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**CHANGE**



SPRING 2018

**Vision:** *Shared across the enterprise*

**Change:** *Hard, necessary and good*

**Transform:** *Within and your staff*

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# NQ13: CHANGE

By Jarrod Shappell



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All of the devices listed in this advertisement are currently in your pocket, purse, or on your desk. All of this technology has been consolidated into a 3 ounce bundle of metal, glass, and micro processors. And the store advertising them is hanging on by a thread. A lot has changed in 25 years. Most of us welcome this kind of change. Yet there are other changes we loathe.

Because daily routines are standard fare to keep organizations running, people naturally struggle to deal with change. Any change – a change of boss, of travel policy, of budget, or organizational structure – creates uncertainty about what lies ahead. Even the smallest of change can increase concerns about job security, increasing workloads, finances or the need to learn new skills.

Headlines today show that no industry or organization is safe from disruptive forces.


It's no wonder that we hear from our clients that "people hate change" and that "change is hard." Whether we are executive leaders or junior employees, we seem psychologically unequipped to deal with changes in our workplaces.

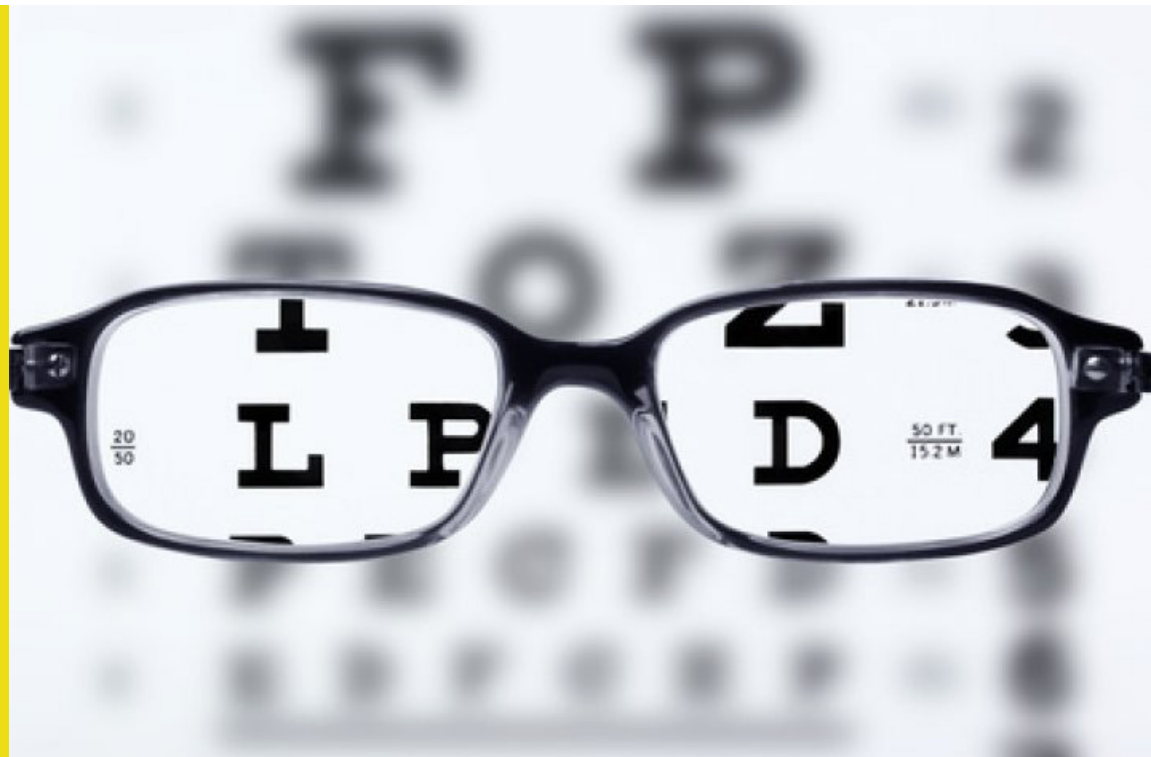
We also hear from senior leaders that "the only constant is change." Headlines today show that no industry or organization is safe from disruptive forces. We read of changes to global economic policies, the improving accuracy of artificial intelligence, the labor market's transition to "gig work," the increase in virtual workplaces, trying to predict what "Gen Z" will be like while we're still decoding Millennials, consumer pressure to generate both profit and purpose, and a host of aforementioned technological disruptions.

This age of exponential, perpetual change, mixed with our psychological aversion to uncertainty, can make us feel like victims to change. Perhaps our interpretation that this is something that's happening to us is, at least in part, flawed. In reality, much of "this" is something we need to shape and respond to because much of it is change we are causing. As consumers, citizens, employees, technology junkies, and leaders, we are both provocateurs and recipients of sweeping change. The problem is that the pace of change is so rapid, businesses and leaders are often left flat footed. What many leaders and employees must see is that they play a key role in the success of change – whether forced from the outside or designed from the inside. While few would deny that much of the change brings substantial benefit and positive impact, the tumultuous journey through change is uncomfortable.



**Change is hard,  
change is necessary,  
change is good.**

With this in mind, we want to spend the next three months talking about how we can use the accelerated pace of change around us to our advantage. We will look at how we can move beyond "change is hard" to "change is necessary," and dare we say, "change is good." We will tell you how to avoid false starts and how to design implementable change. We will discuss not just how to change organizational structure, but how to attend to the feelings of those experiencing the change. And perhaps most importantly, we will spend time understanding that all change that we want to see in others, must begin within ourselves. 



## LEADING CHANGE STARTS WITH YOU

*By Ron Carucci*

Most leaders charged with initiating significant change focus almost exclusively on factors outside themselves – the talent they have to upgrade, the cost they have to take out, the performance they have to turn around. The underlying dangerous assumption is that they are already equipped to effect needed change. Unfortunately, when it comes to successful organizational change, failure continues to be more common than success. In a survey of nearly 3,000 executives concerning the success of their enterprise transformation efforts, McKinsey discovered the failure rate to be higher than 60%, while Harvard Business Review conducted a study that suggested more than 70% of transformation efforts fail.

Leaders who are wary of the ever-present risk of failure will often devote countless resources to planning out the perfect change management initiative. To raise the odds of success, however, my experience suggests the place leaders need to begin their transformation efforts is not within their organizations, but within themselves.

Few leaders would disagree that personal transformation is an important building block of any successful change effort. Unfortunately, too many leaders want transformation to happen everywhere but within themselves, at unrealistic speeds, and with minimal effort. As Manfred Kets de Vries says in his book, *The Leader on the Couch*, “Organizations the world over are full of people who are unable to recognize repetitive behavior patterns that have become dysfunctional.” This reflects an endemic lack of self-awareness in leadership, and the costs are significant. One study found that, when it comes to decision-making, coordination, and conflict management, teams that have a low degree of self-awareness are less than half as effective as teams that are highly self-aware.

During times of disruptive change, leaders are far more likely to be triggered. The loss of control, the interruption of power, and the fear of failure are heightened. In response, leaders, often unconsciously, respond reflexively with behaviors that reveal their struggle to adapt to the very change they are championing.

One newly appointed CEO I worked with was leading a massive overhaul of his company while he personally struggled deeply with indecisiveness. Historically, the organization's culture had been slow and unresponsive because decision-making resided largely at the top. He redesigned the organization to create a culture where decision rights were more appropriately distributed to those lower in the organization who were better equipped to solve problems and direct resources. That left the most strategic decisions with him and his team. Yet he struggled to get to closure on critical decisions with his team, decisions the rest of the organization depended on to execute the subsequent decisions they were empowered to now make. The CEO was perpetuating the very paralysis he sought to alleviate.

When we dig into the deeper roots of a leader's unproductive behavior, we look for what we call the "operative narrative," the "tape" playing at an unconscious level driving unwanted behavior. Not surprisingly, beneath this very accomplished CEO's behavior was a tape of perfectionism declaring, "If you're wrong about this, it's all on you." His fear of being wrong and bearing disproportionate levels of accountability for failure prevented him from using his brilliant mind to weigh available options and data, include the perspectives of his capable leaders, and make the call.



For executives to succeed leading organizational transformations, they must begin with their personal transformation. And that starts with identifying and "re-scripting" those operative narratives that might provoke unproductive behavior. Here are two important first steps to begin that re-scripting work.

Know who and what pushes your buttons. One behavior that keeps us locked into this cycle is called "transference," which happens when we transfer our personal fears and self-doubt onto someone else. In moments of transference, a leader's behavior is shaped and motivated more by their past experience than what is happening in the present. They are "triggered."

One client of ours realized early in the process of leading the turnaround of a flailing division that her impatience was making performance worse and weakening confidence in the future. We later discovered that her impatience was symptomatic of deeper issues. When people asked questions for clarification about the change, she interpreted them as resistance to her vision, or passive-aggressive doubt about her ability. Though they were neither, her angry responses created the very resistance and passive-aggression she feared. She needed to embrace people's questions as an opportunity to further secure their commitment, not as personal attacks on her vision and leadership. A look back at her career path revealed a long history of unjustly having to prove herself, receiving unfair critique, and feeling second guessed by those whose approval she desperately wanted. Each question from her team triggered past transference compounded by the natural anxieties of leading high-risk change.

Breaking the cycle of triggers that transfer past experiences onto current situations begins in deep self-reflection. Be ruthlessly self-honest about who and what those trigger points are.


Identify the underlying scripts. Simply identifying situations or people most likely to trigger isn't sufficient to realize change. Many leaders flippantly declare trigger points like, "Boy, he really pushes my buttons every time I'm with him," or "I'm fine presenting to anyone in the company, but when it comes to her, I lose a week of sleep." But they stop short of uncovering the narrative beneath those triggers leading to unwanted behavior. Lasting personal transformation demands facing the tapes playing in your head that lead you to exasperating confessions that sound like, "Why on earth do I keep doing that?" Naming that you do things you shouldn't isn't self-awareness. It's simply acknowledging that you've been told a certain behavior is troubling to others and that you wish you didn't do it. Genuine self-awareness demands you dig deeper to uncover the real answer to why you keep doing it and then actually work to stop doing it.

Simply identifying situations or people most likely to trigger isn't sufficient to realize change.

Writing them out on paper provides the sobering acceptance of a deeper force shaping behavior. This requires courage, humility, and the ability to detect patterns of behavior recurring in times of change. When a leader accepts their narrative in black and white that reveals the answer to, "Why do I keep doing that?" they have taken the powerful next step at re-scripting it.

keep an eye out for potentially escalating situations in which they sense your reactions may be irrational, extreme, or rooted in one of your triggers. Ask them to cue you to "pause" and regroup, and regain perspective before proceeding to any decisions or actions, or worse, to help you avoid saying anything you might later regret. Knowing that you have helpful eyes on you acts both as a reinforcement mechanisms for your changed behavior, it also acts as a source of accountability to sustain commitment to change.

Give people permission to name your triggers. To keep vigilant about your risks of being triggered, invite a small number of close colleagues into your personal change effort. Tell them to

Your ability to affect change across the organization depends on your ability to affect change within yourself. Accepting this will fundamentally shift how you lead. Such introspection is an active process. Leaders should take notes, spot trends, course-correct. They should solicit feedback from others, tracking the impact their behavior has on others and how closely their actions match intentions. Leaders should start a transformational journey accepting that the organization will have to transform them as much as they will have to transform it for both to succeed. The more a leader knows how they will react during change, the better equipped they'll be to foster real change in themselves, others, and the organization. 

# Beyond Town Halls

*By Josh Epperson*



***Last month Amazon launched its latest innovation –***

Amazon Go – a technology-enabled convenience store that is more convenient than ever.

On Amazon Go’s opening night, I found myself right next door for a board meeting and wanted to check out just how game-changing the experience really is. Not to mention I needed to pick up a few snacks to share. There are smart shelves that can tell when something has been grabbed. There are “computer vision” surveillance machines posing as ceiling tiles. There are no cashiers. As I walked out of the store with what felt like shoplifted snacks, I couldn’t help but think to myself, “This is insane! There’s no way Amazon pulled this off overnight.”

***Sure enough, Amazon took roughly five years to make the concept public.***

When it comes to leading change, Amazon is no newbie. Time and again they have shown the world that successfully realizing aspired to change requires a

fail-fast, iterative approach. Their approach to Amazon Go was no different. The behemoth of a company could have just built the store, declared a new way of doing business, opened the doors, and worked the kinks out on the back end – but Bezos and Amazon don’t work that way.

When facing organization change, we all too often see the negative effects of leaders who choose to simply flip the switch. They misguidedly believe that declaring change and leading it are one in the same. For example, a senior leader wants to use an all-hands meeting to inform BU leaders of his decision to divest its historically sacred, yet underperforming businesses. Executives use a Town Hall as the sole opportunity to inform the company and inspire confidence in its new strategy. A boss ‘lets go’ of their employee by giving them a packet of information about their future. When it comes to change, information is a must. Yet those in charge of change misguidedly believe that “If they knew what I know they would understand it and believe its efficacy the way I do.”



In our personal lives, we're profoundly aware that information about change doesn't equate to effectively managing it. For example, when your boss informs you that the business requirements have changed and the skills and abilities you have spent the last 20 years building, no longer cut it in your industry. Or after 40 years of a seemingly decent marriage, your parents inform you at the family holiday party that they're getting a divorce. Or perhaps your spouse's commanding officer calls to inform you that your wife was shot down in enemy fire. The information is helpful in that you know more than you did before, but it does absolutely nothing to help you successfully transition to your new reality.

### When it comes to change, information is a must.

Yes, from a purely informational standpoint, losing a spouse in the line of duty is very different than being told your company has a new strategic direction. However, the emotional response and ensuing journey from current to future state is very similar. Underneath it all are the emotional feelings of loss.

Perhaps you are an early tech adopter, find yourself reflecting on Amazon Go and thinking, "Yeah, but what is lost when there are no lines and no checkout?" In my opinion, the loss of the customer/cashier experience, which is central to this industry step change, is a very real feeling. Amazon could have bet the farm on its tagline no lines, no checkout, no seriously but they knew that pithy information wouldn't be enough. From what I observed, they had (and continue to have) an equal or greater number of physical staff (greeting, restocking shelves, answering questions) on the floor as traditional convenience stores do to address the personal implications of such a change.

A change leader that only utilizes an information dump overlooks the most important part of change – it is personal. Those directly impacted by the change need more than information, they need a process to help them move from current to future state. They need to be prepared, ahead of time, for feeling like a shoplifter. In the best of cases, change management creates an excitement around becoming the shoplifter – it did for me. Effective change management leadership is just that; those in charge of the change, guiding those impacted by it, to journey effectively through it.

A photograph of an Amazon Go store entrance. The "amazon go" logo is prominently displayed in the center. On either side of the entrance, there are red signs that say "JUST WALK OUT SHOPPING". In the background, a person is walking through the store's automatic doors.

amazon go

To fully help move leaders and ultimately your organization through change, you MUST make it personal on three fronts: Scope, Commitment, and Mechanics. The following questions will help those leading change, personalize their leadership of the change and ultimately the outcome of it.

## SCOPE.

What is the degree of difficulty to pull the change off? How many people will be impacted? Who specifically, will be impacted? How severe will the impact feel to them?

## COMMITMENT.

For those, the change impacts, how aligned and ready are they for the change? Will there be perceived winners and losers? What's greater, the pain of the current state or the pain of change?

## MECHANICS.

Is there a change plan that assumes a journey versus an information dump? Does the plan account for the scope and degree of commitment? Is the plan built on creating a unique experience for each individual or group of individuals' impact? To what extent are change efforts integrated with other business initiatives and changes? Are metrics in place to clearly indicate progress (or stagnation) during the journey to current state?

Certainly, Amazon excelled on all three of these fronts when launching Amazon Go. However, if I had to guess, when bringing Amazon Go to market (and the reason they spent five years and launched a year late) they were experts in the third. They managed the mechanics of the transition. They had their plan, resourced it accordingly, evaluated their metrics and evolved it internally before they brought it to the public, which is most likely why I was in and out in under 5 minutes and didn't miss a cashier one bit. 🚩





# All Change is Personal: The 4 Phases of Personal Transition

By Whitney Harper

The day I decided to quit my job was Thanksgiving 2006. With a cast on my hand and an international calling card, I was struggling to dial my family's phone number on the payphone in the Singapore hospital's waiting room. I was burnt out, exhausted, and homesick. Hearing my family excitedly talking about the meal they had just shared and how they were getting ready to play games made my heart ache in a way that made me decisive. I needed a change.

Have you ever been there? Not the hospital in Singapore. I wouldn't recommend that. I'm referring to the moment when you know, deep within you, that regardless of the cost of the transition, you need to make a change.

For me, it took several months to coordinate the timing, but by early 2007, I had quit my job and had a plane ticket in my hand to Fez, Morocco to spend time with my sister. I knew what was coming. The transition process was like an old familiar sweater that I could easily put on and shrug off. By that point in my life, I had moved 12 times, and most of them were International relocations. I knew my sister and I would jump into our usual transition coping tricks. Cling together, invite friends, and get into the Routine. The Routine, no matter where we lived in the world consisted of a few things:

- 1. Weekly listen to This American Life**
- 2. Sundays find church**
- 3. Read the NY Times Modern Love article**
- 4. Do yoga**
- 5. Watch Oprah** (Oprah fixes everything. Always find Oprah.)

Thanks to the internet and a DVD collection of Oprah's 25 years, we could manage our personal changes no matter where we were in the world. However, this time was different.

My job in Singapore was my first full time job out of college. I was an independent woman working in a foreign country for a fantastic company and on a good career track. My identity had shifted from a college student to a professional. Therefore the day I quit my job that identity was, POOF, gone. I was now an unemployed tourist in a foreign land. When people think about change, it is often viewed as a beginning, but there is that very important step of closing out the previous chapter. That loss is what usually kicks me into the first phase of transition – denial.

**If you are facing a "must change moment" find comfort in knowing that these stages of transition are normal.**

I was oblivious at first that I had made a significant tactical error. Leaving a job without a plan, let alone another job, is not recommended. I was so focused on the excitement of closing out my job and heading off on a new adventure that the anxiety of uncertainty hadn't hit me. That lasted the whole flight to Morocco and even the first week because being a tourist in North Africa is a lovely distraction. It was that second week when I started to get antsy. Previously I had been working 60-70-hour weeks, so the shift to having nothing on the calendar was jarring. I would also look at my dwindling bank account and started to wonder if

quitting my job without another job lined up was wise. I went through the motions of the day in a bit of a fog as I was distracted by the constant questions of what am I doing? How will I get another job? This was compounded because my French is terrible, and I would wander through the souks hearing words I couldn't understand and stuck in my own thoughts.

Then came the trough of despair, phase 2 – resistance. I started to write in a journal as I felt that I needed a place to vent my emotions. I was moody and not very fun to be around and let my anxieties run wild with fears that I would never work again, would never marry, and my sister and I would be watching Oprah, doing Yoga, and listening to This American Life into our 80s. What I realized was that the change I was going through was self-inflicted and that I was my most reliable option for getting myself out of this jam. By focusing on what I could control (how I spent my time, what I wanted to do with my dwindling funds, etc.), I realized that I had the power. Never one to wallow too long, I realized I needed to figure out my options, pushing me into phase 3 – exploration.



I started researching different career paths and thinking wildly outside the box. Should I become a full-time tour guide? Go back to school? Apply for a job in Morocco? I shifted from full-time negativity to a mix of anxiety and excitement. I personally love the exploration phase. Not knowing what is on the horizon, can free you up to try different future versions of yourself. I put together a list of life goals, which I still have an evolved version of. The list of life goals helped me evaluate my options and hone in on how I wanted to spend my next chapter, studying cooking. I carefully budgeted how much it would cost, which helped me adjust my vision from culinary school to a six-week-long specialized course. I identified the timeline and started to settle into enjoying a new identity of enrolled student tourist in a foreign land. I had made it to the last transition phase – commitment.

Every time I go through a momentous change, like Oprah, the four transition phases are there with me – denial, resistance, exploration, and commitment. At this point the change process does feel like an old sweater, but sometimes that sweater feels itchy, and the armholes are too tight, and there are stains from tears shed, and it is misshapen from being tugged, and a corner is starting to unravel. However, it also symbolizes a life full of adventures, risks taken, failures survived, and many moving boxes. So, if you are facing a “must change moment” find comfort in knowing that these stages of transition are normal and a necessary part of reaching the future you envision for yourself. 🚩





# Are we really going anywhere?

Metrics that will tell you if your change is sticking

By Mindy Millward

**“You won’t lag behind because you’ll have the speed.  
You’ll pass the whole gang and you’ll soon take the lead.  
Wherever you fly, you’ll be best of the best.  
Wherever you go, you will top all the rest.**

**Except when you don’t.  
Because, sometimes, you won’t.”**

***Dr. Seuss, Oh the Places You’ll Go!***

The leaders we work with cook up amazing visions for change. We see some of the most ingenious management structures, product strategies, marketing plans, and mission statements. We find the leaders we work with have the best of intentions with the changes they design. What happens between intention and implementation is where things often go south. So, how do we better bridge the gap between great concept and effective execution? We believe that the key to bridging this gap is to know along the way if we are making progress (or not). Because the amount of energy and effort it takes to launch meaningful change

in organizations makes it imperative that we have better metrics so that we don’t wait to find out that “sometimes, you won’t.”

The best metrics aren’t just focused on results; they provide insights that change behavior. If we want the change to stick, we need to establish barometers that help us to be predictive and course correct when off track. And I am not just talking about anecdotes from senior management or conjecture based on the “word on the street.” To monitor and guide change successfully, we must build hard metrics that measure:

1. Whether we are motivating change
2. If people are committing to the future
3. Whether we are achieving progress along the way
4. If our change is producing results

**Motivating change:** Even as an initial vision starts to come together for change, it is important to begin pressure testing it with audiences/stakeholders to understand whether it is a vision people can understand and get behind. Some of these measures are not even connected to the specific set of changes

to be implemented, but more around their readiness for change. Are they tired of the status quo? Do they feel the pain of current state or the aspiration of something to come? Do they believe those who lead them bring a great understanding of what is required and the plan of how to get them there? Get answers to these questions ASAP or else your change will be grounded before it takes off.

**Committing to the future:** Once we move beyond the need for change and begin to build clarity on the “where to from here?” we shift to understanding readiness for the specific change. It is at this stage that we need to develop metrics that tell us whether people understand how they will be impacted by change (personally and professionally) and what they need from their leaders to personally enact their own journey. It is no longer a theoretical support of something new but becomes a specific commitment to action plans that align along a converging path.

**Achieving progress:** All great change devolves into an action plan at some point in time. And being able to measure the small steps along the way, as well as get advance warning when we are off track, or an unintended impact is occurring is critical. Many of the metrics that measure progress are project management based but there is also a set of more subjective ones that measure the capacity we are building (in our leadership, in our governance and decision making, in our ability to manage conflict and prioritize, etc.) that are important for true assessment forward motion and correcting when we veer off path.

**Producing results:** Perhaps the set of metrics we have to say the least about, because it is the one our leaders are most conditioned to focus on, are output metrics. But surprisingly we find organizations even with a broad understanding of how to comprehensively think about “winning” tend to get very unidimensional when it comes to the question of “are we there yet?” Financial metrics of performance cover concerns from almost all stakeholders but progress measured solely on it will leave a change effort flat.

In addition to thinking about individual metrics, and creating a scorecard to track them with, it is critical that we look at these metrics for change as viewed in their totality. The set of metrics needs to be balanced. You need to be able to gain insight into both the “hard stuff” and the “soft stuff” of organization life. And perhaps it goes without saying that all of these metrics need to be integrated. Diverse, balanced streams of data are of little use if analyzed in isolation; much of the insight these data provide into the functioning of the organization comes only after a process of synthesis and interpretation. Lastly, they must be sensitive. You have to have access to responsive, leading indicators that inform about developing problems. This requires an understanding of the logic chain that connects leading and lagging indicators of performance and also demands comfort with “fuzzier,” more subjective data. And with these metrics on board, your organization wherever you fly, you’ll be best of the best. Wherever you go, you will top all the rest. 🚀





# What it Takes to Stand Up to Change

*By Eric Hansen*

Over the past eight years I've had an ongoing conversation with my son about his frustrations with patients as he's worked his way through medical school and residency. Our conversations focus on the sometimes funny, but more often tragic, repeat offenders and their unwillingness to make vital changes to their health habits even in the face of debilitating or terminal consequences. Many studies prove the

point. For example, when heart disease patients who had undergone bypass surgery were told if they did not adjust their lifestyle they would die, or at best face the traumatic procedure again, only 9% modified their behavior.<sup>[i]</sup> Too many of us are seduced by the simplicity of declaring change and then hoping it will become so. It is certainly less messy, but far from effective. While communication is an important and necessary tactic in the process of leading transitions, by itself it is woefully insufficient.

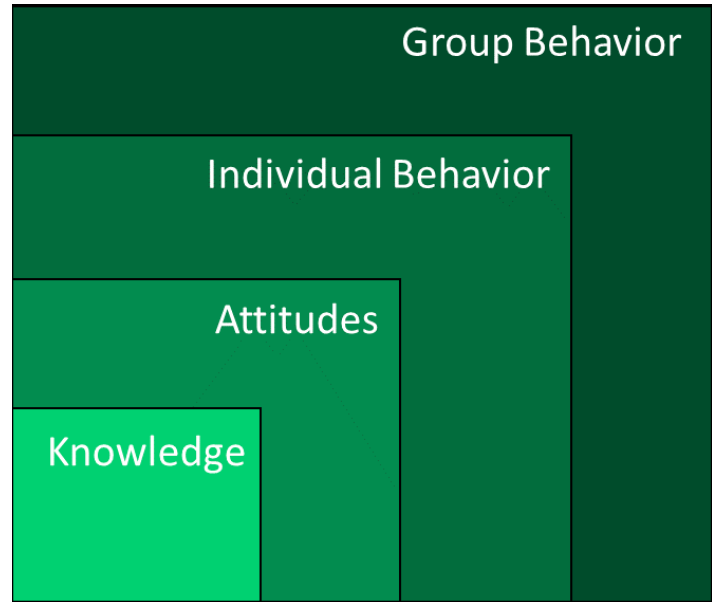
With the seeming irrationality of human behavior in mind, we can extrapolate to better appreciate the challenge confronting anyone who wants to implement broader organizational or societal changes—sharing understanding, shaping individual attitudes to influence individual behaviors that must ultimately be multiplied many times over to achieve an envisioned future state. The reality of effectively leading change hinges on this important truth: Sustainable change of any kind, even when rationally, economically, technologically, or socially justified, ultimately succeeds only if the people impacted actually behave differently.



Over the years we've helped our clients define and successfully implement a variety of incremental and discontinuous changes. None are identical, but in every situation, we start with two key principles: 1) Means and ends must be aligned. If, for example, the end state you seek is a more collaborative organization, then you must use and reinforce collaborative methods in your approach to defining the change and leading the transition, and 2) The Change & Transition plan you use must match the complexity and risks associated with making the proposed change(s). Said differently, the quantity and types of resources you deploy, the variety and intensity of actions you take, and the length of time you sustain focus must be equivalent to the complexity inherent in the new behaviors expected.

Through experience we've identified and have come to rely upon the following set of essential levers.

These practices, when used appropriately to address the degree and complexity of the transition underway, will in time produce the imagined future.



**CHANGE STRUCTURE**

Create a temporary infrastructure to support the transition. Define the plan outlining the nature of the transition challenges. Outline the full mix of specific actions necessary to support full implementation of the change. Identify and deploy the resources required to facilitate the change process. Clarify the decision rights. Establish the metrics, milestones and means you'll use to track and report progress.

**CREATE SHARED VISION**

Clearly articulate the compelling business case for change and the envisioned end state to be achieved. Communicate these with the intent to build a strong initial coalition among opinion leaders. Follow up to ensure the vision and purpose for change are uniformly interpreted and shared across the enterprise.

**READINESS & STAKEHOLDER COMMITMENT**

Assess the degree to which key stakeholders and influencers have internalized and are committed to the change. Co-opt their support to accelerate momentum. Evaluate the current state of the organization and the equation of change readiness relative to the real and perceived risks.

**GOVERNANCE**

Charter any new or re-charter existing governing bodies (membership, purpose, decision rights, deliverables, linkages, communication flow, and timing) needed to create linkage, facilitate decision making or ensure the flow of information in support of changes underway.

**ORGANIZATION DESIGN (STRATEGIC/OPERATIONAL)**

Clearly detail all organizational changes to be implemented. Consider the macro grouping and location of work, the design of work processes, allocation of decision rights, the flow of information and decision support, and the structural systems of the business required to optimally deliver the business strategy. Allocate talent. Align the people systems—recruiting, training, measurement and reward systems—to reinforce new behaviors in support of the intended change.

**ASSESS & DEPLOY TALENT**

Complete success profiles identifying the essential competencies required for success in the new roles. Assess, inform and deploy best-fit internal talent against the new role requirements. Identify gaps. Target, select, inform, and onboard best-fit, external talent.

**BUILD LEADERSHIP & MANAGEMENT CAPACITY**

Assess the degree to which leaders' and managers' values, behaviors and technical skills are aligned with the targeted end state. Identify, prioritize, and deploy resources to support their development of new competencies--both technical and behavioral—required for future success. Enlist their support and equip them to communicate, establish changes within their areas of responsibility and support the development of their employees.

**INDIVIDUAL AND TEAM CAPACITY**


Assess competencies, alignment of behaviors, and current level of engagement. Support and develop individuals and teams' ability to enact the business vision and operate effectively in the new environment—both technical and behavioral competencies.

**OPERATING ENVIRONMENT**

Assess the alignment of the current culture to desired outcomes. Articulate the cultural values and behaviors that support the new approach to business and identify where they conflict with current assumptions. Develop a plan to mitigate the impact of current assumptions through the transition.

**COMMUNICATION STRATEGY**

Develop a plan to build awareness of change goals, communicate progress toward goals, manage expectations and encourage collective ownership of the change process and outcomes. Share timely, consistent messages and updates using a variety of forums and media. Establish a two-way flow of information to ensure messages are interpreted as intended, and that everyone has the confidential means to share concerns and issues encountered throughout the transition process. Identify and respond to patterns in the data.

Admittedly, defining change and leading others through the wilderness of transition is challenging. But it's not impossible. Even in the face of peoples' reluctance to change, claims of seventy percent failure rates often quoted in literature are hard to substantiate and don't ring true in our experience with clients. What does resonate, however, is that motivating and supporting others to behave differently to achieve different results requires a focused, multi-pronged, sustained investment. Building understanding, shaping attitudes, and developing new skills to enable success in an intended new reality are outcomes that require design and execution. All of the orchestration and hard work must ultimately reinforce the crescendo that Malcolm Gladwell named "The tipping point ... that magic moment when an idea, trend, or social behavior crosses a threshold, tips, and spreads like wildfire." And until that moment, the work of standing up to change goes on. 



## Organization Transformation Only Succeeds When it is Focused on These Three Levels

*By Ron Carucci*

In a survey of nearly 3,000 executives concerning the success of their enterprise transformation efforts, McKinsey discovered the failure rate to be higher than 60%, while Harvard Business Review conducted a study that suggested more than 70% of transformation efforts fail. Regardless of which research source you cite, the pattern is clear — failure is a more likely destination than success, and winging it is the surest and fastest highway to get there. Leaders who are wary of the ever-present risk of failure will often devote countless resources to planning out the perfect change management initiative. However, a leader who does not seek to transform herself as well as her organization cannot succeed. True transformation happens simultaneously across three dimensions: it occurs within individual leaders, between leaders and the units at critical seams in the organization, and among all components of the organization. Directing transformation on all three domains at the same time can certainly feel like performing a high-wire act without a net. But it doesn't have to. By adopting a three-dimensional framework — within, between, and among — leaders can integrate transformation into the DNA of their organization.

### **Transformation Within**

Few leaders would disagree that transformation within — change that occurs on a personal, individual level — is the building block of any successful change effort. Unfortunately, too many leaders want transformation to happen everywhere but within themselves, at unrealistic speeds, and with minimal effort. This reflects an endemic lack of self-awareness across leadership culture, and the costs are significant. One study found that, when it comes to decision-making, coordination, and conflict management, teams that have a low degree of self-awareness are less than half as effective as teams that are highly self-aware. Manfred Kets de Vries says in his book, *The Leader on the Couch*, “organizations the world over are full of people who are unable to recognize repetitive behavior patterns that have become dysfunctional. They're stuck in a vicious, self-destructive circle and don't even know it — much less how to escape.”

One behavior that keeps us locked into this cycle is called “transference,” which happens when we transfer our personal fears and self-doubt onto someone else. In moments of transference, a leader’s behavior is shaped and motivated more by their past experience than what is happening in the present. Transformation within requires you to break the cycle by moving beyond transference and engaging in serious self-reflection. Develop your sense of self-awareness — go to uncomfortable places and seek out raw, honest feedback. The better you understand yourself and your relationship to change, the better equipped you’ll be to foster real change in others. One client of ours realized early in the process of leading the turnaround of a flailing division that her tendency toward perfectionism was actually making performance worse and weakening confidence in the future. She was so afraid of failing to turn around the division that she was making it worse. She needed to let go of unrealistic expectations in order to lead others’ to stronger performance.

### Transformation Between

Transformation within a leader must inevitably be lived out in the context of other relationships. Therefore, there must also be transformation happening between leaders and between units of the organization. Every leader has a set of stakeholders with whom they must interact to achieve success in their particular part of the organization. These are the most critical relationships to invest in within your organization because these colleagues — be they peers, direct reports, or bosses — are the make-or-break relationships vital to your success.

Borders are especially risky to cross in many organizations. Whether geographic, hierarchical, functional, or cultural, blending the worlds that meet at organizational seams is often ill fated. There are the classics. Supply Chain needs better forecasting from Sales, and Manufacturing doesn’t have capacity to deliver the product plans Supply Chain created. In each situation we find well-intentioned people with conflicting views of the world. This leads to a lack of trust, which in turn leads to conflict. And while conflict can sometimes be a source of productive tension, it more often manifests itself in ways that damage the bottom line. According a 2008 CPP Inc study, U.S. employees spend an average of 2.8 hours per week dealing with conflict at the workplace — a figure that translates to \$359 billion in paid hours per year.

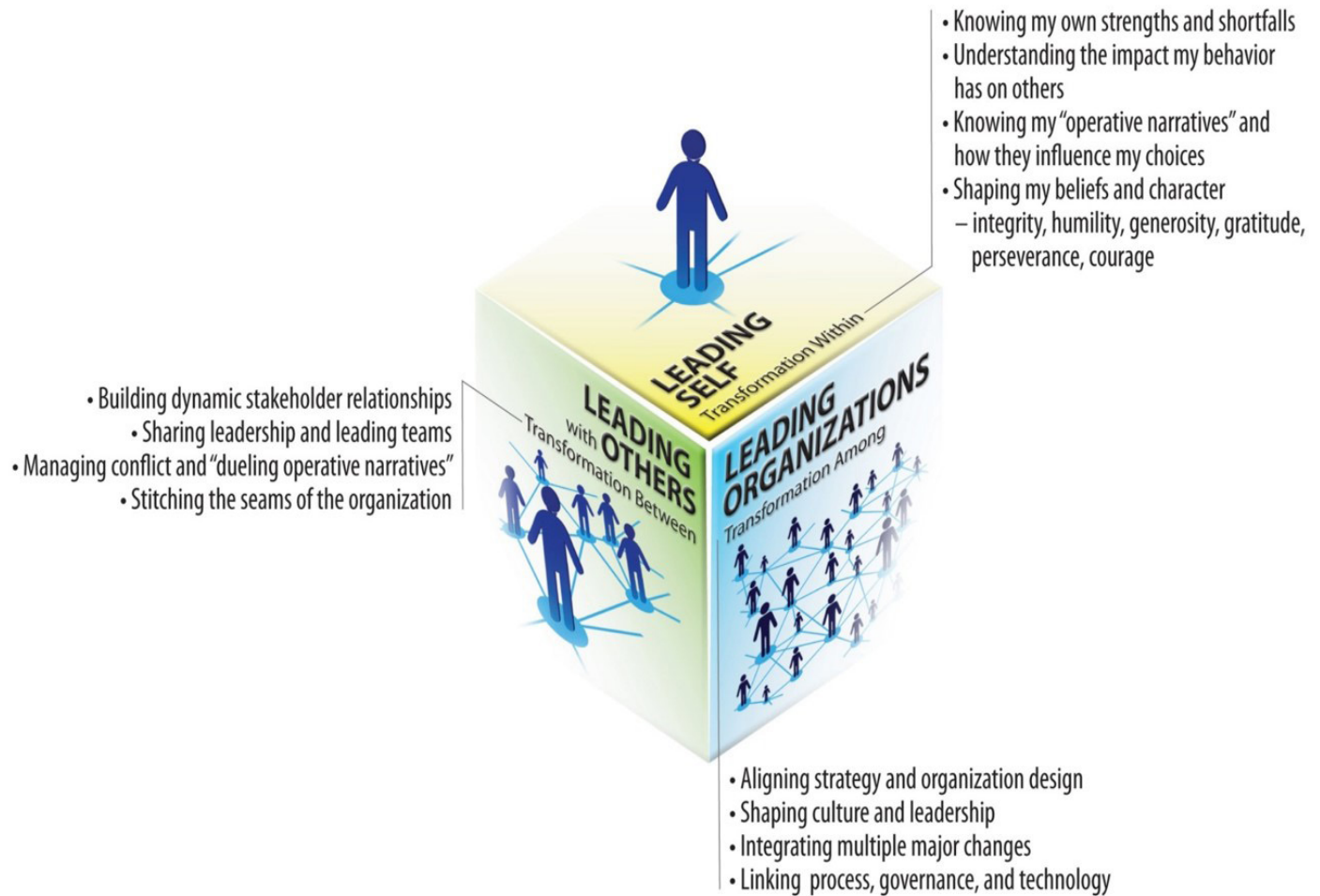
I recently saw the consequences of a breach in trust on change management firsthand. A client had been tasked with reducing costs across his company’s Asian supply chain. While his words to the leaders of teams across Asia were reassuring, he failed to demonstrate any real support through substantive action — in fact, he never even traveled to meet the other leaders in their home countries. For their part, leaders of the Asian supply chain felt used and betrayed. By failing to recognize that successful change happens between leaders, this executive created discord amongst the supply chain, nearly derailed the entire strategy, and was ultimately asked to step down from this initiative.

The key to systemic transformation is to see all of the components of an organization.

**Transformation Among**

The key to systemic transformation is to see all of the components of an organization — the individuals, the relationships, and the components— as one system. Far too frequently, leaders see the system as a “checklist” of parts to be worked on in serial fashion. Fix the processes. Then move onto the organization structure. Train the leaders. Reward and retain high performers. Get China back on track. Open the new plant in Mexico and mothball the plant in Iowa. Each is treated as an unrelated “thing to do.” The frequency with which multiple, major, transformative initiatives are launched absent any sense of how they integrate with one another is staggering.

One of the most damaging forces in an enterprise is a massive portfolio of diverse strategic initiatives whose size and scope dwarf the organization’s actual capacity. The culprit is often a CEO that refuses to say no and therefore ends up drowning the team in work they can’t handle. We hear it all the time from exasperated middle management — don’t the execs realize we’re up to our necks already? Every day it’s something new. We don’t even have time to do what we were hired to do!




It's no wonder then that so many change initiatives fail. Systemic transformation can't happen piecemeal; it must happen among disparate and seemingly unrelated components of a system, bringing them together toward a common end. Creating healthy cohesion across an enterprise is a necessary art executives must come to master. To bring them together, you must understand your organization as an interdependent ecosystem, one in which everything is connected in ways that are both obvious and invisible. By adopting the ecosystem framework, you can develop change initiatives that operate among the various gears of the organization. Focusing your efforts on the connections that make your company a cohesive unit will help bring about true change from the ground up.

## Putting the Three Domains into Practice

If you begin with the understanding that every change endeavor has within, between, and among components to it, you can begin to identify what those are from the outset of your initiative. At each step of the change process, identify each key stakeholders need for transformation within, the key relationships among stakeholders that will require transformation between, and the key components of the broad organization that will require transformation among. Even this simple diagnostic step could yield tremendous value as you bring into view the multiple intersecting change requirements on all three domains.

As you begin to see the world through these three lenses, your understanding of change will fundamentally shift. Remember, your ability to affect change across the organization directly depends on your level of self-awareness. Reflection is an active process — take notes, spot trends, course correct, solicit feedback from others, and keep account of the impact your behavior has on others and how closely your actions are matching your intentions.

When it comes to effecting profitable change within your organization, the odds are not favorable. Leaders can't afford to succeed in only one or two dimensions. It requires discipline and focus, but investing in your capacity to simultaneously engage in all three dimensions of transformation will yield tremendous benefits far into the future. 

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