



## ***A Position Paper from The Summit Global Network***

### **Implementing and Sustaining Dramatic Change**

We've found that "change management" is largely misunderstood, and needs careful strategic and tactical management. We've pooled our best practices and intellectual property to provide a global view of successful implementation of change initiatives that provide growth, not disruption, and commitment, not compliance.

#### **1. How to implement change that is powerful and sustainable**

In my experience, only 30 percent of change efforts within organizations actually succeed. That is a staggeringly low number. Managing change is a key success factor in successfully managing your people and aligning your business objectives. How you manage change should be reflective of the culture that you have or desire to have. People have different motivations so you need to anticipate changes to your organization and determine how you will deal with those changes. We all know that businesses are going to change over time: There will be employee turnover; the economy will change; new competition will enter the marketplace; you will implement new technology. How do you want to deal with those changes? Do you want to force changes through the organization, do you want a more collaborative approach or do you want something in the middle?

Change is difficult for most organizations because they do not recognize the "What's in it for me?" principle. When something changes in your organization, your stakeholders are all going to need to know what is in it for them. You need to identify the benefits to each of those stakeholder groups as well as the benefits to the organization as a whole. This will enable you to have a smoother transition process because people within and outside the organization will understand why the change is being made and how it impacts them. You need to listen to your stakeholders and lead by example. Your change management strategy should align with the culture that you have developed and be consistent with the values that you are communicating across the organization. This sends a

consistent message to your customers, suppliers, investors and other stakeholders; that you embrace and encourage change and have built it into your corporate DNA. Your ability to adapt to changing circumstances may even become a competitive advantage.

Here are three questions to consider when embarking upon a change initiative:

**What do I want the organization to look like after the change and what behavioural goals can I set to achieve this?<sup>1</sup>**

Knowing what you want the organization to look like after the change helps create a clear vision of the change. Obviously, the organization should improve as a result of the change, but you need to be clear on what that improvement looks like, both from an internal and external viewpoint. Once you have that vision, setting behavioural goals helps create the roadmap to get you there. People need to be able to see themselves in any strategy or change that is being rolled out. Creating behavioural goals provides clarity on what will be expected of people as they move to the new way of operating. Your success rate will go up dramatically when you have set clear expectations of your employees and are able to communicate how things will be improved.

**How can I set up a situation that will bring out the best in people?**

The most important aspect of implementing change successfully is getting all levels of the organization to buy into the initiative. You need to consider how to structure the initiative to make it successful. Appeal to people's self-interest by showing them the personal and professional benefits of the change. Every change initiative will be comprised of multiple stakeholder groups that will be impacted. You need to address the needs of each of those groups – How will they be impacted? What changes will they need to make? What benefits will they receive by implementing the change? How can you involve them in the change process effectively? Answering these questions for each stakeholder group and inviting them to participate in the process of making the change, will increase support. Everyone wants to be heard, so encouraging open discussion and addressing issues head-on will go a long way in establishing credibility and support.

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<sup>1</sup> We maintain the spelling and punctuation appropriate for the contributing member's locale, so there will be variances within any single position paper.

## **Am I providing crystal-clear direction for the people impacted by the change?**

One of the biggest reasons people resist change is a simple fear of the unknown. If your direction is unclear, people will be unsure how the change will impact them. This makes them scared and resistant to the change. Be clear on what the impacts are, how the organization is trying to mitigate those impacts, and how employees can help. Most organizations focus on the biggest supporters to help implement the change successfully. While this group is obviously very important, it is also key to address the biggest dissenters. Determine why they are lacking support for the change and address their concerns early in the change process. My experience shows that by paying extra attention to dissenters, they can often become your biggest supporters.

Change is hard and should not be taken lightly. People are scared of losing their jobs, their sacred cows, their bonuses, their perks or even their influence. Addressing fear of the unknown upfront is the best way to tackle these issues. Determine how to best gain support at all levels of the organization and be prepared to make some tough decisions when some stakeholders act as a consistent roadblock to success. The key to implementing sustainable and powerful change is to remove barriers to success and spend time addressing the concerns of key stakeholder groups by considering what is their self-interest.

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## **2. Change is easy to talk about, but hard to do**

Change is a dynamic process. In other words, for every force that compels change there is an equally compelling force that resists and clings to the status quo. Change is also difficult to achieve because it has to be done by human beings, by people who often feel confused, unsettled and frankly frightened of change.

However, change in business has to be inevitable. If you aren't changing, you are not even standing still, but moving backwards in relation to your competitors.

The average leader in a business is not only encumbered by the above factors, but by fear of failing. All this in the context of unrelenting demands on time and resources. When seen like this, it's hardly surprising that implementing change is a struggle. So, how can you, as a

busy leader, overcome this inertia? Here are some practical tools you can start using today to begin to implement change that is powerful and sustainable.

The key factor in being able to successfully implement change in your business, is understanding the simple fact that behaviour follows beliefs. Most people are creatures of habit, who don't like change. As a default position, any change initiative will be resisted (sometimes actively, sometimes passively). Simply telling people they have to change, or threatening them, will achieve, at best, poor results that do not persist.

Back in the 1950s, the psychologist Leon Festinger developed his theory of cognitive dissonance. He found that any incongruity between a person's beliefs and behaviour causes them to experience intense psychological distress: For example, a person trying to give up drinking, being offered a glass of wine at a party. In order to resolve the distress, the person has to either change the beliefs ("One glass won't hurt, in fact I read somewhere that one glass of wine can actually be good for your health") or their behaviour, ("No thank you!"). Therefore, the key to changing your employees' behaviour is to make sure that their belief system is consistent with the changes you want to implement. You should attempt to elicit any beliefs that will undermine the change ("*Do you have any concerns or worries about this change?*"), and address them. You will need to consider explaining the benefits of change in at least three areas: how the change will benefit the business, how it will benefit the customer, and finally (and most importantly) how the change will directly benefit the employees themselves. In other words, you need to appeal to their enlightened self interest. You should answer the unstated question, 'What's in it for me?'

The next step in the change process is to define exactly what your employees have to do to implement the change. This should preferably be described in clear behavioural terms. It's no good saying, "*We need to increase our referrals from existing customers.*" Instead, you should say, "*You must ask every customer if they know of anyone else who could benefit from our service.*" Or, "*You will need to organise six breakfast seminars a year, every second month, to attract new clients.*" Rather than, "*You need to work really hard to attract some new clients.*"

This brings up another factor; which is, do your employees have the necessary skills and ability to put the change into practice? If we consider the above example, some people in the organisation might feel uncomfortable asking for referrals. If you are in a professional services firm, some might feel that such 'selling' is beneath them. Then, they should be helped to reframe the behaviour as promoting their expertise

to help as many people as possible. The point is, that the people who are being expected to change, should feel reasonably confident and competent at putting the changes into practice, if not you have a training need.

In my experience one of the biggest obstacles to the implementation of change is that the people expected to change don't have enough time. They are too busy doing the old stuff, to put the change into practice. Most people in organisations are really busy. To make changes in behaviour takes not only time, but the mental space to think about what you are doing and how it is different to what you have done. If you don't give people extra time, especially at first, the changes will drop down the "to do" list and they won't happen.

Just as incongruence between beliefs and behaviour causes anxiety at an individual level; any incongruence between what managers and leaders say, and how they behave, causes anxiety at the organisational level. Employees often take exhortations to change with a pinch of salt. However, they will watch the behaviour of their managers to check if the change is really going to happen. In particular, they will check whether the old behaviour or the new behaviour is getting rewarded.

It's not only the manager's behaviour that will influence what actually gets changed, it's also the behaviour of the peer group. Group processes are incredibly powerful in changing behaviour if you know how to manage them. One really powerful technique is to train a cadre of people in each department to train their peer colleagues in the new approach. This has the added advantage of conferring ownership of the change to the work group.

Finally, it's important that the change is consistently reinforced. Decades of research in psychology have demonstrated that the most powerful way of reinforcing new behaviour is through a process called *operant conditioning*. This simply means reinforcing the behaviour with intermittent rewards. This is why fruit machines in arcades and casinos earn so much money. The person plays the machine and is rewarded at unpredictable and infrequent intervals. If the machine never paid out, or paid out on every tenth play, there would be no fun or reinforcement. This translates into business by rewarding your employees with unexpected praise, or a bottle of Champagne when they least expect it.

In conclusion, if you want to implement change in a sustainable manner, then you need to spend a little time understanding the psychology of what motivates change. This article is a small first step in that process.

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### **3. Seven key change lessons**

Between 1995 and 1997 I participated in two very different change initiatives at the World Bank, a 15,000-employee, bureaucratic, old school organization that had offices in 60 locations around the world. The first one never took off. The second was an international wonder that transformed the organization in two short years and is still producing results.

What made the difference in these two initiatives? The short answer is *engagement*. The first initiative was built on the same great idea, the same sound rationale and business case. But, it never made it beyond the small group of evangelists who convinced themselves it was the right thing to do.

The second initiative was built upon connecting to staff, managers, outside experts, thought leaders in other organizations, movers and shakers inside and outside the walls of our organization, practical visionaries, and people at every level of the organization—even the bean counters. We set out to listen as much as to share ideas, and involve as many key people as possible in the realization of their goals—that's right *their* goals, not ours.

Within two years, we had achieved international prominence, receiving recognition from independent evaluation organizations and regular visits from business gurus. Our program, originally unfunded, had reached \$60 million in annual allocations because the board of the organization saw it as one of the most legitimate means for achieving our strategic objectives. We influenced thousands of lending projects, with an impact on perhaps millions of lives. These changes happened so fast that it was often disorienting.

Today, some fourteen years later a survey was done to see how many of our thematic groups, the central vehicle for our change program, are still in existence. In the intervening years presidents have come and gone (one under nefarious circumstances), budget pendulums have swung back and forth multiple times, and our initiative has gone in and out of favor more than once. Yet, despite these changes, over two-thirds of our 125 thematic groups are still in existence, plugging along as part of a sustained systemic change in the way the World Bank does business.

I learned seven lessons from this initiative that form the basis of my bestselling book, *Getting Change Right: How Leaders Transform Organizations from the Inside Out*. I use these seven lessons in my work today with the same powerful success. In the paragraphs ahead I am going to distill the seven steps so you can put them to use without having to read the entire book.

**1. Communicate so people get it and spread it.**

Create a conversation that spreads, a dialogue that arouses passion and creates its own social network – the same way gossip works. Do this well and you will spark cascades of conversations.

**2. Energize your most valuable players.**

People are at the heart of change. Identify your most valuable players, the people who will enact your change in day-to-day operations, and give them exciting ways to be part of the action, ways that help them realize their goals.

**3. Understand the territory of change.**

Every organization has a different culture and a different roadmap for success. Systematically listen to others and compile what you learn to create a map of the change territory: where it will bog down and where it will accelerate.

**4. Accelerate change through communities that perform.**

At the World Bank we called our communities, *thematic groups*. They were just groups of people who shared passion for a particular topic and put their passion into practice. These groups have the power to advance your cause, creating the systemic pull that is irreplaceable and has the immensity of a force of nature.

**5. Generate dramatic surges in progress.**

Special face-to-face events accelerated our program. We created gatherings that brought players together in high-value, high-leverage experiences designed to push things forward in leaps and bounds. Then, after we got those rolling we created multiple events simultaneously that generated massive shifts in the attention and desire of people to participate.

**6. Break through logjams.**

Obstacles, hurdles, and challenges are all part of every good change initiative. Learn to use them to your advantage. Look forward to them! Develop a SWAT team mentality: expect trouble. Don't view difficulty as a hindrance – it is an opportunity to blow through the logjams and difficulties that hold you back.

**7. Practice Work/Life/Success to sustain high performance in the midst of change.**

By *WorkLifeSuccess*, I mean doing what it takes to achieve and sustain overall excellence in every aspect of your life. If you are successful, you can count on things happening so fast you cannot control them. Your

inner compass is what will enable you to keep your focus in times like these. Success at work will be drawn from success outside work and vice versa.

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#### **4. Achieving greater vigilance**

Achieving change in an organization or team is no different than achieving or implementing your strategy. In fact, your strategy should imply change, meaning the organization is moving to a future state that requires some sort of improvement or different way of working than at present. It's interesting that somehow, we refer to a new strategy as "change" and feel the principles for making it successful are vastly different. They are not. So by referring to good strategy implementation practice, we have a good starting point for implementing powerful and sustainable change. In addition to that, where the organization might feel however that the stakes are higher or the gap between present and future are significant, greater vigilance is required.

##### **1. Change must begin at the top with clear direction and leaders who role model the desired "new way"**

This is the starting point for change that we learn from good strategy practice. The new future state needs to be clearly articulated. Preferably this needs to be defined in a practical way in terms of *"this is what needs to be done differently or better, and how so specifically."*

Next, once a clear direction is mapped out, the leaders in the organization need to be regarded as role models of the new way of doing things. By defining the new behaviours required for the change, and then being exemplars for that behaviours, leaders have the opportunity to initiate the change quite quickly. This conveys to employees what is important and examples of what that means in practice. For example, a leader might spend greater time helping their team to work out a solution for a customer issue, when the change involves greater customer focus.

##### **2. Change needs to be integrated throughout the organization, in structure, process, and behaviour**

Change in behaviour is a useful place to begin, however to be successful and sustainable, it needs to be supported by process, structures and

systems. For example, many organizations want to focus on customer profitability, however this can be very difficult to track and good information often does not exist in current systems. This leaves employees with an interesting concept that is then very difficult to act upon because they don't have the relevant information.

Analysis of existing process, systems and structures in light of the new priorities in the business needs to occur. This can be handled as an inventory, and then can be prioritized according to impact and cost.

### **3. Employees need the required skills**

Once the new direction is defined, we need to ask, "*how do we need to prepare our employees to go there?*" This can be a further step to your analysis of processes that need to change. Also consider, what new skills are required. Also, when you identified new behaviours that as leaders, you would role model, consider what skills a role model would possess? For every behaviour there are accompanying skills (and vice versa.)

A plan for education in new skill areas are as important as new process. This does not need to happen solely through training. Internal coaching and mentoring, or a 'buddy system' are ways that organizations are helping employees gain new skills in some cases.

### **4. Change is a learning process**

Like learning a new sport, change begins the moment you 'begin to play' but develops in an on-going fashion over time. Change develops and the organisation as a whole becomes more skilled, adept and resilient in operating according to the new priorities. This is why I refer to it as a journey. If we're learning golf, it's important to remember that we need to head to the driving range to practice frequently, and get out for 18 holes each week. Change is no different in that your organisation needs continual reinforcement and continual fine tuning of "their game."

This begs the question, what needs to be reinforced and fine tuned? Leaders need to review the organisation's progress towards its goals. This needs to be communicated to the organisation as feedback. For employees, this helps them see the big picture. This is also an opportunity for people to 'reconnect' with the direction and where everyone is headed.

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## 5. Drive dissatisfaction to deliver successful change

People and organizations will only change if they are dissatisfied with their current situation. An alcoholic, for instance, will only seek help if the pain of their condition outweighs the pleasure of the alcohol. Similarly, a company will only change its strategy and focus if it is truly unhappy with its performance.

The problem for many companies is that dissatisfaction only becomes widespread and deep-rooted when the company is in decline. This can lead to panic measures and a long, painful and often unsuccessful attempt to reverse their fortunes. For example, several years of decline in the smart phone market, and a change in chief executive, for Nokia to partner with Microsoft to try to compete effectively with Apple's iPhone and Google's Android phones.

So how do you ensure that dissatisfaction is embedded throughout your team or company, even when performance is strong? Here are five ways for you to create a thirst for change in your business and avoid organizational complacency.

1. **Set targets that demand real change.** When Jack Welch became CEO of General Electric he famously set a goal for all GE's business units: *"Become number one or two in every market we serve."* For the management teams of business units that were 'in the pack', rather than leading their markets, you can be sure that their approach to performance changed overnight from incremental improvement to dramatic change.
2. **Spend more (much more!) time with dissatisfied customers.** Talking solely to your best customers can lead you to believe that all is well. Your most difficult customers will give you a different story and perspective.
3. **Ask questions, don't give answers.** Engaging your teams in dialog and debate, rather than simply giving them answers, ensures that your people think through their current situation, understand the need to change, and work out ways to improve.
4. **Prioritize real innovation ahead of incremental change.** Many successful companies use focus groups to test new ideas. Unfortunately focus groups do not tend to react positively to true breakthrough thinking – until it becomes embedded in the market (by your competitors!). Instead, relying on focus group insights can lead you to mistakenly believe that incremental improvements to your offer will be

enough to succeed. Research shows, however, that uniqueness is critically important to the eventual success of any new business idea.

5. **Repeat daily in the mirror, “Nothing fails like success”.** The one certainty of a successful strategy is that, at some point, it will fail. Of the 100 “best” companies of 1917, only 1 did better than average over the next 86 years. Changes in customer needs, technology advances and competitor approaches can all lead to dramatic changes in fortune. As technology advances gather pace the ‘natural life’ of a successful strategy and business model shortens, and you must lead your business on this understanding.

Ensuring that there is real dissatisfaction across your business could be the key to your ongoing success. As Andy Grove, the former CEO of Intel, famously said, *“Only the paranoid survive.”* Which of the five approaches will you adopt to break away from the inertia in your business?

## **The power of milestones management**

Earlier this year I completed the London-to-Paris cycle ride. Along with nine friends, I covered the 300 miles from the Greenwich Observatory to the Eiffel Tower in three days.

This was a new and exhilarating experience and one lesson in particular struck me – the power and motivation of milestones.

The weather, particularly on the second day, was terrible – wet, windy and cold. On a glorious summer’s day it’s easy to coast along, enjoy the view and be in the moment. When it’s lashing down with rain the thought that you are making progress is essential for your psychological wellbeing.

Similarly, the conditions for business are currently stormy. You may not therefore be traveling as quickly or as easily as you would like, but using milestones to remind you and your organization that you are still moving forward will sustain and improve your collective momentum and commitment.

Here are seven lessons from our bike ride that I believe also apply to how you should lead your business in today’s torrential conditions:

1. **Have a crystal-clear, ultimate goal.** We benefited significantly from knowing our overall objective (reach Paris). Without such a specific goal we would have given up a lot earlier, and, most probably, have not set off in the first place. Do you have clarity on your objectives, and are these shared across your organization?

- 2. Milestones must be celebrated (but not always publicly).** I made sure that I celebrated all the milestones in some way. Some were purely private (such as opening my next chocolate bar), or a small group reward (stopping for a cup of tea), while others were big enough to share more widely (calling my wife after completing the first day's route, and texting everyone when we finally reached Paris).
- 3. Beginning the endeavor is a milestone in itself.** Goethe, Germany's giant of literature, once wrote, "*Whatever you can do, or dream you can, begin it. Boldness has genius, power, and magic in it.*" Such magic should be celebrated in some way and we made sure we took group photos at the start as well as at the end of our journey.
- 4. Don't have too many milestones too early.** I soon learnt that in the first couple of hours of the day it is important not to think too much about milestones. Far from being motivational, they simply reminded me of how much more there was to do. This was the time to simply get my head down and get on with it.
- 5. Group dynamics are strengthened through achievement.** Sharing our feelings of success, however insignificant to those outside our small group, helped give us the belief to tackle our future challenges with greater confidence.
- 6. Looking back can be as important as looking ahead.** After completing a quarter or a third of our ride, when we were still a long way from our ultimate destination, it was motivating to see how far we had already traveled. We still had a long way to go, but knowing that we were well on our way built self-belief and momentum.
- 7. Learn to love the climbs.** There are always gaps between milestones and some of them can be tough and unforgiving. By the end of the second day I had discovered that if I took my mind off the next milestone and focused on maintaining my rhythm and pace I began to enjoy the climbs much more, and at times they gave me some of my most exhilarating moments ("*Yes, I can do this!*")

## **Focus your agenda at the speed of light**

It takes a photon of light a little over 8 minutes to reach the earth after it leaves the sun, but over 10,000 years to travel from the core of the sun to its surface. The density of the sun means that the photon is forever bumping into other photons. At the heart of the sun, the speed of light is effectively a standstill.

Many business leaders highlight need for pace when they really mean they want the organization to do more. Yet driving pace without focus creates an organization packed with photons going nowhere. As one initiative hits all the others it simply loses momentum, slows down and achieves little.

An unfocused agenda typically has three negative consequences:

- 1. Leaders can't lead.** As the adage goes, 'if everything is a priority, then nothing is a priority.' Even the best leaders in the biggest organizations can only focus on a few priorities at any one time. If they try to focus on too many simultaneous objectives not only will they confuse themselves, but they will also confuse the rest of the organization.
- 2. Managers can't manage.** Strategic initiatives follow the law of organizational complexity; as the number of initiatives grows the effort required to deliver them increases geometrically, not arithmetically. Managers are faced with excessive demands on their time and resource, multiple inter-project linkages and dependencies, and unclear priorities and performance objectives.
- 3. Front-line teams become confused.** In 2004 when Stuart Rose became CEO of UK retailer, M&S, he quickly became aware of the problems created by the company's 31 strategic projects. As he wrote in the Harvard Business Review, *"There was constant change. The company was lurching from one strategy to another. If a strategy didn't work by Friday, a new one was initiated on Monday. The staff became demoralized by the onslaught of ever shifting, unclear messages and strategies. It was a rapid downward spiral."*

So how do you drive focus into your business and enable it to travel at the speed of light? There are three levels of focus and prioritization that need to be worked on in order to generate a successful agenda for action. By critically reviewing what's important at each level you will create focus and alignment, and drive greater pace into your business. The three elements are:

- 1. Identify key strategic themes.** Distilling your strategy into three to six strategic themes enables you to communicate your future objectives succinctly to the organization. The key here is to be specific and distinctive, and you should ensure that the key themes would not make sense if applied to your competitors.
- 2. Sequencing.** Phasing activity provides a clear message to your business and allows your people to focus effectively on the current priorities in the knowledge that they are part of a longer-term strategic journey.
- 3. Focus on the highest value initiatives.** The final stage of prioritization is, within each strategic priority, to focus on those 20% of initiatives that will drive 80% of the value. Delivering these well will provide significantly better results than trying to do everything.

Pace is increased when you do fewer things well, not when you try and do too many things at once. Prioritizing effectively and creating real focus enables your strategic initiatives to avoid being trapped in a dense cloud

of projects and to travel at the speed of light. Where do you need to create greater focus to increase the pace and performance of your organization?

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*Our intent was to provide a cross-section of ideas about the creation, management, and sustaining of positive change. We hope you've been able to identify some immediate application for your organizations. Please see other position papers on a variety of topics on the Summit Global Network site, and visit these contributors' sites to find out much more about their approaches to client productivity and market leadership.*

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