

# Unlocking Business Potential Through Change

*In a world which faces an increasing rate of change each year, the power to implement business change is increasingly important to the viability of an organization.*

The corporate cutting room floor is littered with the remains of organizations that have succumbed to their own rigidity. But why, when so much has been written and so much is known and taught in business schools, do some organizations fail to heed the fundamental call to 'reinvent' continuously to stay in the growth phase of the corporate life cycle?



Surely, it is not for want of vision or lack of understanding of the need to generate long term value for shareholders. More likely, change is simply difficult to execute and easy to get wrong. It is risky to champion change in a business environment; so, we let change happen to us, instead of driving or creating it.

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The first step in creating change has always been a clear driving need to abandon the status quo. Human nature is such that we do not want to do things differently unless we are standing on a burning platform and feeling the heat creeping through our soles. In fact, sometimes it requires flame-singed eyebrows before we agree to act.



But why does change need to be so fearful and negative? Can change be positive? And, if the fundamental reaction to change can be altered, what might be possible for an organization or even an established economy facing the smoldering threat of globalization?

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### **The Paradox of Change:**

The battles to successfully create positive change in an organization are in fact, not fought or won at the top of the pyramid. Nowhere is the statement 'all politics are local' more true than in a changing environment. The paradox of change is that successful change requires the highest degree of teamwork and collaboration, while the uncertainty of change encourages the formation of political camps and silos.

### **The Key to Successful Change:**

In order to understand the keys to success in any change initiative, one needs to understand what success looks like. Successful change has occurred when the following elements can be identified.

- Improved morale within six months of initiation of change.
- Long standing employees champion change.
- New employees ask to participate in change.

You might note that there is no measure of the actual change itself or the magnitude of change accomplished. I would posit that the actual change is a

given. The measure of successful change is not the change itself, but its impact on the organization.

A minor change that is easily embraced by many may be judged a success, due to lack of resistance, but it is unlikely to engender the formation of champions within the organization or encourage new employees to jump on board to the new exciting initiative. It is also unlikely to create the magnitude of change needed to reinvent the corporation.



For example, the changes that have improved company communications through the deployment of intranets, while highly valuable, did not engender a major change in ways of working. Individuals appreciated the innovation and enhanced access to information, but it was only when work applications were introduced onto that intranet did the impact affect their daily work.

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Likewise, major change initiatives, if not adequately supported by management, may not create broad-based support and may create more resistance to the fundamental changes needed, at great cost to the organization. In this environment, most employees will 'do nothing' and allow the initiative to fizzle or worse yet, derail. This becomes a self-fulfilling prophecy over time, and organizations that are unable to understand the impact of their 'change behavior' are condemned to repeat the same mistakes over time. Recognizing these organizations is sometimes difficult, as they are typically launching many 'key

initiatives'. In some organizations, the symptoms may be recognized, as the same initiative gets launched over and over with a new name and typically a new set of consultants.

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Looking at this from the opposite perspective, one might ask, why does change fail? Surely, each change initiative begins with great enthusiasm and passion. The organization is aligned with a need that is agreed and excitement is associated with the project. If that were not the case, the initiative would never get off the ground.

The classic explanation for a failed change initiative is the lack of buy-in across the organization to support the change. The knee jerk response when this happens is to revamp the organization to create a less resistant environment. So, we change the people to ensure that forward progress is not inhibited.



The cost of this change is often not considered, particularly in the loss of experience, training and commitment to company goals. Of course, change then occurs, because the message has been sent...change or leave. But the loss in organizational trust with its consequences for the future often far exceeds the gain in commitment to the initiative.

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## **The Path to Positive Change...Trust**

Do CEOs believe that they are 'good' at change? Would they all agree that improvement would be of value? Most would agree that creating positive change is their most difficult challenge, and that being more effective at change is a source of untapped potential for their organizations. What would be the value? Minimized disruption and training costs, increased retention and innovation are just a few of the benefits.



The way forward is deceptively simple to state and agonizingly difficult to achieve. Simply stated, the path to positive change is paved with Trust.

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This is all well and good you say. Trust is elusive and ambiguous as a goal to be sought. What can be done from a practical perspective to improve change outcomes? And how to ensure that the organization adapts, so major change is not needed?

In the face of change, there are *five elements of trust* where management is continually tested. Focus on the five elements demonstrates commitment to positive change programs. Failing any one of the tests puts change initiatives at risk.

**1. WHY change?** Continuously revisit the WHY and ensure that it is still meaningful and credible. Even the reason for change can change rather quickly. In some cases, the original reason is long forgotten when the resistance reaches its peak. Consider whether a mid-course correction is in order.

**2. Reward Change.** Create clear incentives to support change across the organization in terms of recognition, support and where appropriate financial incentives. Most importantly, follow through! Consistent ongoing visible rewards for change agents create confidence and trust that this change is not ‘flavor of the month.’

**3. Select your change agents carefully.** Know who your true change agents are and how to find them in your organization. The success of your change initiative depends on the trust and credibility of your agents of change. If they lack the trust of their peers, no change will occur. Furthermore, don’t misuse them. Change agents should not be convenient scapegoats. They need insulation from the daggers of those whose world they are rocking. Most companies discourage them, do not nurture them, and then are surprised to lose them.

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**4. Senior leadership must engage and collaborate.** Close partnership of senior leadership is essential to change success. While change initiatives should survive leadership changes, it is key to ensure that senior leadership does not unknowingly derail fundamental change as a result of unintended behaviors which abandon the vision. Leadership must consistently show active interest in the process.

**5. Address Fear of Failure.** Embrace failure as a learning process. Instead of reacting to missteps in the journey as failures, we need to celebrate and embrace

them as a welcome part of the change process. It takes great courage to do this. It is this courage that separates the leader from the manager, the driver of innovation from the keeper of the status quo.

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Active management of the foregoing five elements is fundamental to ensuring trust in the organization, even in a stable environment with no external threats. In our ever-changing world, these are more important than ever to the viability of the corporation. Companies that successfully integrate incremental management of change are better places to work and consistently generate shareholder value over time. These are the companies that reinvent their business continuously and shape the strategic game in their industry.

Are the five dimensions of change well-managed in your organization?

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*The Strategic Choice LLC is a consulting organization addressing strategic issues faced by pharmaceutical and biotech corporations today.*