

LEADING STRATEGIC CHANGE

To Create and Sustain Your Competitive Edge

By Stephen Haines, Founder and CEO of the Haines Centre for Strategic Management®

In today's society, with rapid technological and societal change, organizations can ill afford to remain the same. Yet we see numerous organizations continuing to "do the same things in the same way" while expecting different results (thus our widely quoted 1991 definition of insanity above).

Where are you and your organization with regard to this quote?

This article is a summary of the systemic change we at the Centre use to help organizations successfully create and sustain their competitive edge. It is based on our A-B-C Systems Thinking Approach® detailed in a companion article.

WHY CHANGE FAILS

People seem to assume that everyone understands change and is naturally "for it." Well, the research on change is quite clear; there are many normal reasons for people to logically resist change. As part of our ongoing research as translators and interpreters of Best Practices at the Centre, we've identified some of the "Top 10" reasons why organizational change fails (we have 33 in total so far).

The Top 10 Reasons Why Change Efforts Fail

1. Underestimate the system's complexity.
2. Management change knowledge/skills missing.
3. Lack of accountability.
4. Management resistance/time pressure.
5. Change structures missing.
6. Participative management skills lacking.
7. Fatal assumption made—that it is easy/normal.
8. Lack of senior management modeling.
9. Poor cross-functional teamwork/turf battles.
10. Lack of follow-through/reinforcement.

Enterprise-Wide Change™

Insanity...is doing the same things in the same way, yet expecting different results.

In sum, you need to understand two key points on change:

#1. Much more change is talked about than is successfully achieved. In a lot of ways, successful Strategic Change is the triumph of the human spirit over all obstacles.

#2. "Skeptics are my best friends," when it comes to change, because they are the ones who will tell you honestly why your change process might fail. If you listen to them and problem-solve their list of reasons, you are much more likely to be successful.

GOALS OF STRATEGIC CHANGE

Goal #1: Define Strategic Direction

Whether or not you have a full Strategic Plan using our comprehensive A-B-C Systems model, you definitely need both a shared vision and values for the outcomes of your desired changes. You also need a tactical Game Plan of the tasks and content your organization will need to get there.

This includes the need for operational (or annual) plans. Once a Strategic Plan with a shared vision (and values) is developed, then annual department plans and strategic budgets tied to the annual priorities must be set within the context of core strategies to achieve the vision. To set separate department objectives is a big mistake as the "objectives" of each department in every organization should be to support the core strategies to achieve the overall organizational vision.

Goal #2: Ensure Successful Implementation

Once you have developed the vision and the Game Plan to support them in a shared and participative way, then being ruthless in our Goal #2, "Ensure Successful Implementation" of your major changes, is key. The legitimate use of positional power and the

"watertight integrity" to the agreed upon vision are essential.

Goal #3: Sustaining High Performance (Over The Long Term)

Inputting the necessary energy to keep it adjusting and moving is crucial since there are mainly three broad goals and steps for leading and mastering Strategic Change. However, even good Strategic Plans go bad after one year because there is no Annual Strategic Review and Update as detailed later in this article.

THE THREE STEPS TO LEADING AND MASTERING STRATEGIC CHANGE

Step 1: Plan-to-Implement Day (Smart Start™)

Our Plan-to-Implement/Smart Start™ step is the first of our Strategic Change steps and is designed to "bridge the gap" between visioning/values and/or Strategic Planning and the difficult implementation process. It is an "educating, assessing, organizing, and tailoring" day for the change effort. The end product is a second "Game Plan," a **game plan for the processes and structures of change itself**. Key is the installation of numerous structures and processes such as a Strategic Change Leadership Team, a yearly Comprehensive Map of the implementation process, and the use of cross-functional Strategic Project Teams. These are all part of our "48 Fail-safe Mechanisms" for success (available upon request).

The Plan-to-Implement step is generally done through a one-day offsite meeting. The morning is an educational briefing about Strategic Change. It is organized around our previous list of "why change efforts fail" and our copyrighted Iceberg Theory of Change (see model on page 2).

The Iceberg Theory of Change reflects the natural reality of everyday life. Present in every interpersonal situation in life are three

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elements: Content, Processes, and Structure. Creating high performance organizations requires a balance in how organizations spend their time and energy on these three elements.

CONTENT—ELEMENT #1

Task, goal, and focus of the business is its content—or what the change projects are all about. This is the easiest element to see and understand.

However, below the surface of the water, an iceberg has 87 percent of its mass. So, too, it is with change. It is what is not visible and out of balance that will kill successful change—namely, the processes and structures of our interactions.

Content myopia (focusing on content alone) is the failure to focus on process and structure. This is naive since change is dependent on them both.

PROCESSES—ELEMENT #2

Capabilities involved in our interactions are the “how to’s” of behavior while working on our tasks. For example, if bubble gum is the content, chewing is the process by which we extract the juices that make it enjoyable. In other words, chewing is the

process and gum is the content. The “process” is how we solve the problem. This is demonstrated by our copyrighted Rollercoaster of Change™ (see model below).

This Rollercoaster is “natural, normal, and highly predictable”— and all you need to know about change.

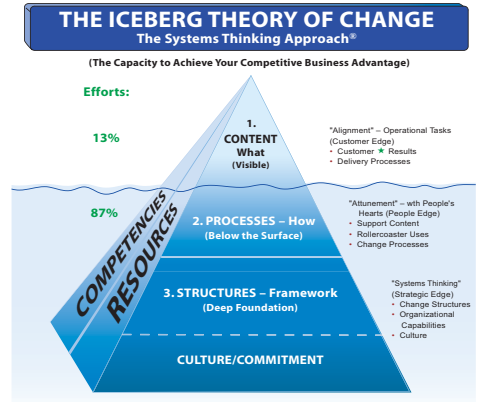
STRUCTURES—ELEMENT #3

Infrastructures for change are the least understood as they are the deepest part of the iceberg and are often taken for granted.

We rarely even acknowledge their existence despite the fact that the structures are the context, vessels, or arrangements within which all process and content operate.

In the Plan-to-Implement day, we cover the deepest part of the iceberg, way below the surface. The following Change Management Structures are some of those usually needed to begin change with a high potential for success:

- Visionary leadership roles of CEO/top executives.
- Internal support cadre (informal kitchen cabinet).
- Executive Committee meetings focused on change.



- A Strategic Change Leadership Team.
- Strategic Project Teams on each core strategy/initiative.
- Employee Development Board on human resource matters.
- A focus on culture change—the deepest and hardest thing to change.

OTHER KEYS TO STRATEGIC CHANGE

After the Plan-to-Implement/Smart Start™ day, other key strategies are needed:

- The top 30-50 collective leaders of the organization should participate in a 2-1/2 day skill-building workshop entitled “Leading Strategic Change.” This

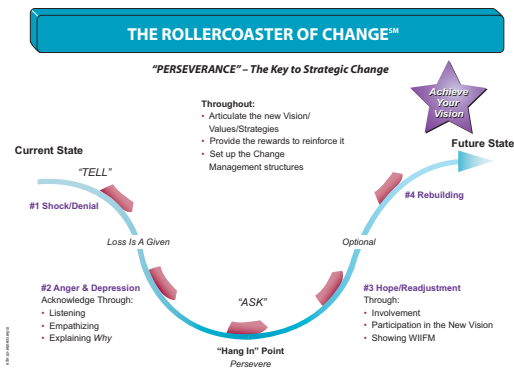
Process: The Rollercoaster of Change™
“It is Natural, Normal, and Highly Predictable”

It is a myth that there is “organizational change.” Change is an individual, emotional, and psychological matter for each of us. The bigger the organization, the more difficult it is apt to be to get everyone to change and focus on the customer. “The Rollercoaster of Change™” is a term we coined a number of years ago for what occurs and is written about in many fields and disciplines, especially mental health. The Rollercoaster exists as a reality of life.

Example: The question is not “if” each employee will go through The Rollercoaster, but when, how deep, how long will it take, and will they successfully reach the other side. Executives are trained in the skill of “telling” others what to do. In The Rollercoaster, telling is the “skill” of inducing shock, denial, and depression in your employees. It is a given that each of us will go through stages two and three of The Rollercoaster (shock and depression). However, going through stages four, five, and six (hang in, hope, and rebuilding) is optional and depends on one’s own skills and/or someone leading the change process effectively.

Letting people experience firsthand the executive’s presence and rationale for the change is also crucial.

The only way through the stages and up the right (and optional) side of The Rollercoaster is through leadership. You must be Drucker’s “monomaniac with a mission” having persistence in implementing, correcting, and improving the changes as you go. Involving people in the change is essential for the hope of going through the stages. The key is involvement in the “how to,” not the decision on “what.” The “what” should usually already have been decided in a participative fashion using our copyrighted Parallel Involvement Process.



workshop provides the knowledge, skills, and attitude necessary to manage change successfully.

- A Leadership Development System and Personal Leadership Development Plans must be prepared by top management.
- Team-building is essential for all newly created groups to become effective project teams.
- Strategic Human Resource Management practices must be re-examined and modified to support the new direction (through Creating the People Edge™/Strategic HR Plan).
- A method to proactively build in simplicity to reduce costs, bureaucracy, obsolete tasks, and business process improvement must be put in place (and align the delivery processes—the Customer Edge).

Simplicity wins the game every time!

Step 2: Strategy Implementation And Change

Our next step is transforming our vision and/or Strategic Plan into thousands of individual plans and efforts and tying a rewards system to it. The integrity of all the organization parts fitting together in support of the vision is very difficult to achieve (watertight integrity).

Implicit in this step is the understanding that we have to manage change before it manages us (in ways we may not like). Monthly updates and quarterly review meetings of the Strategic Change Leadership Team are absolutely essential. No organization we have worked with has successfully implemented their Strategic Plan without an effective Change Leadership Team. There are three agenda items that are mandatory for each of these meetings:

1. *Continually scanning the changing environment for implications.*
2. *Tracking, reporting, and problem-solving “Key Success Measures” (or success measures/goals).*
3. *Reviewing the status of core strategies and top priority actions for this fiscal year.*

This Strategy Implementation and Change step is where the actual work gets accomplished. In order to make this complex implementation process easier and simpler, we have developed some research-based key leverage points for change, based on our “Business Excellence Architecture” model. It includes the need to create (1) the economic Alignment of your delivery system, and (2) the cultural Attunement with people’s hearts and minds in support of this direction. These

6 Levels of Learning and Effectiveness

1. Individually (self change).
2. Interpersonally (one-to-one).
3. Team-wise (within departments).
4. Cross-functionally (projects between departments).
5. Organization-wide (and cultural change).
6. Organization-environment (the supply chain) and strategy.

alignment and attunement issues must be dealt with on all the Six Levels of Learning and Effectiveness that exist naturally in life.

Step 3: “Re-Plan Annually”

Our “Annual Strategic Review (and Update)” step is similar to a yearly independent financial audit and includes:

- Reviewing the environmental changes, vision/values, and updating yearly action priorities for the next 12 months.
- Updating the success of the yearly Strategic Management Change System/Cycle itself and the Change Leadership Team effectiveness.
- Reviewing and problem-solving the status of the alignment and attunement leverage points.

These three Broad Change Goals/Steps are the overall sequence of change (Plan—Implement—Re-Plan), over and over again all year long!

Plan-to-Implement Day (Smart Start™ Checklist)

1. Educational Briefing about Strategic Change.
2. Review this Year #1 Strategic Change Process Checklist, including:
 - Finalize a Strategic Plan or major change with a rollout plan.
 - Align the budget to annual priorities and fund the change.
 - Build all department/division/unit annual plans around the organization-wide annual priorities/strategies.
 - Set up a monthly and quarterly Strategic Change Leadership Team to manage the change process.
 - Establish Key Success Measures and a tracking system.
 - Revise the performance management and rewards systems.
 - Examine your organizational structure as well as staff/succession planning to support the desired vision.
 - Set up staff development to build your own internal cadre of expertise with skills to achieve your vision and core values.
 - Build a game plan to ensure a critical mass for change.
 - Set Strategic Project Teams in place for each core strategy/initiative.
 - Set up the Annual Strategic Review dates, including new assessments and a large group annual plan review meeting.
 - Ensure your focus includes cultural change levers.
3. Develop a yearly “Comprehensive Map” of implementation processes to summarize your first year’s game plan for change.

ROLES OF STAFF SUPPORT AND EXTERNAL CONSULTANTS

To ensure successful Strategic Planning/Change, an organization usually needs a master-level external consultant to facilitate the process and assist with difficult executive and strategic issues. They must also work jointly with an internal support cadre to deal with the desired changes.

Strategic Planning and the management of change are disciplined, specialized, scientific endeavors in which most organizations have rarely made significant internal investments. Most of us have learned about change via on-the-job role models, instituted incremental change, or having haphazardly coped with “seat of the pants” change.

As a strategist, facilitator, and devil’s advocate, the external consultant helps the executives, the Strategic Project Teams, and the Strategic Change Leadership Team achieve their objectives.

SO, IF THIS IS STRATEGIC CHANGE, HOW DO I MASTER IT?

When looking at all the requirements for creating a customer-focused, high performance organization, it should be obvious why “Strategic Change takes 1-3 years, even with concentrated and continual action.” The issues surrounding Strategic Change are many. They include the need for:

- A CEO who is a “monomaniac” and has passion for this.
- Structures/roles to guide the change (the Iceberg).
- Truly understanding the customer’s wants and needs.
- Understanding and mastering the skills imbedded in The Rollercoaster of Change™ (and all its nuances).
- Creating a critical mass in active support of the desired changes—remember, “People support what they help create.”
- The overall skills in leading the changes so they occur successfully (i.e., a Leadership Development System).
- Team-building for all newly created change project teams.
- Installing a Strategic Human Resource (People) Management Plan and practices.
- Ensuring the “fit and integrity” of all the economic alignment and cultural

attunement elements to support the goal of becoming a customer-focused, high performance organization.

Traditional, analytical, or partial Systems Thinking will not help you focus on the integration of the elements and relationships in an organization that are important to you. Also, the chances of you paying attention to ALL the needed elements of an organization are remote at best. The loss of synergy, unintended negative consequences, and results is the bottom line.

HOW TO GET STARTED WITH STRATEGIC CHANGE?

We offer three main options to get started with creating your customer-focused organization:

OPTION A—Plan-to-Implement Day

The more typical Strategic Change way to get started is the one-day Plan-to-Implement/Smart Start™ day mentioned in this article.

OPTION B —Plan-to-Plan Day

This method is a one-day Executive Briefing

“If the best writers and management theorists of our time don’t pay attention to all of these elements and components, why do you think that you will pay attention to them all?”

and Plan-to-Plan event (Step 1) on Strategic Planning using our comprehensive A-B-C-D-E Systems model. This is an educating, assessing, organizing, and tailoring day about doing Strategic Planning first, before the change process.

OPTION C—Tailored to Your Needs

Begin anywhere you want on our A-B-C-D-E Systems model, including any of the three Broad Change Goals/Steps here—especially the Annual Strategic Review—and then continue on from there.

Sometimes having a good management system is confused with having high-quality employees. This is a mistake—the two are quite different in some important ways: Having high-quality employees does not assure an organization of having a sustainable competitive advantage.”

—Ed Lawler

IN CONCLUSION: THE NEED FOR A STRATEGIC CHANGE MANAGEMENT SYSTEM

To begin creating a “Customer-Focused, High Performance Organization” your firm should utilize all of the points in this article. However, it is still difficult to stay focused on desired changes versus our many daily tasks. Remaining consistent with Systems Thinking requires more than good intentions.

Our research shows that if you desire to develop a high-performing, customer-focused organization, you need a “Strategic Change Management System” as a new way to run your business day to day.

This is what the Haines Centre for Strategic Management® does with our five-phased A-B-C-D-E Systems Thinking model. We help senior executives and top management teams develop and institutionalize the system we have just detailed. Through our Strategic Planning and Change Management, plus our alignment of delivery and cultural attunement elements, such as Leadership Development, Human Resource (People) Management, and Organizational Redesign for watertight integrity, we help organizations deliver real value to their customers.

Balancing the processes and structures required for change with the right strategies and content focus is the art of the Strategic Change Management Process. Success in today’s highly competitive and global marketplace demands an integrated Systems Thinking Approach® to create and sustain customer value as your competitive edge.

We offer a no obligation, introductory, free discussion to explore your specific requirements and how our tools and processes can assist you.

Another in the
Enterprise-Wide Change™ Series.

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