

RULES AND RITUALS

How to Drive Change

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Recently I was fortunate to join a meeting in India with economists, political scientists, politicians, and civil servants to explore big questions on how to drive major change in the way government works. The conversations were confidential and thus very candid. One senior official told a story of a well-intended change that never took hold. There was a particular department that was aiming to improve its service levels. For every citizen who requested the service, it would log the request, go through the usual processes to provide the service, and log the completion. This was all done with pen and paper. But management wanted to get the data digitally to inspect and hopefully improve performance. So it implemented a computer-based logging system and a sophisticated dashboard to help monitor performance. Knowing that process completion times would be monitored, government workers were expected to accelerate their work. All sorts of benefits were imagined—identifying best practices, motivating bottom-up process improvement, etc. However, after implementation, there was no improvement, and there were even anecdotes of increased processing time. It turned out that the government workers simply maintained a “shadow” logging system. They would record each start time in a separate book, and when they felt reasonably sure that the work would be completed, they would enter a delayed start time in the system, thus creating two very different realities: what people actually experienced and what the dashboard was calculating.

The point of this story isn't that the government workers were bad or lazy. They were actually quite well-intentioned and proud of their work. The challenge was that the rational computer-based system was implemented without properly accounting for the fact that it was asking people to change—people with pride in what they do, knowledge of subtle details about how things worked, and personal relationships with colleagues who helped them solve problems that arose. Any new way of working will

naturally disrupt these informal systems. Most often, people will resist and reject ill-conceived changes, particularly those designed with rational logic but overlook emotional motivators. This is why any new set of “rules” has to be balanced with a shift in an organization's underlying “rituals.”

Results-based funding is an exciting movement that could dramatically improve efficiency and effectiveness in the delivery of key programs. More important, clearer framing of desired goals with more flexibility for how those goals can be achieved will unlock entrepreneurial energy and lead to important innovations. However, the need for change is implicit in realizing the promise of results-based funding.

Our work at the The Rockefeller Foundation often revolves around scaling compelling innovations to catalyze broader system changes and realize big, sustainable impact. In the years that I've overseen many diverse initiatives around the globe, and based on my former life as a private-sector strategy consultant, I would argue that one of the biggest differentiators between success and failure in driving system change is whether the emotional dynamics of what it takes for people to change behaviors are factored into the change strategy.

Any system that guides how groups of people get things done can be thought of as a combination of “rules” and “rituals.” The rules are the formal part of the system: goals, strategies, processes, etc. They're the things that can often be written on paper. Leaders like to work with the formal system because it's rational and easy to communicate. The rituals are the informal part of the system: values, personal networks, and sources of pride. Rules speak to the head, and rituals speak to the heart. Our behaviors are driven by both.

Most of the current conversation about driving results-based funding focuses on rules. The people driving this conversation are very smart, produce thoughtful reports, and have worked out the logic of incentives, financial flows, etc. This probably has a lot to do with their backgrounds in policy, finance, and strategy—all of which tend to be very “head-driven” fields. However, if we were to pull in other leaders from more “heart-driven” fields, where one has to speak to people's emotions to create commitment and motivate behaviors—people like marine drill sergeants, call center managers, and school teachers—we'd hear a lot more questions

about which people need to drive results-based funding, what matters to them, and how they'll be motivated (or not) by proposed changes.

A paradigm shift toward results-based funding is a major analytical breakthrough. But its benefits can be realized only if we look at the number of rituals that need to change and make sure we balance strategy with culture in thinking about how to make those changes. To achieve this balance, there are a few general factors that we should keep in mind.

The first factor is to gain a deeper understanding of the current situation and the change that's necessary. It's easy for innovators to dismiss how people currently do things. "Status quo," "not-invented-here resistance," and "silos" have a negative and dismissive connotation. But there are often good reasons why people do the things they do. No one shows up to work seeking to be old-fashioned, change-resistant, and inefficient.

For example, a results-based funding approach may require a government team to shift from funding long-standing partners toward a process where different partners are invited to submit bids to achieve a specific goal. This is generally one of the strategic benefits of results-based funding—a shift from funding activities to funding outcomes. However, you would want to deeply explore some questions before implementing such a strategy:

- How strong are the personal relationships between the government team and the long-standing partners?
- Are there benefits to the established relationship that haven't been fully considered—for example, the ability to have trust-based conversations about what is or isn't working?
- Does the government team develop expertise and knowledge from the long-standing partner that is respected internally and that may be threatened with a change in partners? Will that threaten the team's adoption of and commitment to a new partner?

You would need to ask similar questions of investors, solution implementers, and all the other actors who will need to change their own rituals to make the overall partnership work.

It's important to note that the existing rituals do not always impede change. In fact, they can be harnessed to drive change, which leads to

the second factor: how rituals can be channeled to drive the change instead of being a barrier. Despite the many leadership books that have been written about culture change, the unfortunate reality is that culture is extremely hard to change. What you're better off doing is identifying existing sources of pride and seeing how those can be reframed to motivate the behaviors you want in a results-based funding approach. For example, as difficult as implementing innovative models can be, particularly across different sectors, everyone is generally motivated by the same outcome—improving service for people. And what better way to animate that source of pride than to capture meaningful stories early and frequently and to ensure that they are part of the communications approach? While lots of thought is given to monitoring metrics to track the rational strategy, what's often overlooked is the ability to capture the human stories that will keep motivating people who are trying something new and operating in unfamiliar territory. If the innovative model works, there should be ample successes to share that tap into pride in what is being accomplished to keep people motivated along the journey and driving toward the ultimate goal.

This need to keep people motivated links to the third factor: ongoing investment in building trust and informal relationships across the community that is expected to work together. Results-based funding approaches will involve government, investors, social service organizations, and local communities. While the leaders of the different organizations and teams might quickly align to common objectives, it's the teams themselves who have to deal with day-to-day implementation. Too often collaboration is thought to be driven by alignment to formal project plans, investment memos, and success metrics. What's also needed is the informal sense of shared values, common language, and trust in others' intentions to tackle the issues and problems that emerge "off-plan." Spending time upfront discussing personal drivers, doing real work together to deeply understand each other's culture and language, and believing in people's positive intentions even while fiercely debating approaches is often the secret to making cross-sector collaborations work. It builds the team's resilience in working toward the goal. This is an important asset to draw upon in the future, when unknown challenges are guaranteed to arise.

CONCLUSION

Results-based funding is a powerful concept that could transform how we fund programs and what results they achieve. Realizing that potential will take lots of hard work and change. Let's be sure to capture the opportunity by matching brilliantly designed rules with thoughtful treatment of less obvious rituals.

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