

# IN FOCUS

HR PEOPLE + STRATEGY'S WHITE PAPER SERIES

## Making Change Stick: Align, Equip, Sustain

### ABSTRACT

The pace and scale of change facing many organizations today is daunting, even before you consider that most leaders and managers are much better and more comfortable during “steady state” than during periods of transformation. For leaders, a simple but powerful guiding principle to live by during periods of change is that “it’s not about you, it’s about them”. This is because at its core, leading change is really all about the many conversations that leaders have every day with the people who must do things differently in the future. Conducting the right conversations, at the right time, in a manner that is thoughtful and transparent, is paramount.

In our experience, leaders successful at executing a new strategy or large initiative gear every activity towards 1) aligning everyone towards the new direction; 2) equipping the organization and its people with the required capabilities and skills; and 3) sustaining the change through formal shifts in measurements and rewards, and through leadership that is both supportive and steadfast as the change unfolds. Each of these is absolutely necessary, although insufficient on their own. Each must take place in parallel at all times, albeit each to varying degrees at different stages of the change. Together, they provide the means to manage risk and execute with greater effectiveness and confidence.

### THE CASE FOR A BETTER WAY OF LEADING AND MANAGING CHANGE

Research cited in *McKinsey Quarterly* (November 2016) indicates that only a fraction of strategic plans are effectively executed and that “the reported failure rate of large-scale change programs has

hovered around 70 percent over many years.” We believe that most changes in strategic direction fail because leaders fall short in three key areas.

- **Lack of alignment to the change.** Senior management underestimates the time and effort required to achieve clarity about the new future, and to translate that clarity into urgent commitment throughout the organization. Too much emphasis is put on forcing compliance; too little on earning commitment. Too much energy is put into hammering hard on facts and rational arguments to the exclusion of the candid dialogue that can transform fear into heartfelt commitment.
- **Lack of success in equipping people with competence, and the organization with capabilities.** Even seasoned executives are rarely called upon to contribute to a major change initiative. Executing a new strategy calls for significant attention to building the organizational capability and

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individual competence to lead and manage change. Band-Aid approaches—required reading of an HBR article, a one-day seminar, or a CEO webcast—will not suffice here. Even if clear and committed, the people expected to lead the change cannot succeed if they are depending on an outdated organizational design, and lack sufficient skills and experience to lead and manage change confidently. The resulting uncertainty among key managers drains the energy of those who look to them for leadership.

- **Lack of focus on sustaining change.** You can't declare victory at the starting line. The temptation for leaders to return to habits that work during stable operation is strong, and doing this too soon will snuff out the fragile early attempts at the new way, and poison any glimmers of ownership among key people. At the same time, as the change moves past the middle stage, lack of toughness in rooting out people and processes that are in the way will destroy momentum.

For example, at one large payments processing organization leaders struggled to take decisive action to address a glaring lack of performance accountability, which was a strong aspect of their culture over many years but a prerequisite to address in order to truly deliver on their new vision and strategy.

### **ALIGN: CREATING CLARITY AND COMMITMENT**

Alignment includes both clarity and commitment. Clarity without commitment gives you informed resistance. Commitment without clarity gives you blind loyalty. The work of alignment decreases across the change, but never ends. Creating alignment requires can-

did, repeated two-way conversations to translate the strategic plan into action at successively increasing levels of specificity to every person, their unit, and the company as a whole. Keeping these three things in mind will help you stay the course:

- **Effective communication is not efficient.** Count on having to repeat your message several times. Why? At least two reasons. You don't yet communicate with perfect clarity or in a way your listener can hear. Second, your listener will hear what they want to, even if they listen well.
- **Be prepared to re-align people weeks and months into the change.** When people finally understand what the strategy really means to them, you are going to hear something like "I didn't know that was what this means to me. I am not on board."
- **Be aware that changing habits takes time.** Encourage even the smallest signs of people doing things in a new way.

At the early stage of a change initiative, the work of alignment can include any and all of the top team listening to final input from key stakeholders inside and outside the organization, making the few big choices needed at the outset, and holding the first meetings to engage the organization in conversation about the change.

At the middle stage, alignment becomes the work of translating the strategy into increasingly detailed answers to these questions: "What does it mean to me?" and "What does it mean to us?" Here the first instances of "Oh, well, if that's what this means, then I'm not so sure" begin appearing and must be addressed. And, at this stage, effective change leaders begin to widen the cir-

## ALIGNING AND EQUIPING A GLOBAL LEADERSHIP TEAM TO DRIVE TRANSFORMATION

The global IT function of a Fortune 500 company embarked on a multi-year transformation of to reduce overall IT spend by \$100 million per year while delivering greater value and return on the corporation's IT investment. The transformation required a fundamental shift in strategy, operating model and the type and number of talent needed to deliver on its strategy. Driving this scale of change required IT leadership to get its global leadership team fully understanding of and aligned on the need for change, the new strategy and operating model, and what both would mean for its workforce. Making this change stick also required leadership to identify and equip its leadership to effectively lead and manage this change.

Gaining and sustaining global alignment required leadership to rethink how it historically communicated and engaged with its workforce. Leadership went about refashioning its top-down, periodic approach to communications, eschewing "dog and pony show" management talks, which traditionally entailed senior leadership visiting a country and hearing a presentation on that particular market before moving on to the next geography.

Instead, it focused on turning such periodic "broadcast" communications into interactive dialogues designed to align and equip leaders at all levels to function as change agents that would lead the change in a coordinated manner with a focus. Multi-day sessions were held twice per year in each region of the world to gain and maintain alignment on the change. Leaders were trained in key change management skills focused on building workforce understanding and commitment to the change and engaging them in transformation efforts.

The impact of this effort was substantial. The organization implemented fundamental changes in its operating model with no service interruptions or even a dip in service level performance, which was extremely rare for a transformation of this magnitude.

cle of communication to include other groups inside and outside the company.

At the late stage of the change, alignment is a continuous reinforcement of the key aspects of the strategy, thus ensuring new employees consistently hear

the right messages. However, the majority of late-stage alignment is the work of aligning customers, suppliers, joint venture partners and other outside groups with the new direction.

Clarity without commitment gives you informed resistance. Commitment without clarity gives you blind loyalty.

When it comes to the competence that people need to achieve a new strategy, the leadership group, however it is defined, must be the first to acquire a toolkit for leading and managing change.

## **EQUIP: CLOSING THE GAPS BETWEEN WHAT WE SHOULD DO AND WHAT WE CAN DO TODAY**

The purpose of the second stage—equip—is to close gaps the new strategy has created between the company's aspirations for tomorrow, and what can be achieved today.

As alignment increases, people accept being part of the required retooling and reengineering of the structures, processes, and policies of the organization. But they also become concerned about their own skill set gaps and their ability to survive, never mind prosper, in the world of the new strategy. They may be excited or concerned about the change in behavior required by the new culture. Whether leaders or individual contributors, they now become more willing to invest time in the learning and organizational re-tooling they and others need.

That said, when it comes to the competence that people need to achieve a new strategy, we have found that the leadership group, however it is defined, must be the first to acquire a toolkit for leading and managing change. In addition, a mindset of candor, transparency, curiosity, patience, passion, empathy, and tough-minded determination is required. After years of trial and error and increasing success, we believe this mindset has three essential components:

1. Recognize that the distinction between leading and managing is less about optimizing scarce resources within a known business model (managing), and more about getting people to follow to a place they have never been before (leading).

2. Accept that everyone has three choices in the thousands of conversa-

tions that lie ahead—to fight, to flee, or to engage. When in doubt, engage.

3. Embrace specific skills that are required to stay engaged in conversation with those being led—to keep others from fighting or fleeing, to increase and cement their alignment, and to use the full power of all their people.

**Danger:** If any of these seem obvious, elementary, or skills relatively senior leaders would have acquired years ago, then prepare to be surprised. Leadership of change fails not because leaders cannot practice advanced and sophisticated analytic and strategic thinking, but because they cannot demonstrate the fundamentals of engaging another person in a way that results in the other person following them with determination to an unfamiliar place.

By ensuring leaders acquire and apply these individual competencies first, while helping others get on board, they show others what it looks like when someone is learning to do something new, and that it's not just okay to be imperfect, it is expected. If you aren't making mistakes during a change, you aren't risking enough.

The remainder of equip is the action required to understand, plan, and implement shifts in two areas: 1) the rest of the company's talent, and 2) the wiring of the formal and informal organization itself. Many senior HR executives are experienced in driving necessary shifts in the workforce once "strategic" competence has been redefined. They should ensure that the rest of the management team understands that a redefinition can affect every talent process, from recruiting to development.

As to the formal and informal organization, leaders often face and need to resolve issues such as:

## CASE STUDY—EQUIPING THE WORKFORCE WITH NEW CAPABILITIES NECESSARY TO CLOSE THE GAPS BETWEEN WHAT WE SHOULD DO AND WHAT WE CAN DO TODAY

Successful transformation of the global IT function required a significant shift in organizational capabilities. Compounding this shift was the need to rapidly accelerate the re-tooling of the operations workforce to effectively move from delivering IT services to managing the delivery of IT services through an ecosystem of vendors. Leadership quickly developed and implemented an accelerated talent development program targeted to quickly build new capabilities in key roles. Complementing this effort to rapidly “equip” the organization was the establishment of communities of practice that provided a real-time opportunities to collectively discuss and address challenges related to their new roles and ways of working. Physical and virtual communities were established where learnings and best practices were shared amongst operational staff. These learnings were used to continually improve the formal accelerated talent development program curriculum.

The creation of an internal social media channel using Yammer was instrumental to online communication and engagement, and very quickly became a popular forum for best practice sharing and a go-to resource for any unsolved issues.

The team members created a regular schedule of meetings, both virtual and in person, where knowledge deficiencies would be addressed, and often an external advisor or speaker would participate on a topic necessary to propel the team’s abilities forward.

The effectiveness of such a community has two measurements—employee engagement and business results—both of which were met in what initially felt like a too-optimistic timeframe.

- Governance and decision rights and the way work is done, particularly across organizational groups and departments.
  - Redesigning organizations, roles, and rewards so that they’re fit for purpose in the new world.
  - The division of work across increasingly complex resourcing models, including full-time and part-time employees, individual contractors, and external service providers.
  - The definition of and following through on the consequences associated with acceptable and unacceptable norms of behavior.
- In our clients’ experience, during the early stages of equip the leadership team is comparing the organization and

The distinction between leading and managing is less about optimizing scarce resources within a known business model (managing), and more about getting people to follow to a place they have never been before (leading).

The foundation for sustainability is laid in the early stages, when leaders agree on what success looks like in all areas of the change.

its talent to the strategy, establishing the size and importance of the gaps created by a different strategy, and launching the initiatives required to close the gaps.

In the middle stages, initiatives are underway, and the extra work is beginning to take its toll, as leaders further down in the organization feel the additional load above and beyond their day jobs. In addition, in the middle stage, designs are approved for implementation, and suddenly conversations shift from “I’m on board!” to “Oh, I didn’t know you meant *that*.”

In the later stages of the implementation of a new strategy, those leading the “equip initiatives” face the fact that many of the original plans for accelerating the development of new competence, and the designs for the new organization that sounded so good at the time, are not fulfilling their promise. A second effort is needed, or people will return to the original ways of getting things done.

### **SUSTAIN: MAKING CHANGE STICK**

How do successful leaders sustain momentum during times of change? The foundation for sustainability is laid in the early stages, when leaders agree on what success looks like in all areas of the change. This clarity is needed to mark changes in financial, customer, and employee outcomes. It is also needed to see, understand, act on, and learn from both the changes in formal mechanisms such as redesigned processes, and shifts in the stream of daily behavior and decisions that make up the informal organization. No surprise here, formal metrics and the regular forums to consider, interpret, and act on them are needed.

Just as, if not more important, howev-

er, are the countless informal moments among people where leaders can—if they are not careful—avoid issues of underperformance, tolerate wasteful practices and structures, or worse, extinguish the fragile beginnings of self-confidence in the new world. Instead, leaders can stop, look a team or a person in the eyes, and have a candid conversation that makes them stand up straighter and smile, change their ways, or—in some cases—start to consider moving on to another place to work.

The essence of these leadership actions in sustaining a change is a difficult but powerful combination of encouraging well-meaning and imperfect efforts by people moving in the new direction, and—especially as everyone enters the later stages of the change—pulling no punches with those who can do what’s needed, but won’t. In both cases, HR can play a critical role in guiding others toward transparency and candor, particularly among managers who have difficulty conducting the tough conversations.

Incidentally, that’s one half of “sustaining” leadership action. The other half is that effective leaders treat processes, structures and policies just as decisively as they do people, based on whether something is helping or hindering the change. Leaving what isn’t working in place—whether a person or a process—poisons progress and demotivates those making good-faith efforts in the new direction.

### **LEADING CHANGE**

No two major change efforts are ever exactly alike, even within the same organization. Going in, a leader never fully knows the risks ahead, or how and

## CASE STUDY: SUSTAINING THE CHANGE AND MAKING IT STICK

Modifying behaviors to sustain change is undoubtedly the most challenging dimension of ensuring that the transformational glue holds; that the efforts of aligning and equipping which have yielded the hard-won fruits of initial transformation continue to yield results.

This behavior change, while always challenging and specific to the nuances of any organization, was a significant hurdle in the consolidation of three longtime, benefits-oriented government entities with very different cultures, missions and public services, combined home to more than 9,000 employees.

The critical, initial work around defining the attributes necessary for the future culture led to a collective vision and strategy that was quite different from any held by each of the individual three, all focused on social services related to their customers albeit from different vantage points.

After significant work had been done around alignment and equipping the new organization's leaders with new processes and a combined brand identity, there was an uphill struggle to get traction; what appeared a positive start was in danger of being eclipsed by three strong and distinct legacy cultures rooted in behaviors unmoved by the "big bang" launch of the integrated "new" organization. While the tangible integration of common processes and technologies had been completed, employees' core beliefs and behavioral norms were failing to embrace common values required to cement real change.

Ultimately, senior leaders were able to bring the employee population together around their shared mission of genuine customer focus, and into work groups that agreed upon and articulated a common culture in a collaborative process that identified a unifying sense of purpose and common beliefs, providing a new foundation for lasting change to take place.

when priorities will shift over the life of the journey. However, what is certain is that successfully executing new strategic initiatives in any organization demands leaders who are adept at leading and managing change with candor and transparency. In summary, before undertaking major change, the HR leader

should raise three fundamental questions:

1. How will we create the necessary alignment of our people with our new goals and what it will take to achieve that alignment?
2. How will we equip our people with the capabilities to operate in the new

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way, and how will our leaders learn the skills required to get them there?

3. How will we ensure that our people's efforts will be sustained until we attain a more durable state in the new world we want?

Once the leadership team can definitively answer these questions, the chances of success will increase dramatically and the organization will look back on the journey with pride, and will be even more open to further strategic change, knowing next time will be even better.

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#### ABOUT THE AUTHOR

**Donald H. Ruse** brings more than 30 years of experience and insight to helping C-level executives and global organizations align their strategy, organization, talent, and culture to achieve desired growth and profit. For the past 20 years he has served as a trusted ad-

viser to over 50 organizations, partnering with them to successfully address new growth opportunities, cost and profitability pressures, and large-scale organization transformation challenges.

Don has implemented corporate strategies, organization restructurings, business process redesigns, and culture transformation initiatives for clients across the globe that led to significant growth and profitability improvement. His industry experience and network have fueled a passion for helping clients establish and sustain organization cultures that foster innovation and create competitive advantage. Don's global experience is extensive having spent considerable time working in Asia, EMEA, and North America. He is a recognized thought leader and sought after speaker in the areas of organization design, workforce planning and talent strategy. Don can be reached at [druse@axiomcp.com](mailto:druse@axiomcp.com).

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