

Enabling Organizational “Response-Ability” to Change

Successful organizational transformation requires an empathic, people-centered approach to change that nurtures a culture of aspiration, alignment, autonomy, and accountability. **BY TONY O’DRISCOLL**



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In today’s globally connected and digitally mediated business ecosystem—where the rate of change is accelerating and the degree of complexity is compounding—organizations are fighting for their lives as they struggle to navigate the widening polarities of efficiently running their business and effectively changing it.

Since 2000, just over half of the companies on the Fortune 500 list have disappeared. And some 75 percent of today’s S&P 500 companies are expected to be replaced within 10 years. Today, organizations are perishing at increasingly alarming rates because they can’t keep up with the intensifying levels of change and complexity within the business ecosystem.

The existential threat facing organizations is clear: They must change or they will die. But changing organizations is not easy. Robin Speculand reports that organizational transformation failure rates over the last 15 years range from 60 to 90 percent.

PUTTING THE CART BEFORE THE HORSE

Organizations cannot change unless their people change. Most transformation efforts fail because organizations tend to over-emphasize the tangible change levers of structure, process, and governance while largely ignoring the emotional needs of the human beings who ultimately bear the burden of change. BCG reports that employees who 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.

Organizational change works when you identify the key beliefs and behaviors you must change in your organization and then create new structures, processes, and governance mechanisms to support them—not the other way around.

When it comes to change, most organizations erroneously put the tangible “cart” before the emotional “horse.” As organizations grow and mature, they follow a predictable trajectory. First, they see and seize upon an emerging market opportunity or discontinuity. Next, they build a set of core capabilities to

secure their position of competitive advantage, grow market share, and maximize profitability. Over time, these efficiency-oriented core capabilities calcify into a set of core rigidities that impede the organization from recognizing and responding to new market opportunities or discontinuity threats. Ultimately, these core rigidities become embedded in the organization’s culture in the form of crippling orthodoxies that culminate in the demise of the enterprise.

Opportunity begets capability. Capability begets rigidity. Rigidity begets orthodoxy. Orthodoxy begets mortality. This trajectory highlights the huge cultural barrier leaders must overcome to increase their organization’s “response-ability” to change.

IT ALL COMES DOWN TO CULTURE

A recent Economist Intelligence Unit study commissioned by the Brightline Initiative identified “cultural attitudes” as the primary barrier to successful strategy implementation. When it comes to driving successful organizational transformation, Peter Drucker’s assertion that “culture eats strategy for breakfast” continues to endure.

Edgar Schein describes culture as: “*The sum total of all the shared, taken-for-granted assumptions a group has learned throughout its history.*” He further asserts that culture cannot be separated from strategy, because strategic thinking is deeply colored by these tacit assumptions. Culture, therefore, not only impedes the delivery of a strategy designed to change the business, it also influences the design of the strategy in a limiting way. While culture itself is notoriously hard to change, it cannot be left to chance.

Changing a business is deeply rooted in carefully evolving its culture to foster changed belief and behavior. To overcome the cultural orthodoxy that is suffocating organizational “response-ability” today, leaders must focus on the people side of change.

Successful organizational transformation requires an empathic, people-centered approach to change that nurtures a culture of aspiration, alignment, autonomy, and accountability by putting the “emotional” horse back in front of the “tangible” cart. **■**