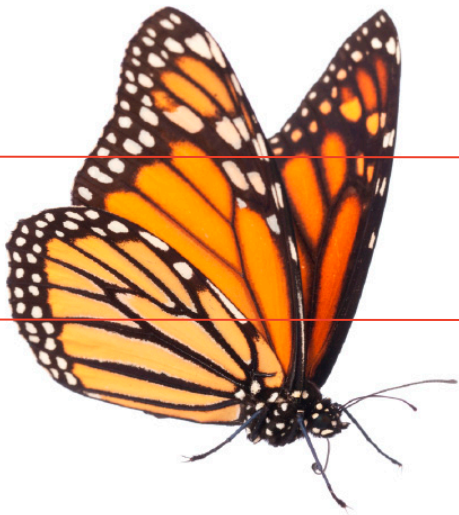


Transformational Change

How Leaders Can Avoid Organizational Paralysis

Special Report by Sarah Woods,
Vice President of Strategic Client Relationships



If you're leading at the senior level, you're leading through change.

In today's organizations, if you're leading at the senior level, you're leading through change. You may not recognize your annual plan as driving a "change strategy" per se, but if any of the following are part of your business plan this year, you'll be navigating through significant new initiatives, business adjustments, and conversions in your organization:

- Cost-cutting measures
- A merger or acquisition
- A major investment in technology
- Changes in organizational structure
- Major product launches

If you're like most leaders, you've won the first series of challenges by gaining buy-in from your executive team to move ahead with your plan. You also may be well on your way toward the launch of your strategy with teams in place, resources identified, and execution plans drawn. If you're moving from this point to implementation – STOP.

You've heard it before, and you know the statistics. A high percentage of large-scale change initiatives fail —McKinsey cites a staggering figure of 95 percent—and it's rarely because the change is a bad idea. It's because leaders leapfrog ahead to implementing new strategies assuming that everyone's onboard and ready to go. Take this quick quiz: When Apple launched the most recent version of the iPhone, did you:

- Get in line that day?
- Give it a few weeks or months to find out if they'd worked out the bugs?
- Assume it's just the next big fad, and decide to stick with your old device?
- Decide it's great for your kids, but not for you?

Depending on how people are wired, they'll accept change at very different rates. As a leader, if you work off the assumption that you've got an army of committed soldiers who are ready to execute because you gave the order, you'll march into battle with only a few lieutenants. The rest will be stuck in a paralysis. Unless the right stakeholders are ready to embrace the impending changes, even the best of strategies won't make it past the launch phase.



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6 Critical Success Factors for Change Leadership

Our experience with scores of executives who are leading their organizations through transformative change, along with a decade of research into how leaders succeed or fail at the point of execution, offer six critical success factors for change leadership:

1. Sell the problem before you sell the solution.

If you want people to march up and over a hill, you can’t get them there successfully with just an “order.” They’ll go to extraordinary lengths if they believe in a compelling reason why. Once they get the real story, they’ll feel like they’re part of the solution.

2. Deal with organizational denial and resistance to win buy-in.

You’ve spent hours upon hours, and, sometimes, weeks and months evaluating the options. You’ve had time to evolve your thinking, get input from others and weigh the pros and cons. By this point, you’re all in, or at least you’re ready to get under way. You may be there, but most of your organization will be far behind you on the curve. Unless you have a plan to move people through the phases of adoption quickly, you’ll get stuck with missed milestones and budget overruns.

3. Don’t underestimate the importance of a communication plan when managing change.

Here’s a simple fix – if you’re delegating the “communications plan” to a staff member who doesn’t have strategic communications experience with a major initiative, the bases won’t be covered and you’ll spend half your time at the executive level managing escalating issues because of miscommunication. You can head this off at the onset by investing time and resources into a seasoned resource with well-tuned plans.

4. Set and manage expectations with the right stakeholders.

Once you’ve clearly defined the roles and expectations of your first-line team, don’t stop there. Don’t assume they’ll carry the message down and across the organization with clarity

“As you fly ever closer to the sun, the risks get greater. The bigger the idea, the more you’re exposed, and the stakes are even higher for successful execution.”

and consistency; you’ll just end up frustrated. It’s up to you, together with your team, to think through the impact of your decisions, identify your most important stakeholders both inside and outside the company, and set clear, measurable expectations for them.

5. Agree on and commit to a set of communication protocols as a team.

Everyone has a different comfort zone for sharing information. Have you noticed that some people believe in the “need to know” rule while others subscribe to “more is better”? Take a look around the table at your next team meeting ... you’ll quickly size up who will overshare and who you’d have to drag information out of. Wherever they may fall along the spectrum of communicating, you’ll need to agree to the following: what will be shared, by when, and by whom.

6. Model the behavior and mindset you desire.

Are you driving a cost-reduction initiative? Fly coach. Are you implementing a new ERP system? Understand the business requirements. Are you restructuring? Don’t hide in your office – walk around and ask questions. You may have heard that “a closed mouth gathers no feet” – be visible, accessible, approachable, and available to answer questions, gather input, listen to feedback, and co-create the outcomes.

As the leader of your organization, you are afforded the unique position to look out at the long range objectives, to understand the enterprise level impact of a major initiative, to feel connected to the outcomes for the company, and to receive the accolades for a successful plan. You’re also in the spotlight. As you fly ever closer to the sun, the risks get greater. The bigger the idea, the more you’re exposed, and the stakes are even higher for successful execution.

The Change Curve

Remember the iPhone quiz? You may recall Everett Rogers’ theory of *Diffusion of Innovations* where those who were the first to jump at a new technology were in a small and daring class called innovators. 13.5 percent of the population comprised the follow-on group; they were the early adopters who were willing to “have a go” once they’d explored the new technology and felt it was a safe decision. The last two groups are the laggards and the luddites, who are not apt to adopt easily, or at all.

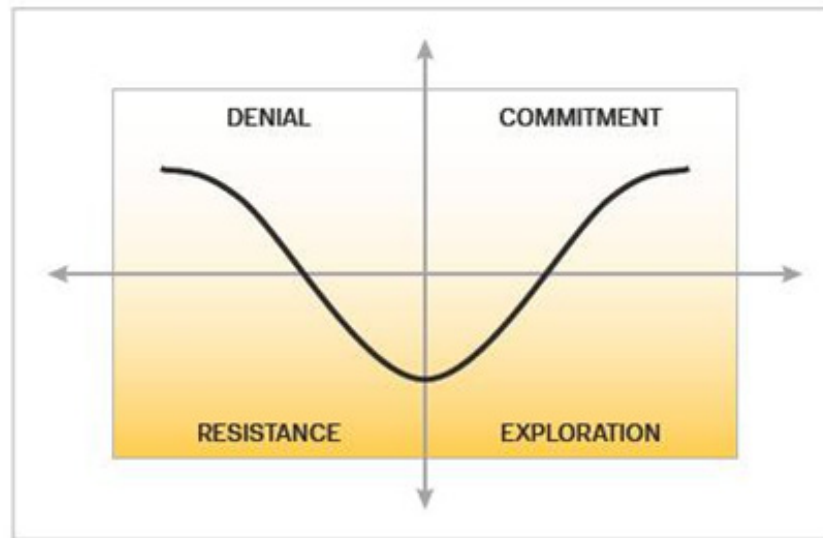


Figure 1

Figure 1: SOURCE: Scott and Jaffe (1995)

This theory was later adapted by Geoffrey Moore in his book *Crossing the Chasm*, which explored the classic marketing bell curve of Early Adopters, Pragmatists, Conservatives, and Laggards. In both studies, the curve peaks with the middle two segments of the population who are cautious, willing to consider change if it's the only way to get their problem solved, or who generally pride themselves on the fact that they're the last to jump on a fad.

This distribution plays out in large change scenarios as well. Ever hear the saying “a mind changed against its will is of the same opinion still”? Develop an awareness of where the stakeholders and those who will have to adopt the new strategy, process, or plan fall along the bell curve of change acceptance. Without it, you'll be taking the hill alone.

As you prepare to lead your organization through transformative change, consider the four quadrants of the change matrix and the broad distribution of your teams that will impact execution.

Denial:

Employees who fall into this quadrant are comfortable, safe and in control when they're working with the status quo. They see no need for a new approach, and feel disrupted when

Plot communication with key stakeholders along the curve of the change matrix.

you “move their cheese.” To get them on board, you and your leaders will need to:

- Acknowledge the successes of the past
- Define the “pain point” that is triggering change
- Firmly let them know that change is imminent
- Give them a chance to let it “sink in”
- Allow them a voice, but stay the course with your message

Resistance:

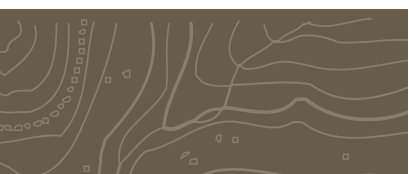
As individuals, departments, and teams experience the changes that inevitably come their way, resistance will arise and begin to slow the speed of the project. This group of resisters may be vocal, or worse yet, be the silent detractors who will create an undertow of inactivity.

Consequently, they feel frustration, anger, and fear at what the changes might mean to their role. They feel betrayed by leadership, confused about the direction of the plan, and wonder if they’ll have a job at the end of the process. Ultimately, their productivity will drop, and they’ll bring down the people around them. Ignore the resisters at your peril. To move them past resistance, you and your leaders must:

- Listen, listen, and listen more
- Ask questions and uncover barriers to success
- Acknowledge fear and anger
- Tell them what you know, and tell them what you don’t know and tell them when you’ll know it
- Be transparent and avoid an information vacuum – they’ll fill it with misinformation
- Keep people communicating through formal and informal feedback channels
- Co-create the vision of success to bring them into the fold

Exploration:

Your early adopters fall into this quadrant. They are hopeful and full of questions. This group wants to get on board, but can hit points of frustration, confusion, and apathy if information is scarce. They are willing to innovate, but can be easily disappointed if not offered the opportunity. We often tell our clients to “save the saved”—invest in these team



“Sell the problem before you sell the solution.”

members and they will become ambassadors for change.

- Empower them to find solutions
- Encourage risk taking
- Offer a structure to support collaboration and make room for new ideas
- Offer direction as well as freedom, and provide training and support
- Encourage personal reflection and learning

Commitment:

Your innovators, often the members of your team who have been the closest to analyzing and developing the strategy will lead this group. As their senior leader, you will appreciate their energy, self-confidence, creativity and positive attitude. You have an opportunity to leverage their status to help move the rest of your organization through the stages as quickly as possible.

- Give them the messaging you'd like to carry across and down through the organization
- Acknowledge hard work and celebrate successes
- Reaffirm the vision to keep them focused and energized
- Reinforce and reward new ideas and behaviors
- Involve them in developing goals

When we work with clients, we present the change matrix to leadership teams and work together to plot communication with key stakeholders along the curve. The value of working with an outside advisor who has expertise in communication skills and strategies is to rise above the din and allow them to unearth the true roadblocks and challenges you face. When you work with a coach, you can quickly analyze who you need to influence to adopt the new plan, develop strategies for those who need to be motivated, and accelerate the project dramatically.

“Reduce your time to value by embracing the dialogue, not running from it.”

Execution Success

It's likely that you have developed a compelling case for the initiative you're about to launch. You've analyzed and modeled several alternatives and decided that the plan you're launching offers the best chance of success with the highest return at the most reasonable cost. It's also likely that you've had a small army of your key people knee-deep in the planning for some time now. At the point of rollout, it's really all so clear, isn't it? “We have to do this.”

Meanwhile, the rest of the company is in the business-as-usual mode. Sure, there are problems, but they'd say “we've lived with them and we know how to get around them.” Most folks may have heard that something's brewing, but what? And when? And for how long?

Before you expect people to buy in to the solution, be prepared to answer the following questions:

- What business problem are we trying to solve?
- How do we know this is a problem?
- Why is it a priority now?
- How will this solve the problem?
- What are our alternatives?
- What will we have to give up to do it?
- What will the outcome or benefit be?
- How will this help you?

Expect to be asked, and plan to communicate your answers to the constituents who will be “on the ground” during the implementation phase of your strategy. Unless they believe that modifying their actions will move them and the company to a better place, it's likely they'll say “yes” and mean “yeah, sure.”

Deal with organizational denial and resistance to buy-in

Jim Whitehurst, President and CEO of Redhat, a provider of Linux and open-source technology recently told the *New York Times* that his company lets “debate happen” through an internal social media tool they call the Memo List to air opinions on major corporate decisions. Are they crazy? That would never work in the real world, right?




According to Mr. Whitehurst, the opposite is true. The millennial generation, in particular, expects to be engaged in discussion, to air their opinions, and to have a voice before accepting a major decision. “Our employees have always expected this: tell me why we’re doing what we’re doing, and allow me at least a voice in the decision process. Now a voice doesn’t mean decision rights. It doesn’t mean you have any say in the answer. But at least you have a vehicle for an opinion to be heard.” With 75 percent of their company participating in the Memo List blog on a daily basis, there’s little room for denial. Resistance burns out over the course of the discussion as multiple voices are heard. Decisions take a little longer, but by the time a final call is made; the organization is already halfway there – they’ve moved into exploration and are ready to commit. Time to value is decreased.

What can we learn from Redhat? It may be a long time before your company opens up the social media airwaves for discourse on a high-stakes initiative; however, the takeaway is important. The time-worn practice of expecting at a “strategy summit” to create a solid plan for getting the company on board is antiquated and risky. Arm your leadership with the skills and tools they’ll need to encourage debate. Support discourse through open employee forums with senior leaders who listen and provide answers. Don’t fear the dissenters; they will become your most passionate advocates once they buy in.

Invest in a strategic communication plan

Recently, the President of a \$2 billion business unit was restructuring his organization. For months he and his senior team had taken apart and put back together dozens of scenarios to matrix the company. The goal was to make sure knowledge was shared, best practices were adopted, and operational efficiencies were realized. They were confident about the organizational design they had settled on, and the rollout would phase over a 12-month period, from division to division until the restructuring was complete.

We sat down with the President two weeks before Phase I was scheduled to launch, and when asked what the plan was to communicate the restructuring to his 2000 employees, he looked



up from his notes with a look of utter panic. He had assumed that someone on his team must have put a plan together, but he had no idea what it was. In fact, they had not.

- We jumped into action assembling the senior team for an emergency meeting on the Friday before a holiday weekend to hammer out a strategy for rolling out the announcement. We identified each of the leader's most important stakeholders both within and outside of their business lines, agreed on messaging for the initiative, and developed the Q&A for the toughest audiences.
- The team agreed to communication protocols – what to share, when, and by whom – and created a calendar for announcing the phases. It wasn't the most comprehensive of plans, but it was something.
- As the phases were implemented over the next six months, the inevitable bumps in the road occurred. My client worked hard to stay ahead of the communication curve to manage expectations and keep the company informed; but in reality, without the support of a strong communications partner, he was falling behind.
- The feedback loop was broken, his team was doing their best and, inevitably, many in the company were left in the dark wondering what was going on.

In the second six months of the restructuring, we worked on creating a comprehensive strategy, bringing in a strong internal communications partner who would work closely with him to rollout the plan. The client initiated a year-long calendar of informal “skip-level” lunches, meeting with 10 managers at a time to increase his visibility, carry the message out to the businesses, answer questions, and listen to feedback. The result was that the initiative got back on track, engagement increased exponentially, and my client felt front-footed and connected to the process.

The lesson is, don't go it alone. The value of an experienced partner who will develop a strategy and plan for transmitting and receiving information about your initiative is inestimable.

Set and manage expectations with the important stakeholders

While it's no surprise that major projects experience scope creep or budget revisions at

“When there are important changes afoot, questions always arise about stability, future impact, job losses, and relocations.”

points along the way, project success is at risk if you simply “check the box” early and miss the continuous communication required to manage expectations. Even if you believe you have alignment early on with the leaders involved, you can be guaranteed that the story will change as the project progresses, and memories are short when pressure mounts. What do you hear?

- “Who agreed to that?”
- “No one painted me a complete picture.”
- “I wasn’t at that meeting, but would never have approved that change.”


As Warren Buffet famously said, “It’s only when the tide goes out that you learn who’s been swimming naked.” When the shine is off the penny on a great idea and the going gets tough, fingers get pointed and poor leadership is exposed.

What steps should you take? Identify your most important stakeholders and schedule time to understand their concerns. We urge our clients to answer questions, establish mutually agreed upon milestones, and create governance around reporting of progress. As the senior leader, this starts with you, but must be upheld by all members of your team. Commit to consistency in communication, and create vehicles for informing stakeholders. Realign expectations around metrics and outcomes at key points in the process. It’s no fun to swim naked when everyone’s watching.

Get your team aligned on messaging protocols

Several years ago we worked with the executive team of a biotech company that had been acquired by one of the big pharmaceuticals and was in the process of being folded in over a year-long transition phase. They had lost their firm’s president in the acquisition and were now reporting up as “functional leaders” to a new boss at the acquiring company.

Their job was to shepherd the troops through the transition, retain top talent, build new relationships at “corporate,” and share the load of “site leadership.” This was a team of exceptional talent who had enjoyed great success; indeed so much so that they were snatched



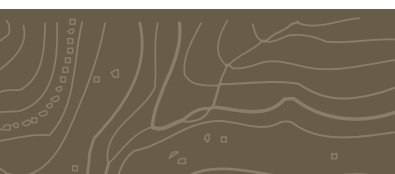
up by a larger company. But this challenge was one of the biggest they had faced as a team. Without a single “leader,” they had to collaborate on managing the company, quelling the fears of a newly acquired staff, and crank up productivity so their parent company would continue to view them as a good investment.

They were also a team with very different leadership styles and broad views on how much information should be shared and at what point. As a result, one of the executives chose to meet regularly with his team, bringing them in the loop with updates on progress and what his plans were. Another executive was only talking with a trusted deputy to plan out how they would modify their structure to adapt to the integration into the parent company. Information bled from one group to another, the grapevine went full throttle, conflicts arose during executive team meetings, and leadership became divisive.

When there are important changes afoot, questions always arise about stability, future impact, job losses, and relocations. Decide early with your team how you’ll handle the following protocols:

- What information will we share?
- At what point will we share it?
- Who should be told what and when?
- How will we handle the unknown?
- Who should talk about what?
- How frequently should we communicate with each other?
- How frequently should we communicate with staff?
- How will we talk with clients about the change?

It’s common to believe that amidst organizational change, your clients should not be told until they are directly impacted, such as a change in account rep. Depending on the scope of the initiative, there’s a good chance your clients are impacted in other ways – through customer or client services, accounts receivables, or other touch points. Consider all of the ways you interface with your client companies, and preemptively communicate with them about the change. Don’t leave it to chance that they’ll get the news in a way you can’t control.



“Want commitment, urgency, and action from your team?
It starts at the top.”

Be a role model for the behaviors you seek in your team

The press is full of stories of corporate leaders who extol their company values, but whose own behaviors are completely out of synch. When you wear the mantle of leadership, you represent both a personal and corporate brand that connects directly to employee engagement. The single most important element in leading an organization into a transformative change is how you demonstrate your commitment to the cause. If your staff believes you're fully on board, are engaged in the process, are devoting energy to the strategy, and plan to stay involved along the way, you have won the battle for hearts and minds and increased your chance for success exponentially.

If, however, you've delegated the dirty work and have gone missing during the execution phase, don't bank on a positive outcome. You've already lost the troops. Too busy you say? That's why you hired good people? Consider the following case study.

An HR leader at a large manufacturing company contacted me on a Sunday morning with a request. “We need some help. Would you consider interviewing a team that oversaw an IT systems replacement project that went terribly off track, was delayed by six months, and over budget by 100 percent? We need to find out what happened.” Over the course of the next several months of interviews, we heard over and over again that while the project managers were struggling, the executive steering committee was nowhere to be found. Monthly governance calls were missed, meetings were poorly attended, calls left unreturned, e-mails sent with no response. Costs escalated and milestones were consistently missed.

When we interviewed the executives on the steering committee, we heard that they were overloaded and taxed with their own large initiatives. They complained that no one considered how many large change projects were running concurrently, and there was no way they could demonstrate true leadership on the project. They figured the other committee members had it covered and expected that if a red flag were being run up the pole, someone would catch it. Many told us they were disappointed in themselves for their own behaviors, leaving the struggling project team to fend for themselves with a seven-figure overrun. Now, in the aftermath, they witnessed a team of walking wounded who were ready to leave the company because they were sure they were viewed as failures.

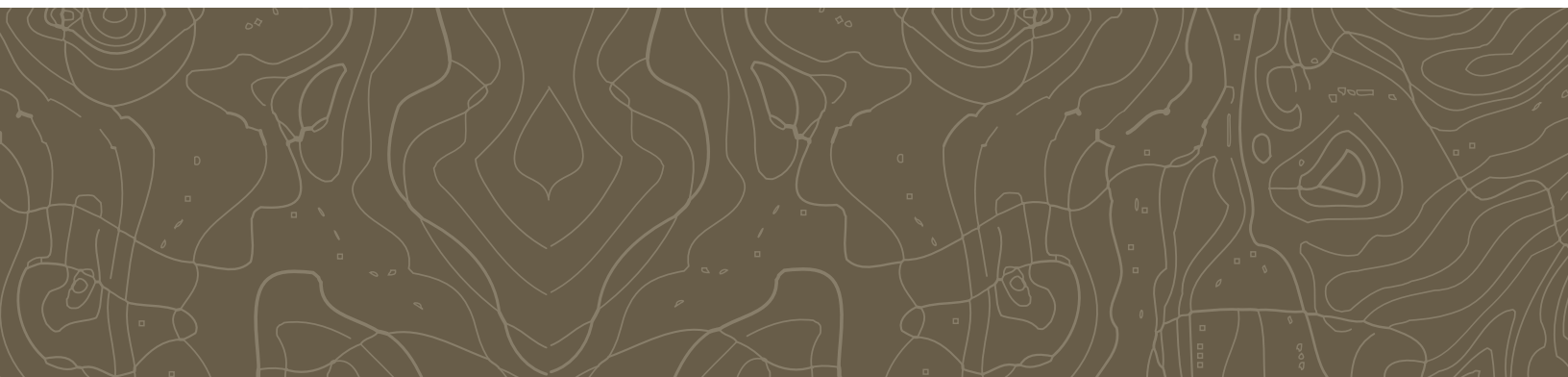
Want commitment, urgency, and action from your team? It starts at the top. The behaviors you model throughout the process will make or break the success of your plan.

The Power of Communication

The CEO of a major insurance company was about to embark on what was to be an important initiative—one that would be part of his legacy. It was a campaign that would reposition his company in the marketplace. “Are you ready?” I asked. “Well,” he said, “we’re pretty good at coming up with game-changing ideas. We’re yet to be as good at execution. This time we have too much at stake.”

The idea is only the first step. Start there, and build an execution strategy that employs a well-conceived plan for rolling out your message that wins support and commitment from the organization, connects the ground troops with the compelling vision for success, and demonstrates your passion for the outcomes.

When it comes to change, a leader’s powerful communication is the differentiator between disruption and positive transformation.



Communications Consulting for Change Management

If you're implementing a new initiative, rolling out a strategy, or managing big changes, a strategic communications plan is the vehicle for driving your success. We collaborate with senior leaders and teams on a 5-Step Communication Diagnostic and Design process that accelerates the progress of critical initiatives.

- Step one is to assess the gaps in your current communication channels.
- Step two is to assess the skills of your leaders and managers.
- Step three is to create the message platform, and determine a strategy for delivering the messages to key audiences through different channels.
- Step four is to build leadership skills and competencies in delivering that message.
- Step five is to measure your success by creating a feedback loop that allows you to track how the message is resonating and the impact it's making on the business.



Sarah Woods, Vice President of Strategic Client Relationships

Sarah Woods is an Executive Coach and Vice President of Strategic Client Relationships with Bates Communications. Sarah coaches and consults globally with Fortune 1000 CEO's and senior executives in a range of industries to help them communicate and lead more effectively with their important audiences.