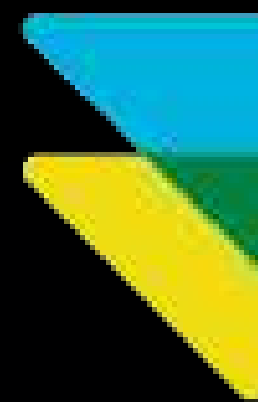


the navalent quarterly

Summer 2015



BUILDING

It takes Intention, Time, and Hard Work

hope

*what is it and why
does it matter?*

reputation

*what do others
say about you?*

results

*what we can learn from
Amazon's success*

TABLE OF CONTENTS

- 3 | FROM THE TEAM**
- 4 | JUST THE FACTS**
- 5 | AMAZON: HOW DID THEY DO THAT?**
- 8 | WHAT'S YOUR REPUTATION?**
- 11 | HOW TO REBOOT AND REBUILD YOUR FUTURE**
- 13 | WHAT DO YOU HOPE FOR?**
- 15 | BUILDING COMPETITIVE LEADERSHIP CAPABILITY**
- 17 | BUILDING CHANGE: PAY NOW OR LATER**

It is not the beauty of a building you should look at. Its the construction of the foundation that will stand the test of time. - David Allan Coe

Its glass reflects the beauty of the buildings around it. Its spire splits the clouds. Its 104 floors allow it to stand tall and look after the rest of Manhattan. Have you seen it yet? The recently completed One World Trade Center is a marvel.

In addition to its aesthetic beauty and imposing presence, master designer of the W.T.C. site, Daniel Libeskind says “It wasn’t just about building the tallest tower in New York, but building a tower whose height will mean something.” He is referencing the many symbolisms (optimism, resilience, etc) but among them is that the building is 1,776 feet tall - a deliberate reference to the year when the Declaration of Independence was signed.

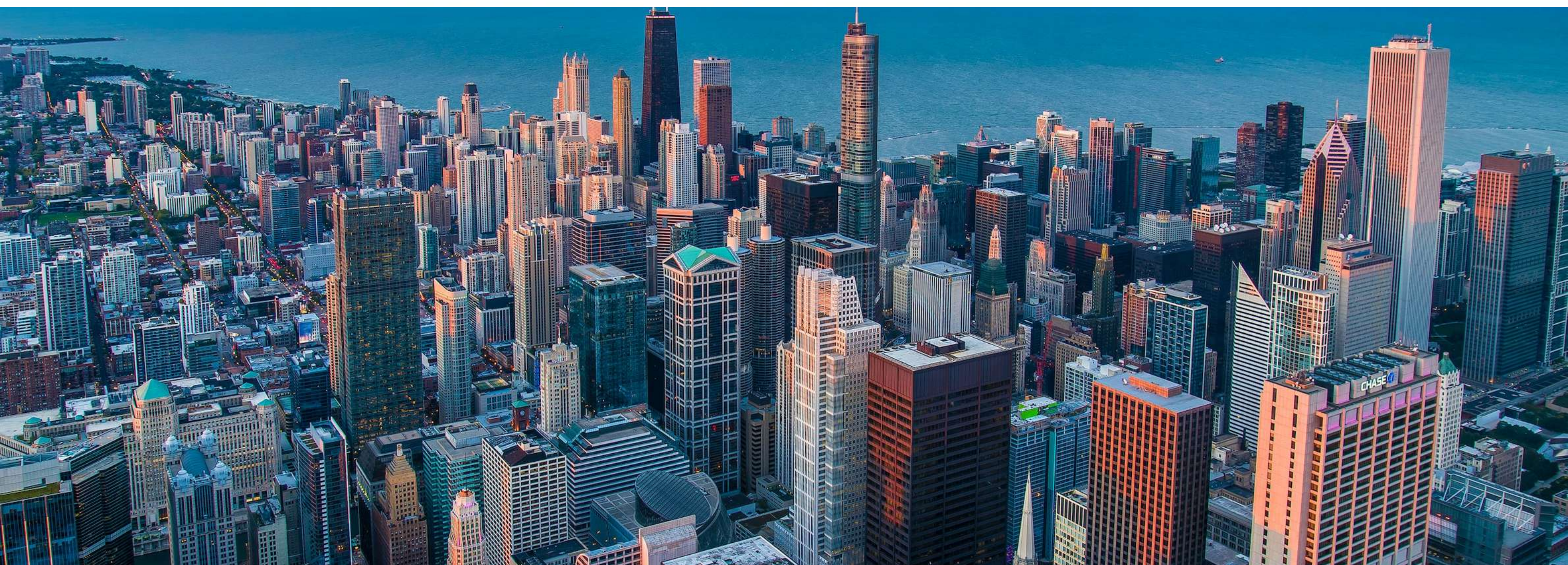
Our clients have taken us around the world and as a result we have seen some of the most interesting buildings in the world. And as we hear the stories of the mosque’s sculpted murals, the skyscraper’s structural support, or an IT center’s technical infrastructure we are struck at just how much intention, process, and resolve goes into building something that is functional, beautiful, and meaningful. And how often we miss it when we fixate on the final product.

We get calls from Fortune 500s wanting stronger teams. We get emails from entrepreneurs who want nimble organizational structure. And regardless of the life stage of the company or leader what we are really hearing is a desire for completed outcomes. We want organizations that last. We want products that are beautiful. We want processes that empower. We want teams that cooperate. We want strategies that have meaning.

But all of these things must be built. And anything worthy of building requires intention, time, and hard work. And, if you’re anything like us or our clients, we aren’t always sure how to do that work (or if we really want to do that work).

This Navalent Quarterly is dedicated to reflecting on the confounding, labor intensive, long-view, work of building. Like the architectural wonders, all great organizations look different to the eye. But we believe the following pages contain the principles beneath the walls that can help you and your organization build with care and confidence.

team navalent 



JUST THE FACTS

One of the most important things that each of us has the responsibility to build every day is our schedule. And as research on productivity, meetings, and energy management increase, so does our ability to build a more energizing and productive day.



THE WORLD'S BEST VIOLINISTS WORK...

4 1/2 HOURS A DAY

IN 90-MINUTE BURSTS

AND TAKE 30 MINUTE AFTERNOON NAPS

6 of the top 10 productive economies prohibit employees from working over 48 hours a week. This is not surprising as a recent study shows that after working 40 hours in a week, productivity decreases by 50%. How many hours a week do these productive economy employees work (hrs/week)?



Distractions are costly: A temporary shift in attention from one task to another—stopping to answer an e-mail or take a phone call, for instance—increases the amount of time necessary to finish the primary task by as much as 25%



HOW DID THEY DO THAT?

How a leader builds sustainable, long-term results

By Ron Carucci

We are used to hearing about quarterly losses of public companies. Thus when we hear stories of leaders and companies who have defied the trends and the finicky Dow Jones and S&P and eke out an increase in earnings per share, our heads turn.

Topping HBR's list of the 100 best CEO's in the world is a head turning man and a head turning story. In his 19 years at the helm of Amazon, Jeff Bezos has delivered a whopping 15,189% of total shareholder returns, despite being ranked nearly last in terms of compensation among his CEO peers. Amazon's amazing story of Wall Street defiance isn't a new one, but a closer look at why they consistently perform well despite intermittent quarterly losses (a big one in the summer of 2014) reveals some fundamental leadership and organizational lessons those with the courage to do so should heed.

In Jeff's 1997 letter to his shareholders, he outlined very clear principles by which he intended to run and grow Amazon, and has stuck to them since. Of the many practices we might glean from Amazon's impressive results, here are five we believe are worth paying attention to. They prove that fundamental principles of good management we've been reading about for decades may actually work. While they appear nearly cliché in a list-form, as though we've heard them a thousand times – because we have – seeing them actually in practice is refreshing and instructive.

"INCREMENTAL INVENTION IS WHAT MAKES AMAZON TICK"

AMAZON'S PRIME SECRET

Maniacal focus Jeff's vision of "being the most customer-centric company in the world" permeates the organization's ethos. He said this out the outset, and it remains true today, "Our decisions have consistently reflected this focus. We first measure ourselves in terms of the metrics most indicative of our market leadership: customer and revenue growth, the degree to which our customers continue to purchase from us on a repeat basis, and the strength of our brand. We have invested and will continue to invest aggressively to expand and leverage our customer base, brand, and infrastructure as we move to establish an enduring franchise."

Relentless adaptation Amazon's recognition that the relevance in its business model is predicated on scale, it continues to invest, and reinvest, in new businesses. Beginning in a garage focused almost exclusively on books, today they are a leading player in cloud computing services and storage, big data analytics, online video and music, e-readers and other devices. Bezos founded Blue Origin, a company that is exploring space travel, and he acquired the Washington Post in hopes of finding a profitable business model for journalism. Amazon is not afraid to experiment to remain relevant and build scale, even if that means showing losses.

Prudent Risk In 2004, Jeff summoned key leaders to his home on a Sunday afternoon in response to a customer suggestion he'd received online. The suggestion was charging an annual fee in exchange for free shipping all year long. Against intense criticism from his financial leaders that margins would dramatically erode, Amazon Prime was born. "There were people who thought it was an extremely bad idea—the spreadsheets uniformly painted pictures of losses," Vijay Ravindran says. Bezos ignored the objections, convinced that the offer would spur more orders. That intuition proved correct just weeks later, when the program, Prime, launched. Customers who'd previously made a few purchases a year were suddenly ordering

multiple times a month. “Instead of looking to protect the current business, Jeff saw the upside,” says Ravindran, now chief digital officer at Graham Holdings. “It was the most impressive display of business leadership I’ve seen in my career.” Today tens of millions of customers pay \$99 a year for Prime, which generates more than \$1 billion in membership fees and incalculable incremental sales.” (HBR Top Performing CEOs in the World; The Numbers in Jeff Bezos Head; McGinn; November, 2014)

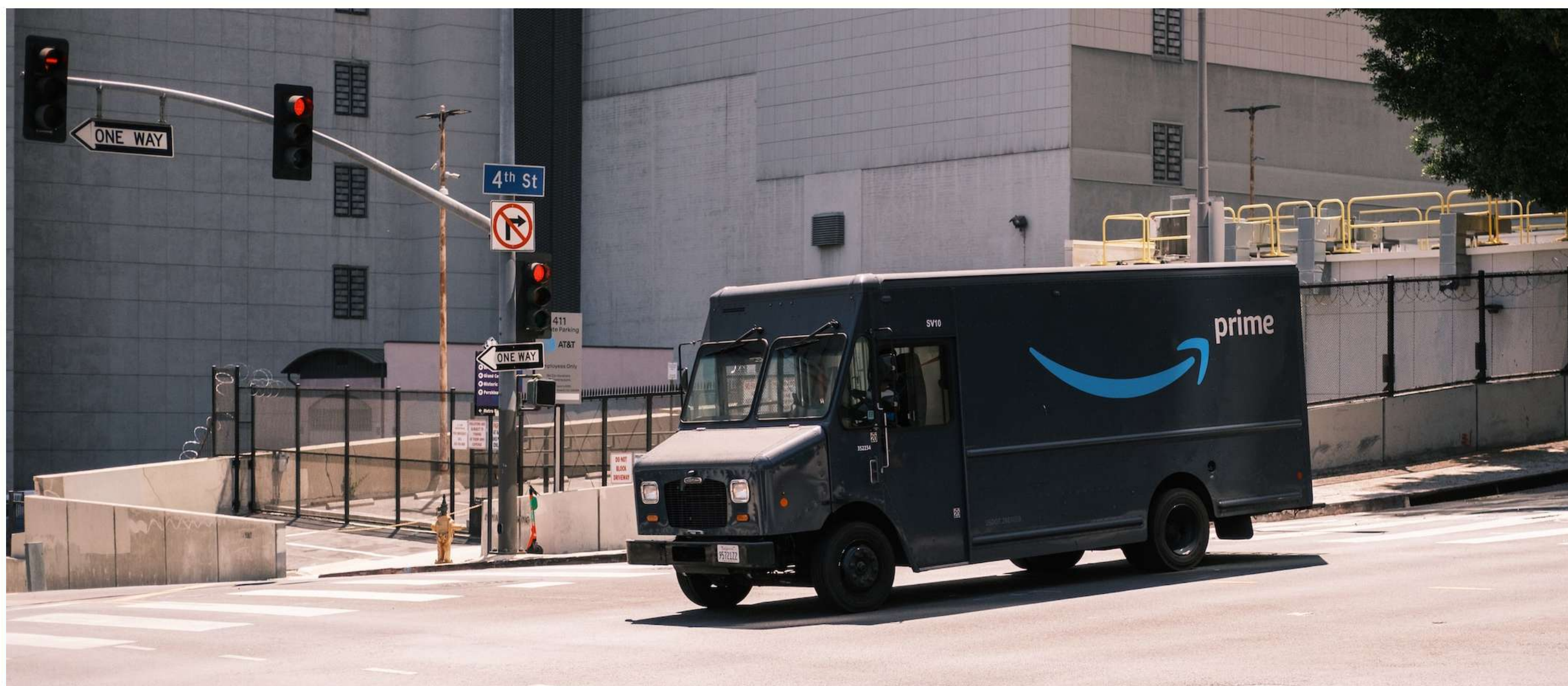
Devotion to continuous improvement Amazon’s greatest innovations come on a daily basis, in the form of making core processes that much more efficient and cost effective. In Jeff’s own words, “I bet 70% of the invention we do focuses on slightly improving a process. That incremental invention is a huge part of what makes Amazon tick.”

Maintaining the long view In Jeff’s words to his shareholders, “We believe that a fundamental measure of our success will be the shareholder value we create over the long term. This value will be a direct result of our ability to extend and solidify our current market leadership position. The stronger our market leadership, the more powerful our economic model. Market leadership can translate directly to higher revenue, higher profitability, greater capital velocity, and corre-

spondingly stronger returns on invested capital.” One might read such words in any given shareholder value, penned by the Corporate Communications director prior to an annual meeting. But having such words matched but equally bold actions and decision making is another thing entirely. As HBR reports, “With 132,000 employees and \$75 billion in annual revenue, Amazon is a 20-year-old corporation that routinely posts losses. (Its operating loss may top \$800 million in the third quarter.) ...Like every CEO, Bezos talks about managing for the long term—but he walks the talk, shrugging off investor concerns even as Amazon’s stock dropped from a high of \$407 in January 2014 to \$307 in August. Over the long haul, however, there’s no disputing his ability to generate shareholder returns: The company’s stock performance since its 1997 initial public offering has been so strong that its share price could have dropped to \$250, and Bezos would still rank as HBR’s best-performing CEO.”


SO WHAT’S THE REAL SECRET?

Great results – results that can be repeated – are never the result of dumb luck. Sustainable results are built. Sustainable growth is found in organizations with clear strategic intentions and identities that are constructed and built to translate those intentions into results. The organizations are constructed of cultures, processes, governance models and accountability processes,



and the requisite talent that are all consistent with the strategies they are transposing into results. That is the key. They are not loosely aligned or close enough to the strategies they are purporting to deliver. They are deeply congruent with them. The organization fits the strategy.

GREAT RESULTS, RESULTS THAT CAN BE REPEATED, ARE NEVER THE RESULT OF DUMB LUCK. SUSTAINABLE RESULTS ARE BUILT.

But today's organizational norms are far from that. Most companies' version of a stated strategy are nothing more than short term financial forecasts based more in hopeful guesses than competitive fundamentals. Simply walk the halls of the organization and ask a random set of 20 executives to articulate their organization's strategy for you, and you'll get as many versions in response. Then, look at the organizations construction. Not the organization chart, but the actual way the organization functions. Look at how talent is acquired and cultivated and rewarded. Look at how decisions are made, who is making them, with what resources and authority, look at how financial results are reported, and to whom, look at how financial resources are allocated and to and by whom, and look at what people say is the culture vs. the behaviors actually in practice. And if you can detect even a shred of congruence among all of it, especially in relation to a viable strategic intent, you will be staring at a potential Amazon. Because that's what building sustainable results takes. 



YOUR REPUTATION

why you should care about it before you have to

Kari Hayden helped a Nobel Prize winner (Muhammad Yunus) tell his story and was foundational in building one of Oprah’s favorite things (DonorsChoose). She is now working at one of the nation’s largest cosmetic organizations, helping them tell the story of the positive impact of their brand. I often say that she can “sell a cow a hamburger,” but beyond her ability to convince, she has an uncanny ability to unearth the heart of an organization and to help them share that story with their customers.

I got time with Kari to ask her thoughts on building a positive brand reputation.

I think that most people start thinking about their reputation after it’s been tarnished; but before you can preserve your brand’s reputation, you need to build one up, right? How would you describe what is necessary to be a proactive reputation builder?

Your brand is everything. Brand and reputation might as well be the same word. You have to have crucial conversations about what your brand is willing to do or say “no” to way ahead of time. So many brands wait until there is a question to be answered in front of them, and by then it’s too late to have a meaningful conversation. Because of time and personal relationships, hasty decisions get made and reputations could be at risk.

At DonorsChoose we were approached a lot by companies that fall into the “vice” category. Fortunately, our chief marketing officer had already walked us through an exercise on our desired brand identity. We each had to write down a brand that we most wanted to be like or felt a kinship to. It was no surprise that Disney came up as a reoccurring answer from our senior staff. So then the question became not about whether “we should partner with that company” but rather the question of “would Disney partner with this company?” It wasn’t perfect, but this exercise works 90% of the time.

So once you state your desired reputation, in your experience, how do you know what your actual reputation is, and how can organizations get better at being aware of and responding to that?

Reputation is measured in a lot of ways. People use

various web metrics like SEO and social shares (not just likes), but I have also had the opportunity to be more scientific about it. With two different companies I’ve worked with a rating system net promoter

score. The measure of success is not about the good things people say but rather the bad things people say. I call it “what is your neighbor saying about you behind your back.”

In the winter of 2010, negative media attention began in waves around the microfinance industry as predatory lending practices led to high suicide rates by a select few groups in India who were using the “for good” model as a “for profit” model. At the same time, the Prime Minister of Bangladesh began her own negative media campaign against one of the fathers of microfinance, Professor Muhammad Yunus.

At the time Grameen had over 60 global affiliates, and would have weekly calls (at 5 am) with our public relations team in France to try to get a unified messaging strategy on both waves of media attention - on the sector and on the sector’s founders. We had a series of major speaking engagements planned for Yunus that would also give him a world stage to explain his viewpoint on both matters, one of which was at the World Economic Forum in Davos.



However, as Arab Spring erupted in front of our eyes in Egypt in January 2011, reporters left the conference to cover the story, and Professor Yunus was never able to leave Bangladesh (due to an injunction for arrest if he attempted to leave the country). Our team split up and went to as many events as possible to be the “voice” of movement - but with little success.

"SOCIAL RESPONSIBILITY IS NO LONGER A COMPANY DIFFERENTIATOR BUT A COMPANY MANDATE TO SURVIVE IN THE MARKETPLACE"

In the end, both stories were put into perspective, and we came out on the other side. While we won the media war, we lost the political battle in Bangladesh. Additionally, we learned years later that many other microfinance groups felt isolated by the wave of media attention that Grameen in particular was getting and were also looking to “us” to redeem the image of the sector as a whole.

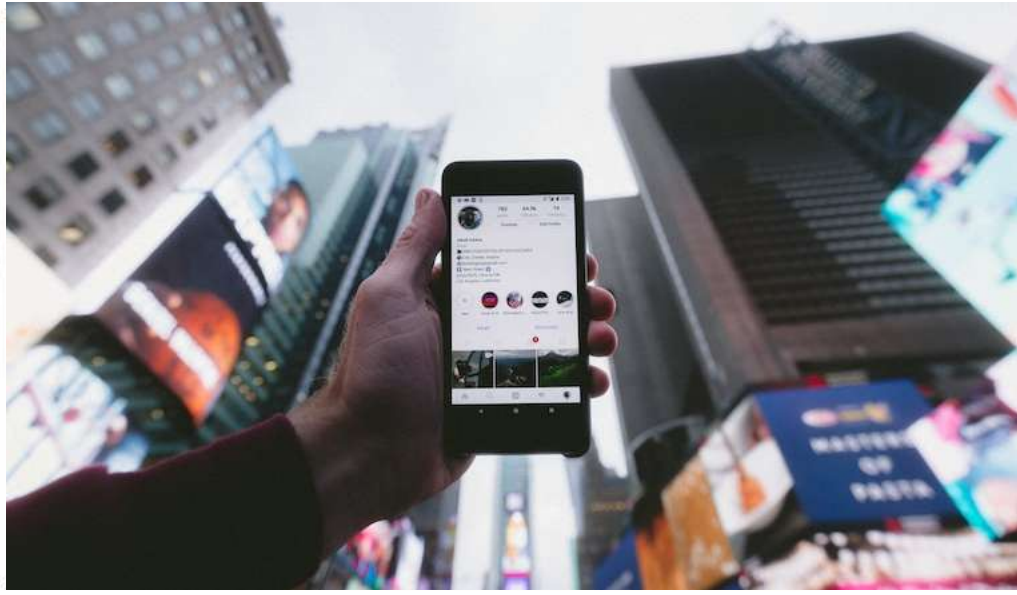
As you can see, understanding your reputation and acting to clean it up is messy and multifaceted.

Right now inside a skin care brand you are working on both philanthropy and on their Corporate Social Responsibility (CSR). Often times CSR can just be a “greenwashing” of the “sins” of an organization and not core to its business. How would you describe the importance of social responsibility for an organization?

If there is a greenwashing going on in an organization, it is because that company does not have the right person planning their programs. I think the public has become very savvy and can spot inauthentic attempts to do good. Because of that, some companies are distancing themselves from using the phrase “CSR” because so many of their business counterparts are using it incorrectly.


Social responsibility is no longer a company differentiator but a company mandate to survive in the marketplace. Being a good corporate citizen is crucial to customer loyalty and employee recruitment. I’ve been reading about how many brands are trying to position themselves as socially minded to attract Millennials to work for them. I read one example of this from an Internet travel company. They were saying that by joining their team you work for the company that’s going to send someone on a trip to meet their future spouse or give rest to a daughter grieving the loss of her mother. I can’t make this stuff up. The old-timers at the company called BS on it instantly. The bottom line is don’t overdo it because everyone can see vain attempts to put lipstick on the pig.

More and more companies are feeling comfortable moving toward a shared value model. What this means is that conversation about social impact is integrated with business impact. This is seen as forward thinking and not selfish; and, honestly, there has always been room for both profit and impact, as long as you are willing to give equal weight to each.



Finally, you and I have talked about “where CSR fits” in an organizational structure (in marketing, a group that is embedded in other functions across an organization, the job of the CEO, etc.). Do you have any thoughts on how companies can think about the work of CSR structurally?

I think it really does depend on the company and the “buy-in” from the top. The best possible place is as close to the CEO as possible, and potentially under the COO. So many true CSR activities require intense restructuring of how you do business, e.g., sourcing and supply chain.

I might be biased, but this is where I feel the greatest threat to human society exists: the exploitation of people through labor. We have more slaves worldwide than we did at the height of the legalized global slave trade. Modern day slavery is set to surpass weapons and narcotics as the most profitable illicit activity in the global economy, meaning that as people continue to make money exploiting each other, the problem will continue to grow. Many companies do a lot of good (philanthropy) while unintentionally doing a lot of bad (no transparency into supply chain). I am of the mindset to concentrate on stopping the bad and then focusing on doing good. This means that CSR should sit right at the top of the organization, for its influence should be far-reaching. 



IS YOUR LIFE A SPINNING PINWHEEL? TIME TO REBOOT AND BUILD YOUR FUTURE

By Mindy Millward

There it is -- the spinning pinwheel of doom. Right in the middle of writing this, my computer locked up. What now? As I sit and stare at the frozen screen on my laptop, I hear my inner-IT advisor whisper, "Have you rebooted?"

I decide to listen to my less than expert inner-IT voice, and as I reboot (why does thirty seconds seem like an eternity?), my thoughts turn to a client who, like my computer, was frozen. Her career felt locked up. Unsure of how to proceed, she asked me, "So what now?"

Susan, a late-career executive, by all accounts has had a tremendous record of success. She's led large companies, crossed disciplines, created great leaders under her tutelage, and even sat on boards of non-profits. Yet, at a point in time when she could be thinking about the nearest beach to retire on, Susan is instead asking what's next for her as a leader and a lifetime learner.

Fundamentally she is asking these questions:

- Who am I as a leader?
- What are the things I do uniquely well?
- How do I harness those in a different environment that will capture my creativity?
- What do I think I know that is actually incorrect or outdated?
- How do I “reboot” myself and create “Me as Leader 2.0”?


Do any of those questions resonate with you?

Our research found that over 75% of leaders say that the formal development processes of their organization were not at all -- or at best minimally -- helpful in preparing them for their current executive role. Perhaps more disappointing was that 55% indicated that they had minimal or zero ongoing coaching to help them refine their ability to perform as executives. The lack of preparation for the first big job isn't shocking; but that companies assume your arrival into an executive role is the peak of development shows that many companies tend to care more about your present service than your future contribution.

The exploration of rebirth and growth as a leader is one we rarely focus on. Why? Growth requires space. We understand that we need to make room for growth in other areas of life. We buy our children shoes to grow into. We buy homes that our family can grow into. We lease offices that our team will grow into. Our growth as leaders requires the same space-making. We must find the time in our calendar for conversation, the room for reflection, and then the intention to develop the future leader we want to be.

Once we have the space, it's time to start digging. Mining to understand the patterns in your life is key to understanding the layers of you:

- Your character – the essence of who you are
- Your presence – how others experience you
- Your influence – how you affect change around you
- Your perspective – how you capture and answer life's core questions
- Your stories – how you frame the experiences, consequences, and shifts you've had and reframe them

Once those patterns are captured, studied and understood with depth, you can use them to decide what you should take forward and what you need to leave behind. Often our greatest patterns of success are misunderstood and can lead us to false assumptions about what we really know and what we bring to the table. Additionally, the next challenge for us as leaders may be predicated on who we've shown ourselves to be throughout the years, but may actually require us to now be something different. Changes in the context around us necessitate changes in how we leverage our strengths and manage our blind spots. While this introspection may feel uncomfortable or unnatural at this stage in our careers, it can give us the energy to reboot and the confidence to build Me 2.0. 

WHAT DO YOU HOPE FOR?

By Ron Carucci

We've never had an executive call us and say, "Can you help our organization build some hope?" We have, however, met many executives who should have called us for that. One of the most profound resources of an organization is this unspoken energy. It's hard to describe its presence; but if you've seen an organization that has lost hope, then you know just how bleak it can be. So what is hope and how can we get it?

Hope is created at the intersections of 1) passion – a desire for something greater, 2) perseverance – the need to prevail against great odds, and 3) faith – the belief that there could be something greater beyond those odds. When a leader, organization, or even country is facing its darkest days, which we all eventually encounter, hope is what gets us through.

Hope is not allegorical or "squishy." Researchers Peterson and Byron point out that individuals with a higher capacity for hope are more goal-oriented and motivated to achieve their goals than those with low hope. They found that regardless of whether they were talking about sales employees, mortgage brokers, or management executives, high-hope individuals had higher overall job performance. They also found that higher hope executives produced more and better quality solutions, suggesting that hopefulness may help employees when they encounter obstacles at work.

But we've all encountered life's obstacles and not responded hopefully. Does that mean we don't have capacity for hope? Hope, then, is also a fundamental choice. Hope would not be the powerful force that it is if it were chosen only when a reason to do so was

obvious. The true power of hope lies in choosing it when the presenting data suggests doing otherwise. Hope invites the leap of faith to place one's confidence behind an endeavor without necessarily having tangible evidence to back it up. Hope isn't something that just appears. It must be relentlessly pursued. Its most powerful expression comes in the face of staunch opposition. Too many of us confuse hope with mere wishing, but behind the greatest achievements in all human endeavor, you will find profound degrees of hope from individuals and communities choosing it when facing unthinkable challenges.

At Navalent, we spend a portion of our lives supporting and volunteering for a number of inspiring organizations. We've traveled to other parts of the world and seen firsthand the hope that is at the core of the human spirit; and their hope has, in turn, inspired us to choose hope, especially on behalf of clients we serve.

WATER 1ST

Water 1st International is an NGO dedicated to bringing clean water and sanitation to the poorest of Ethiopia, India, Bangladesh and Sri Lanka (whose story is also told in our recent book, *Rising to Power*). They have spent a decade raising millions of dollars to help

local communities build safe and sustainable water and sanitation sources for more than 100,000 people. Unlike many organizations focused on water, the failure rates of whose projects typically linger in the 50% range after three years, Water 1st's projects are 100% operational around the world. Their secret lies beyond the quality of the engineering materials used to build their systems. Their impact lies in installing the capacity for a community to restore their dignity and self-sufficiency as human beings and, in so doing, generate hope to keep reaching for more. Water 1st describes their work this way: "We start from a true place of respect for the people we want to assist.... Every poor community is rich in the most valuable resources – human intelligence and strength of spirit. We are successful because we invest in those resources and provide the poorest people in the world with an opportunity to accomplish something they see as critical to their own well-being."

*HOPE IS BOTH
BUILT AND CHOSEN*

WELLSPRING LIVING

Wellspring Living is a non-profit organization Navalent has proudly supported. A courageous organization, Wellspring enters the darkest of human depravity by restoring young girls who have been victims of sex trafficking. It has built a comprehensive program of restoration that accompanies the tragic destruction of the human heart, mind, and soul through to productive self-sufficient living. Sexual exploitation is one of the world's most gruesome horrors, one most of us don't want to believe is happening in our own backyard. Wellspring Living has braved the fight against such evil and has built an extraordinary bridge out of the darkest places of human existence to one of hope. Once-discarded human beings are restored to their dignity, beauty, and the dreams of reaching their potential through their own choices.

Both of these organizations have given us a bone-deep sense of what it means to build hope that fuels trans-

formation. Unlike wishing – "crossing your fingers and hoping for the best" -- building hope for individuals and communities takes courage, enduring love, and undying commitment.

Hope is both built and chosen. No well-orchestrated master plan, training program, special talent, inspiring speakers, or marketing campaigns will provide the foundational energy needed to transform your organization. Don't merely wish for transformation. Hope for it. Dig deep and build it, and in the face of unforeseen setbacks and your own limitations, tap into that storehouse when you most need to, and choose hope.

Seeing people in dire circumstances with great resolve invites us to ask on behalf of those we lead:

- What are you hoping for? And why?
- Who/what inspires you to hope for more?
- How can you choose hope daily?

BUILDING COMPETITIVE LEADERSHIP CAPABILITY

By Josh Epperson

Kurt Koffka, the father of Gestalt psychology, is known for saying, “The whole is other than the sum of the parts.” He is often misquoted by people who swap the word other for greater.

For Koffka, though, the theory wasn’t a concept of addition, but the creation of something completely new. In other words, bringing pieces together in a coherent way doesn’t just make them greater; it actually changes them and makes something brand new.

When constructing a new house, we all know that building materials alone don’t make a house. It’s only when those materials are organized in a coherent, master-planned manner that the materials turn into something completely new -- a house. Yet, when it comes to building leadership capability in organizations, we somehow think it’s okay to leave a pile of raw, discrete materials on the floor and proclaim our people leaders. One-off training workshops pile up like a stack of 2x4s, instead of actually developing leaders. These disjointed and discrete “materials” that organizations pick and choose from remain parts and not a whole.

For organizations to truly build leadership capability, they must bring these discrete talent activities together coherently, targeting specific leader populations across a leader’s entire career. Only then will these talent activities come together to create something completely new – competitive leadership capability.

To create competitive leadership capability, organizations frequently organize talent activity into three bodies of work: 1) leader assimilation, 2) leader expansion, and 3) leader advancement. At the end of the day,

these bodies of work are aimed at improving an organization’s business results. If done apart, you’ll find a mismatch of capability and shaky foundations, but perhaps ornate design. When conducted in a systemically integrated manner, these processes create a cadre of leaders that will be the pillars of your organization.


Below are a few things every organization should keep in mind when they are working to leverage talent processes to build competitive leadership capability.



- Build talent processes that ensure the success of an organization’s business strategy. Regardless of the talent process, leaders must become better equipped to deliver on the organization’s strategy through the specifics of their role and regular responsibilities. Organizations regularly trade off competitive impact because talent processes are removed from what leaders actually have to accomplish in the business. For talent processes to impact a business’s results, organizations must focus on implementing processes in the context of the strategic results the business wants to achieve.
- Build talent processes so they support optimal decision-making. At the end of the day organizations must make difficult decisions about their people – who they attract, how they select and onboard, what to assess and develop, and, ultimately, who to move and

how best to surface backfills. Talent processes are intended to provide this type of decision support. To do so they must surface not only relevant but also sufficient data about their talent to effectively enable decisions that support current and future talent needs. For talent to truly become a competitive asset, organizations must make decisions about them that are competitively based.

- Build talent processes that ensure your leaders are differentiated from your competitors. Your talent should be as unique as your strategy because ultimately they are the ones tasked with delivering it. Organizations often choose the best talent as opposed to the right talent. Both in selection and in development, it is important to have processes that create leaders that will uniquely outperform your competition.

- Build interdependent talent processes. Too often organizations pick and choose processes and focus solely on work that is most familiar or where they have the most resources. Subsequently, they trade off creating something completely new for more of what they already have. Work to ensure that the outputs of one process inform the inputs of a corresponding process. For example, focus talent attraction efforts uniquely for the demographic of the soon-to-be open roles you'll select for. Similarly, work to fill your most competitive enabling roles with the talent you have who are most aligned with the requirements of those roles. If you don't have those leaders, work to attract them, or identify missing competence in your existing leaders and work to develop those leadership capabilities. Stop the one-offs. Talent processes must converge in an integrated way to create a new, competitively enabling future. Build an integrated set of talent processes where the whole really is competitively other than the sum of the parts. 



BUILDING CHANGE

A PAY NOW OR PAY LATER PROPOSITION

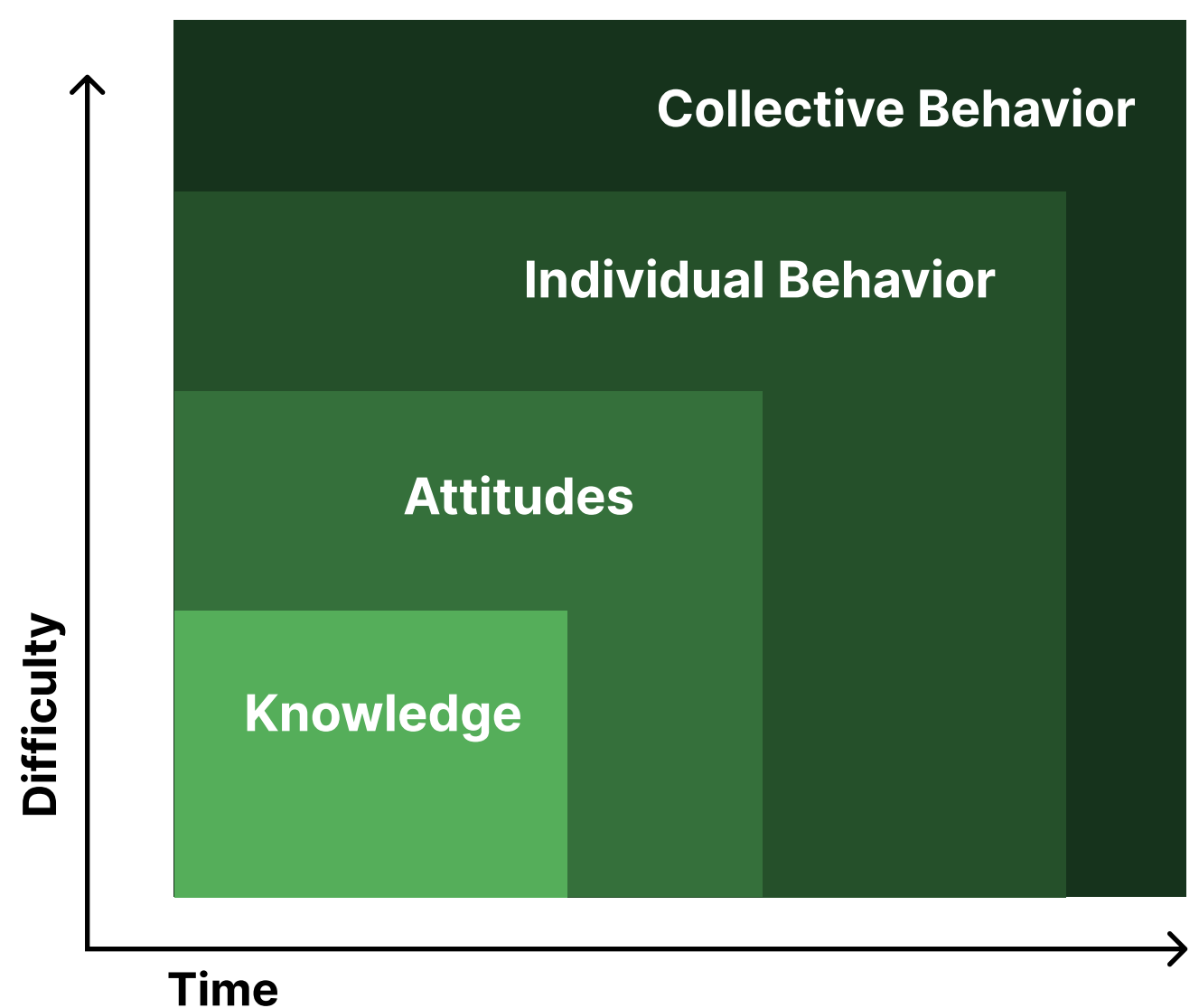
By *Eric Hansen*

The art and science of change management has been a focus in business literature and for business leaders for many decades, and rightly so. As the pace of technological, economic, and social change has picked up, however, the language used to address the issues associated with change management have become nuanced. The term “management” now connotes a level of reactivity and a sense of being “old school.”

Instead, recent writings use more proactive language, coupling “change” with “readiness” or “agility” to signal that different capability is needed for businesses to thrive in our highly dynamic marketplace. These words suggest that rather than waiting for the next change to emerge, leaders must take a proactive posture. They reinforce the idea that to thrive, organizations must seek out change opportunities and bolster their ability to continually identify, initiate, and deftly adapt to presenting opportunities in order to create advantage, minimize risk, and accelerate performance results.

Regardless of your organization’s posture toward

change, there is one central variable that remains constant, and it is on this hinge that the sweeping gate of change swings or sticks. Sustainable change of any kind, even when rationally, economically, technologically, or socially justified, ultimately succeeds only if the people impacted actually behave differently. Getting them to behave differently requires an investment in building stakeholders’ understanding, shaping their attitudes, and investing in the development of their skills to succeed in the new reality.



All of the orchestration and hard work must ultimately build toward the crescendo that Malcolm Gladwell defined for us: “The tipping point is that magic moment when an idea, trend, or social behavior crosses a threshold, tips, and spreads like wildfire.”

Unfortunately, we have worked with too many executives whose desire for change surpassed their understanding of what was required or exceeds their willingness to expend the needed resources to realize it. Too frequently, these leaders will have worked covertly to architect some change, only to be surprised and disappointed when their proposal, finally revealed, wasn’t adopted immediately—or even eventually. From this evidence we conclude that effective change is always either a pay-now or a pay-later proposition. You can choose who becomes involved and when, but you must never forget that the change piper must always be paid

There is nothing inherently wrong with creating needed change in isolation; however, you must acknowledge that under those conditions only the relatively few who were involved in defining the desired change have any understanding or to it. Therefore, success demands that an investment to build understanding and adoption of the change take place after the fact if the intended change is to be effectively implemented and embraced. Alternatively, when the level of involvement is initially broadened and the expenditure of resources to initiate change is undertaken simultaneously to define the needed change, we find that both the quality of the proposed change and the rate of successful implementation and adoption are remarkably higher.

Over the years we’ve led many projects to design and implement both large- and small-scale changes in businesses, using each of the four

options identified above. Each is useful within a specific set of circumstances and with the recognition of its respective benefits and limitations. Our purpose is not to declare which is best, but to emphasize that how and when you involve stakeholders in the change you desire also defines the timing and degree of effort required to realize the full benefit of your intentions; but remember that whichever you choose defines the payment terms.

Leading change is a critical competency for individual leaders to acquire and an even more vital capability for organizations to develop and exploit. Without the ability to effectively adapt, an organization lacks the means for self-preservation and the ability to thrive in the longer term. Truly change-agile or change-ready organizations are those in which leaders engage employees to help positively shape a set of opportunities and the means for realizing future individual successes, while ultimately setting the stage for full adoption of needed changes and the realization of collective success.

