

# Change or die

People-centred transformation is an urgent priority for a fast-changing world. **Tony O'Driscoll** outlines your strategy

**Since the year 2000**, just over half of the names of companies on the Fortune 500 list have disappeared. Future forecasts paint an even grimmer picture: Innosight predict that 75% of today's S&P 500 companies will be replaced within ten years. Organizations are perishing at alarming rates because they can't keep up with intensifying levels of change and complexity in the business ecosystem.

The existential threat facing organizations is clear. They must change, or they will die.

#### **The deficient response: tangible transformation**

Changing organizations is not easy. Robin Speculand reports that the failure rate for organization transformation over the last 15 years is as high as 60–90% (*Execution Excellence*, 2017).

Organizations cannot change unless their people change, and most transformation efforts fail because organizations over-emphasize the tangible side of change and under-emphasize the emotional one.

BCG reports that people in organizations that have a complicated structural, procedural and/or governance change imposed upon them are three times more likely to be disengaged than those who don't. As Charlene Li has argued in her 2019 book *The Disruption Mindset*, organization change works when you identify the key beliefs and behaviours you want to change and then create new supporting structures, processes and governance mechanisms – not the other way around.

#### **Putting people first**

Brightline's 2019 People Manifesto argues that people form the link between strategy design and delivery. People turn ideas into reality; they are the strategy in motion. They are the organization's most important source of competitive advantage and yet, paradoxically, they are often also the organization's most misunderstood and least leveraged asset.

As my latest research with Brightline emphasizes, successful organization transformation requires an empathic, people-centred approach to change that nurtures a culture of aspiration, alignment, autonomy and accountability. There are ten key elements of a people-centred transformation framework (see Figure 1, overleaf).

#### **Communicate a compelling change narrative**

In 1963, Dr Martin Luther King did *not* say, "I have a plan." People need to believe that the achievement of a shared aspiration is possible and worthy of their effort before they are willing to change their behaviour to make it happen. Communicating a compelling narrative that makes a purposeful, passionate, and emotionally resonant case for change motivates people to let go of the past and reach for the future.

#### **Act to think differently**

Herminia Ibarra has shown that leaders who deliberately "act their way into a new way of thinking" are more successful in changing their own behaviour and motivating changed behaviour in others. Furthermore, the visible modelling of changed behaviour generates respect and followership from others: it is key for motivating others to change their own behaviour.

#### **Embrace situational humility**

Leaders must embrace what Amy Edmondson calls "situational humility", by showing vulnerability, seeking help, asking questions and demonstrating that failure is acceptable. Humility helps to build the foundation of trust and psychological safety which gives others the confidence to engage in open, transparent

## **Most transformation efforts fail because organizations under-emphasize the emotional side of change**

and authentic interactions around change. This kind of trusted reciprocal interaction is critical: research has shown that failing to work together to make change happen is a significant barrier to successful long-term transformation.

#### **Focus on the few**

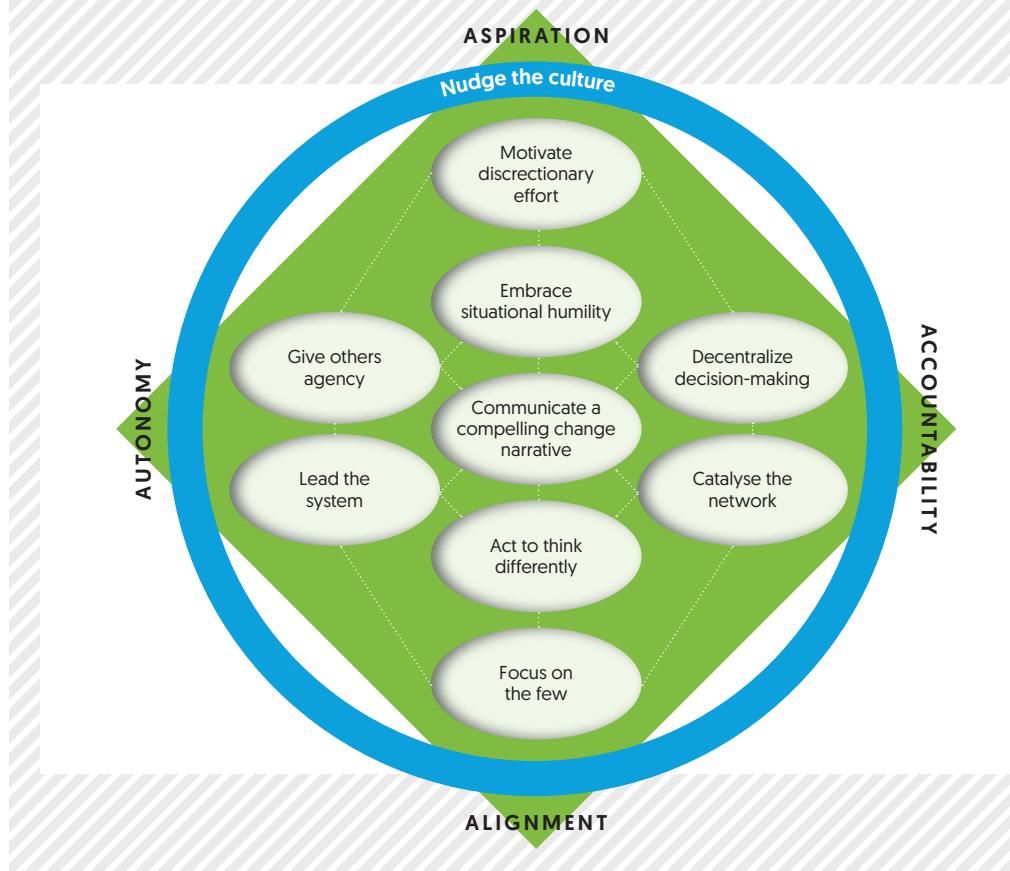
Upon his return to Apple in 1997, Steve Jobs eliminated more than 70% of Apple's products and defined a simple two-by-two grid to bring clarity and refocus his company's efforts. Job's message was clear and simple: "Focus is about saying no." While the benefits of collaboration are well documented, too much cross-functional teamwork can burn employees out and sap their productivity. To reduce collaborative overload, leaders must adopt a portfolio-based approach to change, ensuring that people's energy and attention is squarely focused on the vital few change initiatives that matter most.

#### **Motivate discretionary effort**

Discretionary effort is what people choose to do above and beyond what is required of them by the organization. It is a significant source of potential energy for strategic change initiatives, but extrinsic motivational levers such as fear and poorly-designed reward and recognition policies dampen people's motivation to activate their discretionary effort. Leaders must instead focus on the intrinsic motivational levers that compel people to go the extra mile. This means ▶

FIGURE 1

## PEOPLE-CENTRED TRANSFORMATION FRAMEWORK



**Dr Martin Luther King did not say, “I have a plan.” He had a dream that changed the world**

tapping into people's aspirations and giving them autonomy in return for accountability.

### Give others agency

Charlene Li has shown that organizations which give their people agency – “the permission to take independent action or make changes without approval” – are far more likely to succeed in transformation. By giving others agency, questions of who leads and who follows are no longer defined by hierarchical positions, but by the situation. Leadership becomes a give-and-take process of social influence to maximize the efforts of others.

### Decentralize decision-making

Rob Cross's Organization Network Analysis (ONA) research shows that leaders who are unwilling to let go of decision-making slow their businesses down. A recent Harvard Business School study found that 54% of organizations recognized as transformation leaders have decentralized decision-making, compared to only 15% of transformation laggards. Roger

Martin envisions organizations as “decision factories” and argues that leaders should only make the choices that they are best-equipped to make. They should clearly explain the rationale behind those choices, clarify the choices everyone else has to make, and define the boundaries in which to make them.

### Catalyse the network

According to a 2017 study by the Economist Intelligence Unit (EIU), sponsored by Brightline, organizations that excel at changing their business purposefully orchestrate dynamic connections and interactions between those who design a change initiative and those who deliver it. John Kotter argues that organizations must create a “second operating system” devoted to the dynamic design and delivery of strategy, using an agile, network-like structure and a very different set of processes. To boot up this second operating system, leaders must make silos irrelevant, place a premium on organization agility, and nurture an ecosystem of self-organizing cross-functional teams.

## TAKING YOUR PEOPLE-CENTRED TRANSFORMATION PULSE

As a leader, are you willing to change your own beliefs and behaviours to cultivate a culture that enables your organization to reach its highest aspirations? As Martin Luther King said, "You don't have to see the whole staircase, just take the first step."

To take your first step, take five minutes to check your people-centred transformation pulse and identify the elements requiring attention in your organization. Review our ten questions and note down a score for each on a 7-point scale, where 1 = 'strongly disagree', 4 = 'neutral' and 7 = 'strongly agree'.

### People-centred transformation elements

- 1 Our leaders communicate a clear, concise, consistent and compelling narrative that makes a purposeful, passionate and emotionally resonant case for change
- 2 Our leaders generate respect and followership from others by personally, authentically and openly modelling the changed beliefs and behaviours required to evolve the organization
- 3 Our leaders show vulnerability, seek help, demonstrate that failure is acceptable, and consistently seek to increase the autonomy and accountability of others
- 4 Our leaders bring clarity and focus by prioritizing and communicating the key strategic priorities that matter most to the business
- 5 Our leaders understand how to motivate discretionary effort by tapping into the aspirations of others and giving them autonomy in return for accountability
- 6 Our leaders create agency by giving others the permission to take independent actions and make changes without hierarchical approval
- 7 Our leaders only make the choices they are best equipped to make, clarify the choices others have to make, and the boundaries within which to make them
- 8 Our leaders create time and space for cross-functional teams to emerge, converge and engage around crucial strategy design and delivery interfaces
- 9 Our leaders catalyse the collaborative leadership required to successfully navigate dynamic, complex and systemic change
- 10 Our leaders consciously and continuously nudge the culture in the direction of aspiration, alignment, autonomy and accountability

### Lead the system

Peter Senge argues that we need a new kind of leader – a systems leader – to successfully navigate dynamic, complex and systemic change. Research from Deloitte shows that organizations that focus on building systemic level leadership capabilities attain 37% higher revenue per employee, 9% higher gross profit margin, and are five times more likely to be highly effective at anticipating and responding to change.

### Nudge the culture

Another recent EIU study identified “cultural attitudes” as the primary barriers to successful strategy implementation (*Closing the Gap*, 2017). Edgar Schein asserts that culture cannot be separated from strategy, because strategic thinking is deeply coloured by tacit cultural assumptions. Culture, therefore, acts as a limiting and resistive force to both the design and delivery of a strategic change initiative.

While culture itself is notoriously hard to change, it cannot be left to chance. The most successful transformation leaders recognize how

to consciously and continuously nudge culture in the direction of aspiration, alignment, autonomy and accountability.

### Activating the People Manifesto

The four tenets of Brightline’s People Manifesto are that followership matters as much as leadership, collaborative efforts must be strategically focused, culture can’t be left to chance, and people must believe in the change. The ten elements outlined above are designed to activate these tenets.

Martin Luther King did not have a plan. He had a dream that changed the world. Putting people first, by activating a people-centred transformation approach, can make organizational dreams real. ●

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— The research on which this article is based was supported by the Brightline Initiative, and is available at [www.brightline.org](http://www.brightline.org)

— A version of this article with a further reading list is available on [www.dialoguerreview.com](http://www.dialoguerreview.com)