

Director's Board Report

September 2019

Thank you Chairman Moad. And good morning members of the Idaho Transportation Board.

In my July board report, I showed the improvements we have made at ITD during the last 10 years. Where we started from, and where we are going. Most of the topics I addressed in July were specific to the actions we have taken.

But as we were taking those actions, it became very clear to the Executive Team that everything we were doing involves changing the culture at ITD.

Today, I am going to get into detail about how we changed ITD's culture into what it is today, and how we measure the culture changes.

To understand the change, we first had to understand four things:

- **What is culture?**
- **Who drives the culture.**

- **How do you change it.**
- **And how you measure it.**

Culture is about behaviors. It is about how we behave as individuals, and how we behave as teams. Culture is about how leaders drive specific behavior in the organization.

Which is important, because behaviors lead to actions. And actions lead to results. Simply stated, culture is the way people think and act. Or are expected to behave.

If a person comes into an organization for a job interview and is sitting across the table from the interview panel. He or she might answer a series of questions, and at the end of the interview, the panel might ask if the applicant has any questions.

If the applicant asked them “**what is the culture of your organization?**” they would describe it.

But after the interview, if the applicant were to see a group of employees around the water cooler and ask THEM to describe the culture, would he or she get the same answer the interview panel provided?

You would like to think so. But it would probably be a very different answer. A Director of an organization can change policy. He or she can change procedures to say “here is how we are going to do things.” But a director cannot change culture by saying:

- “This is how you are going to change the culture,” or
- “this is what we are going to do,” or
- “this is how we are going to behave from now on.”

To change the culture, employees have to have different beliefs, which are based on giving them different experiences. Experiences create beliefs.

Those beliefs drive peoples’ actions. And those actions create results.

You cannot just tell a group of people to go where you want them to go culturally, and expect it to happen. The employees are going to have to “WANT” to go there.

In the Leave it to Beaver show, I remember an episode where Wally did not want to go to a dance that he had

been invited to. His mother and father both tried to convince him that it was a good idea to go to the dance. But it was not working. Wally did not want to go. Under any circumstances. His parents finally realized they could not change his mind.

So an exasperated Mr. Cleaver stood up, put his arm on Wally's shoulder, and in a strong, stern voice said:

“Wally, you are going to go to the dance.

And you are going to have fun!”

Do you think that changed Wally's mind about the dance? Not one bit. Telling Wally he was going to enjoy going to the dance is just like telling employees they are going to change their culture. That is not something the leadership can impose on an organization.

We can make Wally dress up. We can make him go to the dance. But we cannot make him have fun. He has to decide for himself that he wants to go there, and that he wants to have fun.

Culture requires people to have different beliefs that drive different actions that create different results.

In my July report, I mentioned that ITD wanted different results, so we could become a more successful agency. To get those results, we knew we had to change the culture. We also knew that we needed a way to measure the change, to make sure we were going in the right direction

We were good at measuring things like snow and ice removal, or the number of vehicle titles issued every month. But we really did not know how to measure culture, so we began researching a number of tools that would help us do so.

The best one was developed by Human Synergetics. We like it because, unlike most culture tools, it was not based on a grid, where one end is bad, and one end is good. The tool we chose is based on a circle, called a circumplex. It has nothing to do with bad or good.

The circumplex is divided in to 12 pieces. Each piece represents a different behavior. The circumplex shows how people behave. It does not measure right or wrong. We used it in 2012 when we surveyed the employees, to find out where they want to go, and what kind of work culture they wanted to have at ITD.

Here is how it works:

The 300-question survey is statistically valid. And the same questions are asked in different ways, several times. Sometimes they are negative. Sometimes they are positive. So people have to think about how they respond.

Question two may relate to question 30, to question 142, and question 300. There is no pattern.

You cannot take the survey and answer each question with a one or a ten. A one on this question may be a five or a 10 on another question. You cannot just answer one, one, one, or five, five, five. You cannot game the survey, because you have to answer each question in a different way.

I also like it because the results tell leaders what behaviors they are driving. It shows if they are leading employees where we want them to go. If they are not leading them in the right direction, the supervisors need to change the behaviors they are driving.

The circumplex is divided into 12 behaviors, shaped like pizza slices. If you draw a vertical line through it, behaviors on the left side of the line are related to tasks. The right side shows behaviors related to people.

As an engineering organization, we tend to focus on the left side of the circumplex. If you draw a line horizontally, behaviors below the line are motivated by the need for security and protection.

Behaviors above the line are motivated by satisfaction and fulfillment. The behaviors fall into three categories, which are color coded.

The green area shows passive-defensive behaviors associated with approval, conventional thinking, dependence, and avoidance. This is typical of many government agencies.

Generally, when you are hired by a government organization, you come in, you do what you are told to do, keep your head down, your mouth shut, and don't cause any waves. If you do your job reasonably well, and do not have any trouble, you might get a few promotions. And after 30 years or so, you can retire with a pension.

The green behaviors are the government way. And the way ITD was up until 2010.

The red area of the circumplex shows aggressive-defensive behaviors such as opposition, power, competition, and perfection.

- I am right and you are wrong.
- It is my way, or the highway.
- I am in charge.

These behaviors are common in sales-oriented organizations, where people compete with each other for customers and accounts.

I am going to make you look bad, so I look good.

At ITD, these behaviors would be associated with supervisors who micromanage their people. Or those who refuse to allow others in their shed to operate certain equipment. For instance, an aggressive supervisor might say that only he is allowed to use the backhoe, which elevates his power in the shed. This behavior is also associated with people who hoard knowledge and won't teach others what they know.

These red, aggressive behaviors are often seen in people who seek to control others, or who are trying to show that they are “better” than everyone else. These aggressive behaviors drive passive/defensive behaviors.

In short, red behaviors drive green behaviors in others. For example, if you want your organization to be passive, you as a leader need to be very, very aggressive.

The blue area of the circumplex shows constructive behaviors associated with talent, potential, and achievement. Behaviors that show concern for others, and support social and emotional bonds with co-workers and customers.

At ITD, these behaviors are associated with:

- Results
- Safety
- Innovation
- Employee appreciation

- Customer service, and
- Teamwork.

Most people want to come to work for more than just a paycheck. They want to do something fulfilling and enjoyable, where they can help people, or work in a team that makes a difference. They want to be a part of something bigger than just themselves.

When we conducted our first culture survey in 2012, the circumplex on screen shows where most employees wanted to go. The results of the 300-question survey showed this is their ideal work culture.

Overwhelmingly, they wanted a constructive organization., with behaviors above the horizontal line. In 2012, we were a typical passive government organization, with very little constructive behavior.

We take the survey every two years. The four surveys you see on the screen show we are making slow, steady progress. A very high performing organization would have constructive behaviors mostly above the heavy black circle. The passive and aggressive behaviors would be mostly below the heavy black circle. The reds and greens would be

a little below the 50 percentile mark. And the blues would be a little above. That represents a high-performing organization.

If you look closely at the difference between the 2012 survey and the 2018 survey, you can see a small amount of improvement. But let's look at it from a numerical standpoint.

We want to see increases in the blue constructive category, and decreases in the passive and aggressive categories.

Comparing the 2018 percentile column to the 2012 percentile column on the left shows improvement in all categories, with one exception. Some show overwhelming improvement. We are seeing increases in all the constructive behaviors, and decreases in the green and red categories, which is exactly the kind of improvement we want to see.

Now let's take a look at some examples. Here is one from the private sector. This chart shows the difference a constructive culture can make for a large corporation. Lion Nathan is one of the largest food and beverage distributors in Australia and New Zealand.

The first bar of this chart shows their profits in the first year of their journey to change their culture. You can see that as their culture became more constructive, their profits increased. By year nine, most of their constructive behaviors are above that 50-percentile area I mentioned earlier. Creating a more constructive culture helped them become a highly profitable organization.

Now let's look at a public-sector example: ITD. The cultural improvements in our organization are driving better performance. This chart shows the percent of time Idaho highways are clear of snow and ice during storms. It is one of our primary performance measures, and one we report to the legislature every year.

As our constructive behaviors increase in the circumplexes above, we see a corresponding increase in performance, and these improvements happened after we cut our workforce by more than 10 percent.

Here is another chart, showing the results of the roads being clear of snow and ice a higher percentage of the time. By removing snow and ice, we are making the roads safer, which is decreasing the number of accidents during adverse weather.

Better performance drives better results. It helps us save lives, and meet the needs of our customers, which is the reason we wanted to create a more constructive culture at ITD.

Now let's see how we are shifting the culture of our organization. Here are some comments from attendees at an ITD conference regarding their thoughts on being a leader at ITD.

Now let's see how individual leaders drive behavior and culture. As I mentioned earlier, the behaviors of leaders drive other behaviors in their employees. Here is how it works at ITD.

Let's take a look at a typical supervisor. We'll call him John Smith. This slide shows what he thinks his ideal behavior should be, the behaviors his supervisor, peers and associates see, and the behaviors he drives in his direct reports.

Now let's take a look at the leadership strategies John Smith can use as he leads others. . .

Now let's take a look at an example of one leadership strategy (envisioning). . .

Now let's take a look at how John's behaviors impact the achievement of others. . .

Now let's take a look at how that ownership affects how John Smith drives dependent behavior . . .

John Smith needs a lot of work on the driving of perfectionistic behavior. . .

Now let's take a look at John Smith's impact on organizational effectiveness. . .

Now let's take a look at at John's personal effectiveness . . .

Now let's take a look at how he balances conflicting priorities. . .

So when we put it all together. . .

Here is a short video showing how a supervisor's behavior can drive employees, or in this case, a submarine crew, to create amazing results on their own.

That was just a short section of a 10 minute video, and if you have time, I encourage you to watch the full version.

It is very enlightening and entertaining.

Now let's go back to what the surveys told us about our actual culture. Here is what the 2012 survey showed.

[\(Animate\)](#)

Here is the 2014 survey.

[\(Animate\)](#)

The 2016 survey.

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And the 2018 survey.

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The results were consistent with the other data and feedback we were getting, including information from director visits, the Communications Council, and feedback from leadership.

The surveys are also showing us that the changes we are making are being well received. The upper line in this chart tracks ITD Job satisfaction, which is continuing to increase. The lower line tracks employee motivation, and as you can see, it is increasing as well. As their motivation increases, so does their performance.

Satisfied, motivated employees perform at a higher level. The results of their performance are reflected in the ITD Dashboard for all to see.

After the 2018 survey, we decided that even though we were making progress and doing well. There were still some things we needed to adjust.

During my 2017 and 2018 director visits we talked about the things we needed to continue doing, the things we are not doing well, or should not be doing that we needed to stop, and what we needed to start doing. Here are the top five in each area.

- The number one thing we need to continue doing is providing raises.

And this was not just about the money.

The employees feel that the raises show they are appreciated.

And that management is fighting for them.

- We also need to continue promoting innovation.
- Providing Horizontal Career Paths.
- Breaking down silos.
- And emphasizing employee safety
- The number one thing we need to stop doing is making measurement the goal.
- We also need to stop taking equipment from areas where it is needed.
- Throwing away or relocating knowledge.
- Favoring specialization over general knowledge.
- And making decisions without input or a rollout plan.

- The number one thing we need to START doing is Explaining the “Why”
- We also need to start dual filling positions when possible.
- Clearly defining roles and responsibilities.
- Recognizing that long-term expertise is just as valuable as what newly hired employees bring.
- And providing a better onboarding process for new employees.

Based on this input from all levels of the department, we began looking for ways to really move the needle, and we came up with the analogy that we are at halftime in a football game. So, what do you do at halftime?

You look at the trends in the first half of the game. You look at the statistics. And you make adjustments.

Earlier this year, we brought every single ITD leader to Boise to talk about what we are doing right, and the changes we are going to make so we can win the game.

We opened the conference with this halftime-themed video. At that conference, we made it very clear that we will not go backwards. And we will not make any big changes.

To win the game, we are going to build on what we are doing right. And we are going to improve in the areas that need more work. We are going to focus and simplify which means focusing on the strategic plan. . .

In addition to the constructive behaviors that drive our success and performance, and we are going to simplify what we want the employees to do, which is to focus the six primary things we care about at ITD.

- Employees
- Safety
- Innovation
- Customers
- Teamwork

● And results

In summary, this month's Director's Report is an extension of the July Board Report, providing the board with more in-depth information about how we are working to change the culture of ITD, and how we measure our progress.

You have seen where we started from. You have seen where we are going. And some of the major changes we have made along the way.

Changing our culture has helped us improve our performance. And our performance is creating outstanding results that are being noticed and appreciated by elected officials and the public.

We are only part way through our journey to change ITD's culture. We have made good progress, and the results of that progress are bringing national attention and recognition to our department, and our employees.

The White House is interested in the changes we have made at ITD that are driving our success, and they asked us to develop a case study they could share with other federal and state agencies. Here is the video version of that case study.

As you can see, we have done some great things, and with the help and support of the board, we will continue to make the cultural improvements and measure the results that will one day make ITD the best transportation department in the country.

Mr. Chairman and members of the board, this concludes my Director's report for September, 2019.