HOW TO DRIVE EFFECTIVE CHANGE IN YOUR ORGANISATION

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"This year we're keeping things more or less the same," declared no CEO in the history of business.

Organizations are vehicles of change. And yet, there remains so little understanding on how to effectively drive change. A statistic that gets mentioned a lot is that 70% of change programs fail to deliver their intended value. Why is this the case, and what more can leaders and boards do to more effectively support change?

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I've spent almost my entire career either leading change or coaching executives who are leading change. Throughout this time I've noticed behaviors that undermine change programs and prevent organizations from unlocking the maximum value they could. And while boards do not directly manage transformation, they nonetheless have an important role in creating an enabling environment and in supporting the chief executive through it.

One executive I coached had been newly appointed as the general manager of a well-known retail chain in the UAE. The company's performance had been declining over the previous years and the new GM was brought in by the owners to turn things around after the previous GM was ousted. After putting together his turnaround plan he declared that he expected the organization to be running optimally in six months. I shared my expectations that it would more likely take two years, but he was more confident in his estimate than he was in mine (they all are the first time around). This ambitious estimate led to months of frustration with his team, and a perception that they were "underperforming" and "inadequate". They "didn't believe in the organization", and "only wanted a lazy job and a paycheck". Two years later, this executive was moved to another business within the group that had a more urgent turnaround need. I asked him how much he felt he had achieved from the plan he had first put in place. His answer: about 80%.

The story doesn't end there. Just before starting in his new role, he also estimated six months until the turnaround is complete. Luckily, having proven my estimates were more accurate, he listened to me this time before sharing his expectations with the owners.

I see this pattern play out time and again. I certainly made this mistake early in my career. Executives significantly under-estimate the time needed and the level of complexity of the change that they are embarking on. These estimates are then shared with the owners or the board. The result of all this is that the organization spends most of its change journey with the feeling that things are late and that people are resisting the change. This is hardly the kind of environment that fosters the kind of creativity and teamwork needed to implement complex change.

Why does this happen? Why are the people at the top of the organization, who have the most experience, so bad at estimating how long change takes?

The reason is that the change plan, on which time estimates are made, only shows part of the change journey. There is a far more complex, far less visible transition taking place in the minds of those affected by the change. But you won't see this hidden part of the plan in any consulting decks. It is this transition that takes time, and not much can be done to fast-track it.

A relatively new field of study in management and leadership (starting in the 1970's), has been looking at the psychodynamics of organizational behavior, including during times of change. This field is concerned with studying the intersection of organizational behavior and psychology. It was this path of exploration and study that led to discoveries around what differentiates leaders from managers, and how organizations respond to different kinds of leadership.

Work on organizational psychodynamics as it relates to change has uncovered three phases that organizations of any size go through when they undertake change: the ending, the middle, and the beginning.

The Ending

The first phase is the ending. Everyone who has started a diet knows that the first thing you do is have a big dinner and eat everything you desire the day before the diet actually starts. Change begins by saying goodbye to the status quo. This step is often skipped over by leaders eager to get the change underway. Unfortunately, an aborted ending results in months or even years of having to deal with doubts, frustrations, and employee

pushback.

Change impacts the habits, relationships, and working practices that employees have established to maximize their productivity. A new organization structure or process can disrupt these, making employees have to work with people they don't know very well and following an approach that is unfamiliar to them. Even the most motivated employees will have some feelings of irritation and inadequacy as they struggle to perform tasks that were once second-nature.

I have seen many leaders interpret the frustrations of employees as resistance to the change, or lack of commitment to the organizational vision. As a result, they push harder, and punish those who speak up. Finally, the commotion dies down, and leaders see that as having succeeded in getting people aligned with the change. In fact they have just created an environment where honesty and openness get punished, and where problems get covered up.

Instead, leaders should speak openly about the difficulties of change. They should acknowledge that change is hard, frustrating, and scary. They should show that they understand that where we are today is somewhere very comfortable and safe, but not for long, and that if we don't act now things are going to get worse. They should also listen deeply to their employees, and not to respond with judgment, but to make their employees feel that their struggles are understood and acknowledged by their leaders.

The Middle

After the Ending comes the Middle, the longest phase and where the real work happens. Different parts of the organization will enter this phase at different times. Here, the organization is thrown into chaos as people try new practices, work with different colleagues, and solve problems in new ways. Not all the new ways will succeed. Some will require persistence until they are understood and mastered, others will turn out to be failures and different solutions will have to be developed.

This phase is a highly creative period in the life of the organization where new ideas blossom and real innovation can take place. It is also a period of reduced productivity as a result of the energy spent on experimentation and learning.

I've seen cases where leaders expect employees to hit the ground running with the new change, and they increase the pressure. If failure is punished or look down upon, experimentation will stop and employees will fall back on their tried and true practices. Can you imagine Edison inventing the light bulb with just one chance to get it right and the threat of losing his job or being publicly humiliated if he failed? I would be writing this article by candlelight if this were the case.

The role of the leader here is to provide confidence and safety. As employees try to implement the change asked from them, they still cannot see the finish line and they need their leader remind them that the finish line is real and that they are moving towards it. Creativity requires a feeling of safety. If I am going to take a risk on your behalf, I expect you to catch me when I fall. Failure means that people really are engaging with the change, and trying to develop ways to make things better. Therefore, failure in this phase should be celebrated.

This phase can take months or even years. Eventually practices that work will stick and become new routines, and employees will learn and practice new skills until they become second nature. When this happens, you enter the third and final phase, the Beginning.

The Beginning

The sense of fear and insecurity is behind us now, and the organization experiences renewed confidence in its ability to deliver. If the change is good, productivity will be higher than before the change started. This increased focus on results and a shift back towards work rather than experimentation also means that creativity will drop from the highs of the Middle back to normal levels.

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The Beginning is a time for celebration. Leadership should mark the end of the change with an event, an announcement, or another meaningful marker. This boundary event signals the end of experimentation, a lower tolerance for mistakes than during the change, and a shift of focus to future ambitions rather than present struggles. Employees should begin this new era of their organization's life with a renewed commitment, high energy and excitement for what the future can bring.

The Board plays an important role

The role of the board is essential in ensuring effective change takes place in the organization it governs. Too many boards create environments that are not conducive to success, and are then quick to blame the CEO for failing to deliver the results they were hoping to see. Three CEOs later, members of the board start wondering why all leaders are ineffective, rather than looking at what they should do to support the change they are seeking.

There are three things that boards can do to ensure that transformative change programs are

executed effectively: they position the change effectively, they take ownership of the corporate culture, and they provide the CEO with the level of executive support her or she needs to succeed.

The signals boards send have echoes throughout the organization. Words travel powerfully through official and unofficial channels, and can undermine the CEO's efforts at change. Therefore, it is important that the communications that boards make are aligned with the change strategy, and that they display their confidence in the CEO and in the organization's ability to implement the change effectively. In cases where a new CEO is brought in to implement the transformation, the messaging around the exit of the previous CEO and the entrance of the new leader should be carefully managed to ensure that a constructive, supportive message is sent to the organization.

As the change plan begins to materialize, boards often feel that their role boils down to pressuring the CEO for quick results. Instead, boards would do better to take ownership of overseeing the changes to the corporate culture. CEOs, being caught deep in the change, will have a harder time noticing these shifts, especially if they are an external hire. Is the change being implemented in a way that is true to the organization's culture? What are the elements of the culture that we are deliberately looking to change, and how do they relate to the history of the organization? For example, in an organization with a culture of rigid cost control that developed during a previous financial crisis, leadership might feel that a more relaxed culture is needed for the next phase of rapid growth. But this change may surface repressed anxiety from the days of the crisis, and this anxiety should be addressed in the change program. Indicators such as staff turnover, absenteeism, and themes emerging from employee surveys and exit interviews provide important information to boards in addition to the official reporting by the CEO.

Finally, boards should ensure that the CEO and the executive team have the right level of support throughout the change. Any change programme involves many surprises and setbacks. On top of that the executive leadership team has to deal with the high volume of feedback and emotions that are channeled its way from within and without the organization. While all this is happening, they also need to have the mental capacity to see the big picture and process their own feelings about the progress of the change. If there are leaders who can do all of this effectively all the time, I have not yet met them. Leaders need someone they can speak to in confidence, and who will not judge them, to help them understand and process everything that is happening and to develop a clear action plan going forward. Usually this means working with an executive coach or a mentor who has previously gone through a similar experience. Time and again my clients tell me that the biggest value they get out of the coaching they receive is clarity about what's happening and confidence in what they need to do.

Change is never easy, but there is so much that can be done to make the results more effective, and more rewarding to shareholders and stakeholders. Understanding the phases of change and the type of leadership that needs to be demonstrated in each phase is essential. Add to that governance that understands the complexity of change and that can create an effective enabling environment, and you've set your organization on the path to extraordinary results.