

A people-centred approach to leading perpetual transformation

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Business is tough, and getting tougher. Since the year 2000, just over half of the names of companies on the Fortune 500 list have disappeared.⁵⁸ Today, the average life-span of a typical publicly traded company is two-and-a-half times shorter than the average life-span of a typical employee. Organizations are dying prematurely because they simply can't keep up with the intensifying levels of change and complexity within their business ecosystem.⁵⁹

Ensuring organizational survival in the face of increased uncertainty presents a pernicious paradox for leaders. On one hand, they must continue to run their core business as efficiently as possible. On the other, they must develop and implement strategies to effectively change their business in response to swift and sweeping ecosystem shifts.⁶⁰

- To make matters worse, most transformation interventions focused on changing structure, governance and process are falling-flat.⁶¹ Research reveals that organization transformation efforts fail more than 70 percent of the time.⁶² In an ever-evolving business ecosystem where changing the business on an ongoing basis becomes table stakes for survival, the low level of transformation success and the increasing rate of organization mortality signal an urgent need for a fundamentally different, people-centered, approach to leading organization change.

The People Centered Transformation (PCT) Framework

Brightline's People Manifesto argues that people form the link between strategy design and delivery.⁶³ People turn ideas into reality, they are the strategy in motion. People 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.

Organizations cannot change unless their people change. Most transformation efforts fail because leadership over-emphasizes the tangible side of change and under-emphasizes the emotional one. Organization change works when you identify the key beliefs and behaviors you want to change and then create new structures, processes and governance mechanisms to support those new beliefs and behaviors.⁶⁴ Not the other way around.

Successful organization transformation requires an empathic, people-centred approach to change that nurtures a culture of aspiration, alignment, autonomy and accountability.⁶⁵ The remainder of this paper will explore the ten key elements of such a People-Centered Transformation (PCT) framework (see Figure 1).

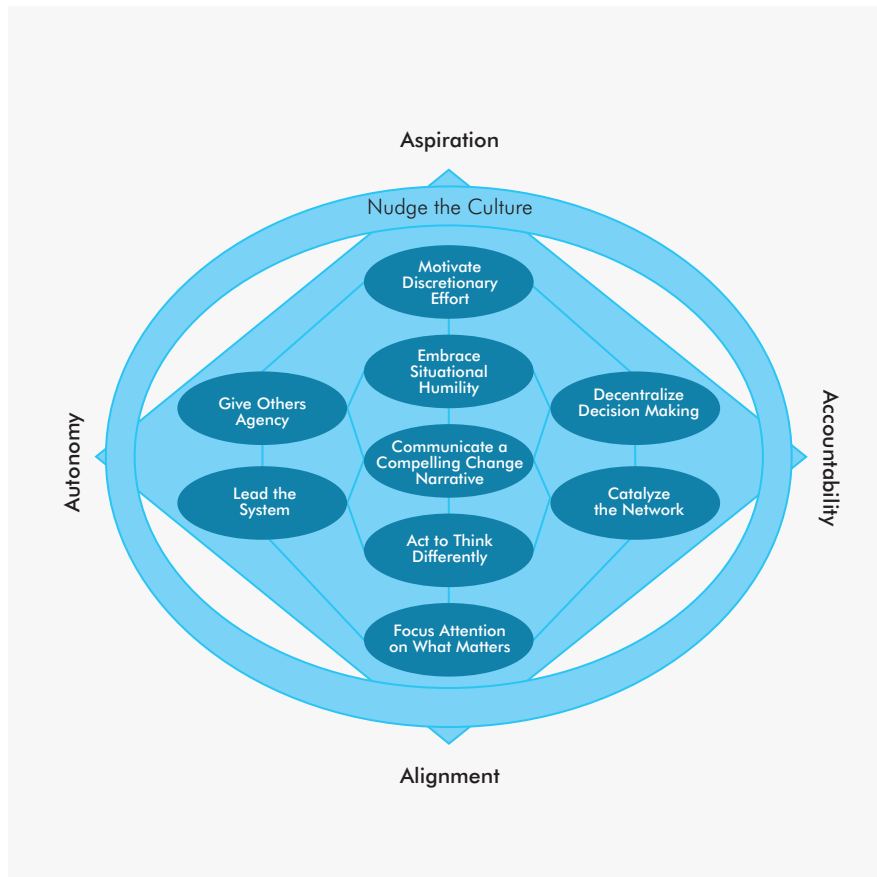


Figure 1: The People-Centered Transformation (PCT) Framework

Each element of the PCT framework requires three key leadership shifts to activate it. Successfully completing all the shifts across each of the ten elements, will yield an organization that is resilient, responsive and agile, a culture of aspiration, alignment, autonomy and accountability and an employee base that is fully engaged and willing to tap into their discretionary effort and go the extra mile to make change really happen in your organization.

Next, we will examine the elemental insight, supporting evidence and leadership shifts for each PCT element in the framework.

PCT Element 1: Create a compelling change narrative

The Elemental Insight: On 18 August 1963, in his renowned speech on the steps of the Lincoln Memorial, Martin Luther King did not say ‘I have a plan.’ Instead, he shared a dream that led to the passing of the Civil Rights Act on 2 July 1964.

Since transformation efforts require a change in the status quo, communicating a compelling narrative that makes a purposeful, passionate and emotionally resonant case for the change motivates people to let go of the status quo and reach beyond their comfort zones to create a brighter shared future.

In short, 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 behavior to make it happen. Creating and communicating a credible and compelling image of a desired future that people can create together motivates this behavioral change.

The Supporting Evidence: Leadership is the art of getting things done through other people. Daniel Goleman’s research argues that leadership’s primary task is to articulate a message that resonates with people’s emotional reality and sense of purpose.⁶⁶ A research paper by Nathan Witta and Orla Leonard shows that teams who successfully deliver against transformational objectives spend 54 percent more time setting direction and crafting an aspiration that serves as a guiding light.⁶⁷

The Leadership Shifts: In order to communicate a clear, concise, consistent and compelling narrative that makes a purposeful, passionate and emotionally resonant case for change, leadership behavior must **shift from:**

- focusing on required actions **to** creating a shared aspiration.
- stressing the problematic present **to** envisioning a positive future.
- monitoring the actionable what and how **to** illuminating the purposeful why.

PCT Element 2: Act to think differently

The Elemental Insight: With regards to leading change, Mahatma Gandhi embodied his belief that ‘You must be the change you want to see in the world.’

In essence, authentic and visible changed behavior on the part of leadership is the single longest lever to motivate changed behavior within an organization. Leadership can generate respect and followership from others by personally, authentically and openly modelling the changed beliefs and behaviors needed to transform the organization.

The Supporting Evidence: While conventional wisdom holds that changing the way a person thinks can change the way they behave, recent research in the behavioral sciences suggest that the quickest path to changed behavior goes in the opposite direction: Getting someone to act differently can dramatically change their thinking.⁶⁸ Herminia Ibarra's research has shown that leaders who deliberately 'act their way into a new way of thinking' are more successful in changing their own behavior and in motivating changed behavior in others.⁶⁹

The Leadership Shifts: In order to generate respect and followership from others by personally, authentically and openly modelling the changed beliefs and behaviors required to transform organizations, leadership behavior must shift from:

- demanding changed behavior **to** demonstrating changed behavior.
- being authoritarian and overbearing **to** being authentic and open.
- thinking and planning ahead of time **to** testing and learning in real time.

PCT Element 3: Embrace situational humility

The Elemental Insight: Almost a century ago, in 1924, the organizational pioneer Mary Parker Follett observed, 'Leadership is not defined by the exercise of power, but by the capacity to increase the sense of power among those led.'

In essence, the reality today is that individual leaders do not have the capacity, expertise or experience to make sense of all the change swirling around them. Instead, they need to distribute leadership responsibility, complementing hierarchy and formal authority with a collaborative and distributed leadership system that is responsive, resilient and adaptable to change.

The Supporting Evidence: To build a collaborative and distributed leadership system, leaders must embrace what Amy Edmondson calls 'situational humility' by showing vulnerability, seeking help, asking questions and demonstrating that failure is acceptable. Humility helps build a foundation of trust and psychological safety that gives others the confidence to engage in open, transparent and authentic interactions around change.⁷⁰ Research by Alison Reynolds and David Lewis has shown that the trusted reciprocal interaction derived from showing humility is crucial to ensuring that people can successfully work together to make change happen.⁷¹

The Leadership Shifts: In order to show vulnerability, seek help, demonstrate that failure is acceptable and constantly seek to increase the autonomy and accountability of others, leadership behavior must shift from:

- projecting power **to** showing vulnerability.
- demanding definitive answers **to** asking open questions.
- playing it safe **to** making failure safe.

PCT Element 4: Focus attention on what matters

The Elemental Insight: Upon his return to Apple as CEO in 1997, Steve Jobs eliminated more than 70 percent of Apple's products to bring strategic clarity and focus to his organization's efforts. In addressing Apple employees during this difficult transition, Jobs' message was simple: 'Focus is about saying no.'

- In essence, most transformation efforts are undermined by an overload of projects and change initiatives and insufficient resources to make them happen. Also, as the number of organization change initiatives increases, so too does the potential for collaborative overload that can burn employees out and sap their motivation and productivity.

The Supporting Evidence: Yves Morieux's research shows that companies today set themselves six times as many performance requirements as they did in 1955. Back then, CEOs committed to between four and seven performance imperatives; today they commit to between 25 and 40.⁷² Ron Carucci's research found that, in companies that successfully execute their strategies, 76 percent limit the number of initiatives they focus on.⁷³ Research from the Project Management Institute highlights that, to reduce collaborative overload, leaders must adopt a portfolio-based approach to change by ensuring that people's attention and energy are squarely focused on the vital few change initiatives that matter most to the business.⁷⁴

The Leadership Shifts: In order to focus attention on what matters most by prioritizing and communicating the key strategic priorities that matter most to the business, leadership behavior must shift from:

- monitoring project activity **to** focusing strategic attention.
- letting projects flow **to** pruning project portfolios.
- holding multiple options **to** enacting disciplined prioritization.

PCT Element 5: Motivate discretionary effort

The Elemental Insight: Legendary football coach Vince Lombardi, who led the Green Bay Packers to five NFL championships and two Super Bowls during the 1960s, said, 'Individual commitment to a group effort – that's what makes a team work, a company work, a society work.'

In essence, discretionary effort is what people choose to do above and beyond what is required of them by the organization. As such, it represents a significant source of potential energy to drive change. Unfortunately, the power of discretionary effort lies dormant in organizations today as the vast majority of employees are not engaged.

The Supporting Evidence: Gallup's research shows that only 35 percent of employees are highly involved in, enthusiastic about and committed to their work and workplace.⁷⁵ John P. Meyer and Marylène Gagné found that, to activate discretionary effort, leaders must focus on the intrinsic motivational levers that compel people to go the extra mile by tapping into their innermost aspirations and giving them autonomy in return for accountability.⁷⁶

The Leadership Shifts: In order to motivate discretionary effort by tapping into the aspirations of others and giving them autonomy in return for accountability, leadership behavior must shift from:

- dictating direction **to** channelling aspiration.
- manipulating with fear **to** motivating with inspiration.
- requiring procedural conformity **to** recognizing novel effort.

PCT Element 6: Give others agency

The Elemental Insight: Charlene Li, an expert on digital transformation, defines agency as, 'The permission to take independent action or make changes without approval.'

- In essence, organizations that give their people agency are far more likely to succeed in organization transformation efforts. That being said, agency must be a two-way street. The power to take independent action comes with the responsibility to make decisions and take actions, and it also carries the accountability for the outcome of those decisions and actions.

The Supporting Evidence: In giving others agency, Kevin Kruse's research shows that determining who leads and who follows is no longer defined by an individual's leadership position. Instead, leadership becomes a give-and-take process of social influence to maximize the efforts of others towards the achievement of their shared aspiration.⁷⁷

The Leadership Shifts: In order to create agency by giving others permission to take independent actions and make changes without hierarchical approval, leadership behavior must shift from:

- exercising executive authority **to** giving individual agency.
- imposing top-down hierarchy **to** encouraging give-and-take reciprocity.
- requiring hierarchical permission **to** allowing independent action.

PCT Element 7: Decentralize decision making

The Elemental Insight: Roger Martin, former Dean of the Rotman School of Management at the University of Toronto, sees organizations as 'decision factories' and argues that leaders should only make the choices they are best equipped to make, clearly explain the rationale behind their choices, clarify the choices others should make and define the boundaries within which to make them.

- In essence, organizations can maximize their effectiveness and efficiency by giving up centralized decision-making control and allowing decisions to be made where timeliness and expertise optimally intersect. Unfortunately, it appears that while the transformational benefits of giving up control around decision making are clear, leadership's willingness to decentralize decisions is lacking.

The Supporting Evidence: A Harvard Business School study found that 54 percent of organizations recognized as transformation leaders have decentralized decision making, compared with only 15 percent of transformation laggards.⁷⁸ Peter Drucker once observed, 'In most organizations, the bottlenecks is at the top of the bottle.' Research by Rob Cross and Laurence Prusak shows that leaders who are unwilling to let go of decision-making control slow the organization down.⁷⁹

The Leadership Shifts: In order to make only the choices they are best equipped to make, clarify the choices others have to make and the boundaries within which to make them, leadership behavior must shift from:

- centralizing decisions **to** distributing decision making.
- deciding based on position/role **to** deciding based on expertise/experience.
- expecting agreement on decisions **to** explaining rationale for decisions.

PCT Element 8: Catalyse the network

The Elemental Insight: John Kotter of Harvard Business School argues that organizations seeking to transform must create a 'second operating system' devoted to the dynamic design and delivery of strategy using an agile, network-like structure.

- In essence, running the business happens vertically while changing it happens horizontally. The traditional hierarchical structures, optimized for the efficient vertical command-and-control of operations, is not fit for purpose to effectively navigate horizontal, cross-functional change. Creating a second operating system to change the business requires that

leaders exercise their position power and influence to override the traditional hierarchy, creating time and space for teams to emerge, converge and engage around critical cross-functional interfaces.

The Supporting Evidence: An EIU/Brightline study found that 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.⁸⁰ To enable these interactions, a *Harvard Business Review* research report found that leaders must make silos irrelevant, place a premium on organization agility and nurture an ecosystem of self-organizing cross-functional teams.⁸¹

The Leadership Shifts: In order for leaders to create the time and space for cross-functional teams to emerge, converge and engage around critical strategy-design interfaces, their behavior must shift from:

- leveraging organization hierarchies **to** activating informal networks.
- restructuring organization charts **to** reconfiguring organization networks.
- assigning cross-functional teams **to** enabling emergent collaborative teaming.

PCT Element 9: Lead the system

The Elemental Insight: Systems thinker Peter Senge maintains that 'real change starts with recognizing that we are part of the systems we seek to change', and argues that we need a new kind of leader – a systems leader – to catalyse the collaborative leadership required to successfully navigate dynamic, complex and systemic change.

- In essence, in adaptive-leadership systems the role of leadership is not to control but to catalyse. Catalysing an adaptive-leadership system requires a fundamental paradigm shift from leaders about what it means to lead. Leaders must recognize that their catalytic role is not to exercise vertical control but to encourage horizontal collaboration. It is not about enforcing rules, it is about nurturing relationships. It is not about exerting power over others but generating energy within and among others. It is not about mandating individual responsibility but creating collective 'response-ability'.

The Supporting Evidence: Research by Kathleen Eisenhardt and Henning Piezunka reveals that a systems-based approach to leadership not only enhances the horizontal collaboration needed for value creation but also creates the conditions within which complex behavior emerges, resulting in the

ability of the organization to co-evolve with its environment.⁸² Research from Deloitte shows that organizations that focus on developing systemic-level leadership capabilities attain 37 percent higher revenue per employee and nine percent higher gross profit margin, and are five times more likely to be highly effective at anticipating and responding to change.⁸³

The Leadership Shifts: In order for leaders to catalyse the collaborative leadership required to successfully navigate dynamic, complex and systemic change, their behavior must shift from:

- exercising hierarchical leadership **to** activating systemic leadership.
- controlling and monitoring compliance **to** catalysing and guiding change.
- applying technical leadership practices **to** enabling adaptive leadership systems.

PCT element 10: Nudge the culture

The Elemental Insight: Upon completing one of the largest and most successful transformations in business history, then IBM CEO Lou Gerstner said, 'I came to see in my time at IBM that culture isn't one aspect of the game, it is the game,' and went on to write a book titled *Who Says Elephants Can't Dance?*

- Edgar Schein defines culture as 'The sum total of all the shared, taken-for-granted assumptions that a group has learned throughout its history.' He further asserts that culture cannot be separated from strategy because strategic thinking is deeply coloured by these tacit assumptions. Culture, therefore, not only impedes the delivery of a strategy designed to change the business but 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. The process of changing an organization is deeply rooted in nudging its culture towards aspiration, alignment, autonomy and accountability.
- In essence, while an organization's survival depends on having the agility to respond and adapt to change, its culture acts as a limiting and resistive force to change. Organizational agility is no longer optional. Every organization, it appears, needs to learn the agility dance.

The Supporting Evidence: Bill Joiner, CEO of business consultancy CEO of ChangeWise, defines agility as 'the ability to take sustained effective action amid conditions of accelerating change and mounting complexity'. A recent PMI/Forbes Insights paper shows that 92 percent of respondents considered

organization agility to be crucial to business success,⁸⁴ while a McKinsey survey found that less than 25 percent of organizations consider themselves to be agile.⁸⁵

The leadership shifts: In order for leaders to catalyse the collaborative leadership required to successfully navigate dynamic, complex and systemic change, their behavior must shift from:

- managing tangible aspects of change **to** addressing emotional side of change.
- tackling culture directly **to** activating the pct elements.
- leaving culture change to chance to actively nudging the culture.

The PCT Call to Action

Martin Luther King did not have a plan. He had a dream that changed the course of history.

As a leader are you willing to change your own beliefs and behaviors to cultivate a culture that enables your organization to achieve its highest aspirations?

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.⁸⁶

The People-Centered Transformation (PCT) Framework is purposefully designed to activate these tenets by:

1. Purposefully placing belief and behavior ahead of structure, process and governance
2. Prioritizing the PCT element requiring attention within your organization
3. Putting in place a plan to activate the leadership shifts within the priority PCT element

Martin Luther King also said, ‘You don’t have to see the whole staircase, just take the first step.’ Take the first step in your People-Centered Transformation journey by completing the PCT Pulse and identifying which of the PCT elements requires your immediate attention (see Figure 2).

From there, review the insights and research that describe your priority PCT element and develop a specific plan of action to model the three leadership shifts required to activate that PCT element. Repeat this process on a routine basis to constantly and continuously nudge your organization’s culture towards aspiration, alignment, autonomy and agency, creating the agility required to sustain your enterprise in increasingly changeable and complex times.

Happy PCT Trails!

People-Centered Transformation Elements	Strongly Disagree Neutral Strongly Agree
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 behaviors 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 the time and space for cross-functional teams to emerge, converge, and engage around crucial strategy design and delivery interfaces	○ ○ ○ ○ ○ ○ ○ ○
9. Our leaders catalyze 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	○ ○ ○ ○ ○ ○ ○ ○

Figure 2: The People-Centered Transformation (PCT) Pulse

About the author

Tony O'Driscoll is an adjunct professor at Duke University's Fuqua School of Business and a Research Fellow at Duke Corporate Education. At Fuqua, he played a key role in redesigning Fuqua's Cross Continent MBA program and served as Executive Director of Fuqua's Center for Technology Entertainment and Media. During his 18-year corporate career, Tony was a founding member of IBM Global Service's Strategy and Change consulting practice and a member of IBM's Almaden Services Research group where he investigated the changing roles of leadership, innovation, and collaboration as enterprises become more global, virtual, open and digitally mediated. He launched and led Duke CE's Asia office, headquartered in Singapore.

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