced plans to "provide world-class service excellence." He described how, over the past 35 years, you've expanded your route network and fleet so that, in alliance with your SkyTeam partners, you now "can take anyone and anything to anywhere, anytime."

Now, he said, you will redefine your airline, provide customers a greatly enhanced in-flight experience...and grow into a vibrant, spirited organization.

To do this, he said, you must "instill a new corporate culture within the airline."

Today I want to talk with you about some ways to begin to change an airline's culture - specifically, about the *behavioral* side of culture change.

Changing Airline Culture: What Do We Mean? Where Do We Start?

Korean Air is not alone in having identified the need to change its culture. Many airlines in Europe, Asia-Pacific and the US must change strategies, organization, route structure, equipment and basic approaches to compete with Low Cost Carriers. They must change the working relationship between management and employee groups. Even Southwest must work hard to assure it doesn't lose its cultural core.

You actually are in an enviable position. Most airlines must change their cultures in order to *survive*. You need to change yours in order to

grow to your next level of excellence.

You may have read an article by Geoffrey Thomas in the September 2004 *Air Transport World* on changing airline culture. It opened with this quote from Charles Darwin: "*It is not the strongest of the species that survive, nor the most intelligent, but the ones most responsive to change.*" Mr. Thomas wrote, "It won't be easy for our network airlines to change their corporate cultures, but it has to happen." He quoted Rod Eddington, Chief Executive of British Airways, who said this: "*Changing airline culture is like trying to perform an engine change in-flight.*"

Everyone seems to agree that we need to change our cultures. But we're not very clear about how to do this. *It is rather like trying to eat an elephant.* Where do we start? *How* do we do it? And what do we mean by "change our culture"? And what *don't* we mean?

Clearly, there are some things we *don't* mean. Culture anchors us to our society and our history. It gives each of us meaning through identity. It provides continuity, belonging and comfort that help us deal with the confusion and uncertainty that often surround us. Culture is "the sea in which we swim; water to a fish."

It would be unwise to throw all that away. And, in truth, it would be impossible.

But let's see what we *do* mean.

Korean Air started out thirty-six years ago to serve Korea and the Asia Pacific region. Its people worked long and hard so it could become a fine cargo carrier and regional passenger airline. The airline's culture - built on discipline, overcoming adversity, and hard work inside its various functions - grew up to support that business model. As additional people joined, they adapted to this culture. It conveyed to them such traditions as how to get work done, how to meet your objectives, how to solve problems, how employees work with managers, how managers work with employees, how people work across functional

lines, and how you relate to customers, suppliers, and partners - to the world “out there.”

Now, as you know, if you are to integrate with your Alliance partners, you need to function at a world-class level.

So you’re implementing changes in cabin interiors, food service, state-of-the-art sleeper beds, and so forth. Image-makers are working to change your image. These are all important. But the truth is, it’s relatively easy to change *things*.

Changing *behaviors* is much harder. Your management has also identified behavior-based changes:

- *You must enhance every passenger’s in-flight experience.* You know how to be one of the best cargo airlines in the world. But a different set of attitudes, values and behaviors will be required if you are to enhance each *passenger’s* in-flight experience.
- *You need to provide service excellence.* All your departments must identify Best Practices and implement them in ways that fit for you. And you must integrate more seamlessly with other functions and with your Alliance partners.
- *You need to be nimble and adapt to changes.* This goes back to Darwin’s quote. It is also at the core of Lean/Six Sigma: how does each of us accept that our job is not only to do our job, it is also to continuously improve our job?
- *And everyone needs to grow in their abilities to take initiative and to innovate.* Chairman Cho talks about “out of the box” thinking. In aviation, we’ve long been taught to think “inside the box.” How do we now also think “out of the box”?

Notice that the purpose of all these *behaviors* is to achieve your objectives. I’ll keep coming back to this concept.

Why Culture Change Is Hard

I mentioned that changing culture-based behaviors is far harder than making equipment or image changes. Here are four reasons why this is so:

- 1) The first is that the people who have been part of your organization’s success (including many of you here today) grew up in your current culture and succeeded using your current business model. It goes against all their instincts when they now hear they must change those things that made them - and the airline - as good as you are. So one precursor of successful culture change is this: *Each of you needs to agree that change really is necessary.*
- 2) The second is a concept called Attribution Theory. Attribution Theory says if something

positive happens, it’s because of what I did. I take credit for it. If something negative happens, it’s not me; it’s the system or it’s the other people.

A few years ago, at American Airlines’ annual management meeting, every seat in the auditorium had been fitted with a real-time response device. A set of questions had to do with whether people saw the need for behavior change. As each person pushed buttons in response to the items, the results were projected on the screen.

Here are the items and the responses:

“*My management* needs to change how it works with people.” 90+% yes.

“*My colleagues* need to change how they work with people.” 90+% yes.

“*My subordinates* need to change how they work with people.” 90+% yes.

“*I* need to change how I work with people.” 90+% **no**.

Most of us, if asked, would agree that our industry and our company need to change. But almost every one of us, if asked, would tell you, in all honesty, that we personally don’t need to change or that we already have; it’s everyone else who’s the problem.

Until we overcome Attribution Theory, nothing can change.

3) The third reason it is hard to change culture-based behaviors is this: We need a readily available alternative model that may work better – ideally, one that has been pre-tested in our industry - and we’ll need the chance to learn how to use it and to discover for ourselves that it actually works.

4) And the fourth reason is perhaps the hardest of all. Elements used to manage the business hold these behaviors in place. We call them “the paraphernalia of culture.” They include your hiring criteria, performance appraisals, reward and recognition systems, promotion policies, and, importantly, your measurements.

The truth is, regardless of what management tells people about the organization’s strategic objectives, most people work to measurements. Imagine for a moment that you’re a buyer. Your management is asking you to partner with your suppliers and to work seamlessly along the supply chain. But you’re being measured on whether you get 5% reductions on the products you buy. If that’s how you’re measured, what are your behaviors likely to be? Of course. Almost everyone will continue to squeeze the suppliers to get them to lower their prices.

Therefore, once we’re clear about the new ways we need people to behave, *we’ll need to change our measurements to allow and require our people to behave in these ways.*

Where do you start?

But if you're struggling with where to start with culture-based behavior change, the answer is simple: You've already started. You've identified how your business environment has changed. You've identified corporate objectives to let you succeed in that environment. And you've identified a vision of the different behaviors you'll need to realize those objectives.

The next steps are to open each person up to the need for change, and to demonstrate and develop the behaviors.

Demonstrating the behaviors is one reason you often hire into key roles people who already have that set of behaviors; they can model the behaviors for your people. The problem is, these excellent people often can't explain the invisible model and assumptions that drive their behaviors.

So it is also very important to teach both the model that drives the behaviors and the behaviors themselves to the quite capable people you already have. And then, as I've said, to encourage and require them to use the behaviors and to track and celebrate their results. To do that, we need to identify that invisible model.

An Important Distinction

Now, as we think about changing our behaviors, I want to make an important distinction. We're not being asked to change who we are. We're being asked to change how we do what we do with one another. This is a very good place to start, because it's do-able. It's not easy, but it's do-able.

Behaviors and Negotiation

To get to that invisible model, we start with two premises.

Here's the first: *The purpose of our behaviors is to achieve our objectives in a particular environment.*

We do things to get what we want and need for ourselves and for the people we represent.

But as a species we get taught much of how to behave and what to do by the communities we find ourselves in.

So a lot of what we do in organizations we learned from others, who learned from still others, about how to be effective in an environment that presumably existed when those behaviors were first codified.

And here's the second: *Negotiation underlies most of the behaviors we use to achieve our objectives.*

So whenever you're seeking to solve problems, make decisions, shape solutions or reach agreements with people over whom you don't have direct

control - in what's called a mixed-motive environment - you're negotiating.

A mixed-motive environment is a situation where some of your interests overlap with those of the other person and some don't...and of those that don't, some may be in direct conflict.

How many of you, every day, have to solve problems, shape solutions and reach agreements? And how many of you must do this in a mixed-motive environment with others over whom you don't have direct control - employee groups, peers, bosses, regulators, internal customers, external customers, suppliers and partners?

The truth is, we're all negotiators.

And an observation: *Sometimes our environments and our objectives change so much the very behaviors that were the basis for our success are now working at cross-purposes with our own intentions.*

I suggest to you that now is such a time.

When we realize that negotiation underlies our behaviors, the findings of the Harvard Project on Negotiation can be used to identify the pattern of those behaviors. We can then place them side-by-side with our objectives and ask a simple question: Can we achieve our objectives using these behaviors?

We start with your stated objectives:

- We will be a respected leader in the world airline community.
- We will provide world-class service excellence.
- We will provide customers a greatly enhanced in-flight experience.
- We will create an open culture that encourages initiative & innovation.
- We will be nimble and adapt to changes quickly.
- We will stay competitive through cutting-edge technology.
- We will grow into a vibrant, spirited organization.
- We will bring the world's Best Practices to the airline's operations.
- Our "out of the box" thinking will create interlocking systems.
- We will ensure safe, secure, expedient operations.

What is our current model for negotiation?

Now let's add our behaviors. The Harvard Project calls our current model Positional Negotiation.

In one version of this model - Hard Positional Negotiation - the basic assumption is that the pie is fixed, negotiation is about claiming value and my job is to get more than you.

So I take a position more extreme than I'm

willing to settle for and so do you. Then through a series of tactics and ploys, measures and countermeasures, we ratchet in toward the middle.

They identified these elements:

- Participants are adversaries.
- The goal is winning.
- Demand concessions to continue the relationship.
- Be hard on the people and the problem.
- Distrust others.
- Dig in to our position.
- Make threats.
- Mislead as to our bottom line.
- Demand one-sided gains.
- Search for the single answer - the one we can accept.
- Insist on our position.
- Apply pressure.

When we operate in the marketplace, we're pretty comfortable with negotiation being a game whose purpose is winning. When we operate internally, we may use other words. But most of us learned that our job is to get our job done, meet our measurements and get our people to do what we want. And since we truly believe that our position is the right one, the best one, our job is getting others to fall in step with us, like it... hopefully...or not.

The words may be gentler; but the underlying assumptions are the same.

Now, some of us play a "nicer" version of the game. It's called Soft Positional Negotiation.

- Behave as if we're friends.
- The goal is agreement.
- Make concessions to improve the friendship.
- Be soft on both the people and the problem.
- Trust others, hoping that reciprocity will cause them to be trustworthy.
- Change position easily.
- Make offers.
- Disclose our bottom line.
- Accept one-sided losses.
- Seek the single answer - the one they'll accept
- Readily yield to pressure.

You can see it's the flip side of the same game.

Game theory says that a hard game dominates a soft one. Given the choice of being the "beater" or the "beatee," most of us in aviation play the Hard Positional game. We didn't invent it. It's been a pattern for how people have negotiated for thousands of years...but we're very good at it.

Positional Negotiation	
Soft Positional	Hard Positional
■ Participants are friends.	■ Participants are adversaries.
■ The goal is agreement.	■ The goal is winning.
■ Make concessions to cultivate the relationship.	■ Demand concessions to maintain the relationship.
■ Be soft on the people & the problem.	■ Be hard on the people & the problem.
■ Trust others.	■ Distrust others.
■ Change your position easily.	■ Dig in to your position.
■ Make offers.	■ Make threats.
■ Disclose your bottom line.	■ Mislead as to your bottom line.
■ Accept one-sided losses.	■ Demand one-sided gains.
■ Search for a single answer - theirs.	■ Search for a single answer - yours.
■ Insist on agreement.	■ Insist on <i>your</i> position.
■ Yield to pressure.	■ Apply pressure.

Now, back to our core concepts: The purpose of our behaviors is to achieve our objectives...

Does this compute?	
Hard Positional Behaviors	Korean Air's Objectives
■ Participants are adversaries.	■ Be a respected leader in the World Airline Community.
■ The goal is winning.	■ Provide world-class service excellence.
■ Demand concessions to maintain the relationship.	■ Gain customer loyalty by offering a great product.
■ Be hard on the people & the problem.	■ Stay competitive through cutting-edge technology.
■ Distrust others.	■ Be nimble and adapt to changes quickly.
■ Dig in to your position.	■ Create an open culture that encourages initiative & innovation.
■ Make threats.	■ Bring the world's Best Practices to our operations.
■ Mislead as to your bottom line.	■ Create interlocking systems through "out of the box" thinking.
■ Demand one-sided gains.	■ Lower operating costs through global IT partnerships.
■ Search for a single answer - yours.	■ Ensure safe, secure, expedient operations.
■ Insist on <i>your</i> position.	
■ Apply pressure.	

A logical question is this: "*Can you achieve these objectives using these behaviors?*" I think the honest answer is, "You can get part way there." Managers and employees regularly do incredibly difficult things. But the rest of the answer is, "You can't get all the way there."

It's like trying to get from Incheon to Pusan by way of Hong Kong.

So, maybe the better question might be this: "*Is there a better way?*"

That same project at Harvard suggests that the pie is not fixed and negotiation is really not about beating the other guy.

Rather, it's about solving problems and shaping solutions to satisfy your constituents' interests and needs, and your counterparts' interests and needs, better than any alternative reasonably available to you or them...and doing so in such a way that you and they look forward to solving problems and shaping solutions together again.

Their researchers laid out the old options against these criteria. Soft positional or hard positional negotiation - which game should you play?

Which Game Should You Play?

Soft Positional	Hard Positional
■ Participants are friends.	■ Participants are adversaries.
■ The goal is agreement.	■ The goal is winning.
■ Make concessions to cultivate the relationship.	■ Demand concessions to maintain the relationship.
■ Be soft on the people & the problem.	■ Be hard on the people & the problem.
■ Trust others.	■ Distrust others.
■ Change your position easily.	■ Dig in to your position.
■ Make offers.	■ Make threats.
■ Disclose your bottom line.	■ Mislead as to your bottom line.
■ Accept one-sided losses.	■ Demand one-sided gains.
■ Search for a single answer - theirs.	■ Search for a single answer - yours.
■ Insist on agreement.	■ Insist on <i>your</i> position.
■ Yield to pressure.	■ Apply pressure.

Some of you may have seen a movie called *War Games* in which a computer played endless sessions of Tic Tac Toe and nuclear war scenarios. Finally it learns: in both cases, the only way to win is not to play.

Which game should you play?

Neither, they said. Change the game.

In interest-based negotiation:

- Participants are problem-solvers.
- The goal is a wise outcome reached efficiently and amicably.
- Separate the people from the problem.
- Be hard on the problem, unconditionally constructive with the people.
- Be wholly trustworthy.
- Get below positions to the motivating interests.
- Avoid having a bottom line.
- Multiply options for mutual gain.
- Insist on objective criteria.
- Reason and be open to reason.
- Yield to principle, not to pressure.

Here are those objectives and these behaviors...

How About This Instead?

Behaviors	Korean Air's Objectives
■ Participants are problem-solvers.	■ Be a respected leader in the World Airline Community.
■ The goal is a wise outcome amicably reached.	■ Provide world-class service excellence.
■ Separate the people from the problem.	■ Gain customer loyalty by offering a great product.
■ Be hard on the problem, unconditionally constructive with the people.	■ Stay competitive through cutting-edge technology.
■ Be wholly trustworthy, not wholly trusting.	■ Be nimble and adapt to changes quickly.
■ Get below positions to the motivating interests.	■ Create an open culture that encourages initiative & innovation.
■ Avoid having a bottom line.	■ Bring the world's Best Practices to our operations.
■ Invent options for mutual gain.	■ Create interlocking systems through "out of the box" thinking.
■ Develop multiple options first. Decide later.	■ Lower operating costs through global IT partnerships.
■ Insist on objective criteria.	■ Ensure safe, secure, expedient operations.
■ Reason and be open to reason.	
■ Yield to principle, not to pressure.	

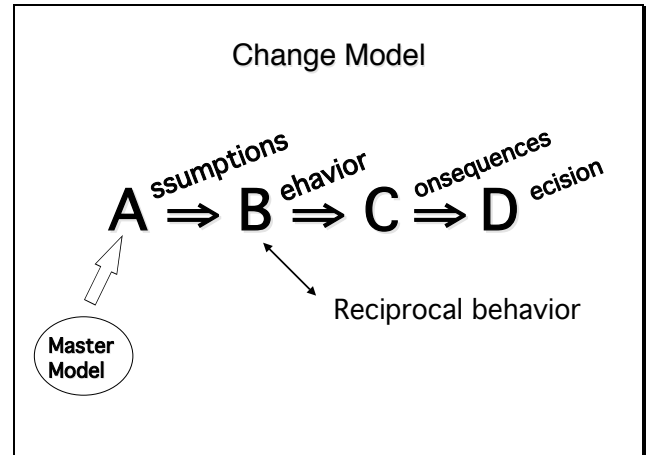
So, how do we change our behaviors?

But should you ask the next question – “*How do we build these skills in our people?*” – unfortunately, skills training can't do it. Skills training can improve

behaviors *within* an existing model. But when the model itself is no longer sufficient, skills training won't change people's behaviors. We learn the skills but they don't last.

Changing the invisible model that drives our assumptions and behaviors seems to require highly experiential, immersion education to the paradigm-shift level.

Let me show you why:



Many years ago, a colleague shared with us this model for behavior change. We start with our paradigm, our master model for how to work with others to solve problems, shape solutions and so forth. This master model was largely formed when we were new to organizational life.

Our master model drives our assumptions, which include our vocabulary and our metaphors - the images we use to define reality. Our assumptions drive our behaviors. Our behaviors tend to elicit reciprocal behaviors - not always, but they tend to. And these behaviors have certain consequences. The model says that if we don't like the consequences, if they no longer serve us well, we can make a decision to change. Usually, when we decide to change, we try to change our behaviors. This is the province of skills training, good intentions and trying.

No matter how well intended we are about changing, it doesn't work. Our master model pulls us back into old, familiar behaviors. This is really important to understand. We have to go all the way back and change the master model - the paradigm - which drives different assumptions, results in different behaviors, elicits different reciprocal behaviors, and...you get the idea.

So that's the idea behind a paradigm shift. Small changes in our master model lead to small changes in our assumptions, which lead to *significant* changes in our behaviors and *very significant* changes in our results.

To summarize, if you want your people to break

through to the point where they see things differently and choose to act out of that different model, this immersion education must address the three elements I mentioned. It must:

- 1) *Help each of us realize that our organization truly does need to change...* that no matter how comfortable and familiar our old model may be, it can't get us from where we are to where we need to be.
- 2) *Give each of us a chance to overcome Attribution Theory.* We each need to discover for ourselves that "Oh, my, it's me, too." Until we realize this, change is not possible. As soon as we realize it, change is very possible.
- 3) *Let us understand and practice a readily available alternative model...* ideally one that's been pre-tested in our industry and that seems to have the potential to help us solve the problems and realize the opportunities that face us now.

Years after attending our workshops, graduates continue to create value with their counterparts and craft far better solutions for their constituents. So we know it can be done.

But if you decide your company and your networks need to make this change, many hundreds of people will need to be trained. It seems overwhelming, and our minds tend to reject it as unrealistic.

I think it depends on whether you intend to achieve your objectives.

Korean Air's Objectives

- Be a respected leader in the World Airline Community.
- Provide world-class service excellence.
- Gain customer loyalty by offering a great product.
- Stay competitive through cutting-edge technology.
- Be nimble and adapt to changes quickly.
- Create an open culture that encourages initiative & innovation.
- Bring the world's Best Practices to our operations.
- Create interlocking systems through "out of the box" thinking.
- Lower operating costs through global IT partnerships.
- Ensure safe, secure, expedient operations.

If so, it can be done if you decide to give it the same attention you've started to give to Lean/Six Sigma. And there are parallels.

If Lean/Six Sigma lets you streamline and integrate your *operations* processes, interest-based negotiation lets you streamline and integrate your *communications* and *joint decision-making* processes. Both are critical to your success. And

neither can be achieved just through managerial pronouncements, good intentions or trying.

To begin, as I mentioned, it is necessary to open each person's mind to the need for this change. To help with this first step, Pratt & Whitney has provided for each of you a copy of this book.



It deals with what I've been talking about - and much more - in the context of our industry.

The book can take your people toward this mind-shift. It won't get them all the way there, but it should give them the concepts, models and vocabulary they need to talk with each other about moving toward this different way of working together.

Talking together about these ideas will start your people on the path to changing those behaviors. Talking together will encourage people to start to think outside the box. It will make it OK to create a more open culture that encourages innovation and initiative. And it will help most of them want to take advantage of the other opportunities you as management may choose to provide them.

To summarize how you get from one mindset to the other, if you choose to:

1. Your management team decides whether managing the behavioral side of change is as important to your success as changing your image, upgrades in structure and equipment, and implementing lean/six sigma.
2. You help your people learn about what may be better models for what you're trying to do, and

you talk together about them in the context of your business.

3. You provide education and training to the paradigm-shift level. You start with management and managers first, so that as others attend they return to organizations that will support their efforts to behave in these different ways.
4. You expect that people will utilize the skills they've learned, you ask what they're doing differently, and you measure their results.
5. You advertise and celebrate their successes,
6. You fine-tune what you're doing based on their feedback, especially as they identify blockages in the organization.
7. And, most importantly, you change your metrics and other paraphernalia of culture to require, recognize and reward these different behaviors.

And then you identify what else is necessary. Culture change has a way of rolling out in front of you, like a carpet.

Now, I invite each of you to conduct a little experiment. In your handout is a page that looks like this:

My Organization's Strategic Objectives	
Behaviors	Objectives
<input type="checkbox"/> Participants are adversaries.	<input type="checkbox"/> _____
<input type="checkbox"/> The goal is winning.	<input type="checkbox"/> _____
<input type="checkbox"/> Demand concessions to maintain the relationship.	<input type="checkbox"/> _____
<input type="checkbox"/> Be hard on the people & the problem.	<input type="checkbox"/> _____
<input type="checkbox"/> Distrust others.	<input type="checkbox"/> _____
<input type="checkbox"/> Dig in to your position.	<input type="checkbox"/> _____
<input type="checkbox"/> Make threats.	<input type="checkbox"/> _____
<input type="checkbox"/> Mislead as to your bottom line.	<input type="checkbox"/> _____
<input type="checkbox"/> Demand one-sided gains.	<input type="checkbox"/> _____
<input type="checkbox"/> Search for a single answer - yours.	<input type="checkbox"/> _____
<input type="checkbox"/> Insist on your position.	<input type="checkbox"/> _____
<input type="checkbox"/> Apply pressure.	<input type="checkbox"/> _____

We've just used this in relation to Korean Air's objectives. Consider using it with your staffs to look at your own organization's objectives – Maintenance & Engineering or Airport Customer Service or whatever your particular function is. Then ask yourselves, "Can we achieve our objectives, now and over time, using these behaviors?" If the answer is, "No, we really can't," take the next step.

That next step may be as simple as reading the book and circulating it to your staff members so they can read it. Then talk together. Ask each other, "What of this is true for us? If we wanted to

adopt some of these ideas, what difference would it make? What would we do? How would we do it?"

You're the operations managers of your parts of the business. It will be you who encourage the change and who implement it day-in and day-out.

Culture-based behavior change begins when individuals and teams decide that, though their old behaviors are familiar, they no longer are serving them well, and when they come to believe this different model is worth the time and effort it will take to build a different habit.

We very much hope the book proves to be useful to you. Should there be other ways we can be of help, please let us know.

All best wishes for success in your grand adventure to take Korean Air to its rightful place among the premier airlines of the world.

Thank you for your time and attention.

Joseph E. Shackford, President of The Mattford Group and co-author of "Charting A Wiser Course: How Aviation Can Address the Human Side of Change," can be reached through www.negotiatingolutions.com. His book can be found on www.chartingawisercourse.com and other aviation web sites.

For reprints or information, contact

The Mattford Group

P. O. Box 5454

Incline Village, NV 89450-5454 USA

Phone: 775.832.5300

Fax: 775.832.5302

E-mail: Mattford@aol.com

Web: www.negotiationsolutions.com