

Introduction: A Broken Culture

How broken can a corporate culture get? E. Hunter Harrison, CEO of Canadian National Railway (CN), shares a moment of truth:

I was touring some of our properties. I visited a terminal and discovered a puzzling problem.

After a few hours of walking around, I saw that something was terribly wrong. *The people were missing.*

I pumped managers to find out what was going on. Finally they admitted they were letting employees go home early—four hours early, every day—yet paying them for a full eight hours. I was shocked. “That has to stop today,” I told them, and started to walk away.

Then a supervisor approached me. “Mr. Harrison,” he said quietly, “it’s worse than this at the other terminals.”

“Where?” I asked.

“Everywhere!”

Our railway had been a Canadian government agency for decades, and had been sold to investors only four years earlier. If we were to succeed as a private company, we had to act fast on these “early quits,” as they were called. “Stop it now. Today!” I was growing passionate, my voice rising.

“Stop it where?”

“Everywhere, of course!”

“Okay, we’ll stop it *almost* everywhere . . . except in Western Canada.”

“Why not there?” I demanded.

“Because those cowboys will shut us down.”

“Then start with them.”

“What?!”

“I said, start with them. If we are going to have a @# & *! match over this, we might as well start in the toughest place!”

It absolutely amazed me that we could have a dispute over asking people to work the hours we pay them for! But that is how broken cultures can get.

(Adapted with permission from
E. Hunter Harrison,
Change, Leadership, Mud and Why, © 2008
Canadian National Railway Company)

You might think this story came from a struggling company that was barely scraping by, but that couldn’t be further from the truth. At the time of this story, CN was at the top of its industry. It was the number one railroad, beating the competition at every turn. Obviously, there was still room for improvement.

The Culture of Early Quits

CN wasn’t the only railway that tolerated what are called “early quits.” Other railroads across North America had negotiated six hours of work for eight hours of pay. Unlike the other railroads, though, CN hadn’t *negotiated* reduced work hours—supervisors just

granted them, in the hope that extra hours off would motivate employees to work harder and move trains faster.

That was the kind of thinking that needed to change. It was the culture that CN's leadership was up against. In the complex orchestration of a modern railroad, every employee counts, every day. Railroading is a tough business that demands a conscientious contribution from every employee, whether he drives, repairs, schedules, manages, inspects, or bills. The railway counted on everyone being there, head in the game, every day.

Early quits meant that the employees only finished half the job. This practice supported putting in your time rather than getting the job done. No company can survive that way for long.

Even worse, look at the message it sent to employees. Allowing early quits implied that employees weren't really needed for half of each day, and therefore must not have been adding value. What would that indifference tell you about your importance to your own company?

Of course, the truth was that CN cared deeply about its employees. Ironically, managers had allowed early quits because they thought that would demonstrate how much they cared. Little did they realize that it demonstrated just the opposite.

A New Trip Plan

Despite CN's success, this moment highlighted the need to go much further, to fix the culture that had developed over time. This moment revealed the future, and Hunter Harrison knew that if he and his leadership team did not correct the culture soon, CN would not remain the industry leader.

Without change, CN would slowly slip back. It would have to work hard to maintain momentum while the competition continued to improve. CN could be the best forever only if everyone in the company knew the goals, knew his part, and was committed to the collective success. That required more than just change—it required massive, organization-wide *culture change*.

On the railway, any number of tracks can get you from Memphis to Vancouver, but there is one best way. That one best way is mapped out in what is called a *trip plan*. The trip plan shows the way to get to the destination with the lowest cost, shortest distance, fastest time, and the least risk of delay. It is the one route that offers the unique combination of features that enables moving rapidly, efficiently, reliably, and precisely from where you are now to where you want to be.

CN needed to find the right route to change the culture, and then set a trip plan to get there.

Switchpoints

On the railroad, every trip plan has points along the way where trains are switched from one track to another to ensure that they take the best route. These points are called *switchpoints*.

A switchpoint is where railroad tracks diverge, going in different directions. A mechanical switch sends a train in either direction A or B. Thus, a switchpoint is a very definite decision point that is managed to determine a train's destination. (See Figure I.1.)

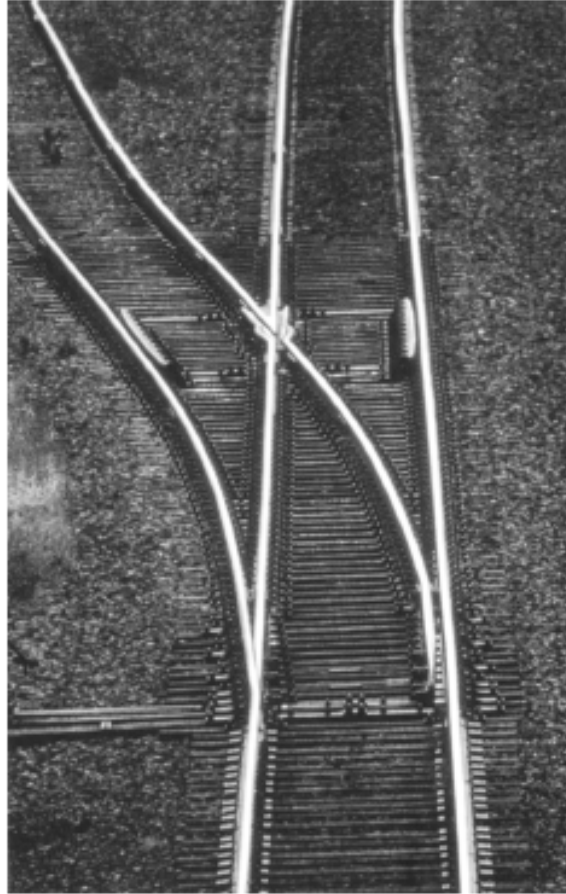


Figure I.1 A Railroad Switchpoint

Source: Hunter Harrison, *How We Work and Why*, p. 134, © 2005 Canadian National Railway Company.

Switchpoints are part of every train’s trip plan. The plan shows how switches need to be set to ensure that goods travel down the right track.

Let’s say you want to ship 50 railcars of lumber from Prince George, British Columbia, to Memphis, Tennessee. The trip plan defines the critical decisions about direction—the switchpoints—necessary for the train to arrive in the right place on time. Operators manage each switchpoint, lining the switches to route the train in the right direction. Each switchpoint must be managed carefully, or that load of lumber might end up in Omaha or New Orleans.

Just as with a moving train, the route to culture change has many switchpoints along the way—points where decisions create watershed change for the organization and define its future. On a corporate scale, decisions that CN’s leaders made at critical switchpoints were key to the railroad’s survival and success. The choices made at these switchpoints determined the company’s destination as the culture changed.

Looking back, some of the switchpoints in CN’s culture change seem obvious now. Stopping early quits was a switchpoint with deep significance for the organization. Other switchpoints were less obvious, but equally significant—such as ensuring everyone was “dressed and ready” at the start of a shift, managing meeting effectiveness, and ensuring that every employee received feedback on his performance on a regular basis.

Since CN had become investor-owned, it had to create value for shareholders. CN could not afford to keep lumbering down the same old track. New switchpoints had to be identified and aligned to ensure the company's future.

Spiking the Switch

Not only did CN have to align switchpoints—leaders had to make sure there could be no return to the old ways. Railroaders have a term for that: *spiking the switch*.

Spiking the switch has a very powerful meaning to which every leader can relate. It literally means driving a heavy spike into a wooden railroad tie at a switchpoint to prevent the switch from moving. This keeps anyone from changing it back to the old direction. Railroaders spike the switch when a section of track is removed from service or when CN no longer delivers to a place. (See Figure I.2.)



Figure I.2 Railroad Spike
Source: Canadian National Railway Company.

Spiking the switch prevents trains from going the wrong way—permanently. In culture change, this means creating an environment where the company can't revert to its old ways.

In changing CN's culture, leaders often had to spike the switch for change, and then stay the course and be consistent. People could not be allowed the option of going back to the old way. Each switchpoint was an opportunity for leaders to align with the new direction, charge down the track, and sustain a new way of working.

By spiking the switches on practices that were no longer acceptable, CN strongly signaled the organization that the company's leaders were serious about changing the organization for the better. By spiking the switches, they showed they were not going back.

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