CHANGE [YOUR] LEADERSHIP

Jeremy Jordan, CPLP, SAPM
Francis Golton: the first crowdsourcer

- Measuring the Ox: the magic of the collective
Think of a major organizational change you’ve witnessed that was either a real success or a significant failure.

What happened to make the change a success or failure (leadership, information, culture, employees, etc)? What would you have changed?
The Miserable Majority

- IBM’s study of 1500+ change practitioners: 41% of projects met their objectives (2008)
- McKinsey’s survey of 1546 executives: 30% -- my change was “completely or mostly successful”
- John Kotter: 70% of all change initiatives fail
Change approaches, paradigms, systems...

- Every approach to change is an (implied) answer to the question “What is the problem with change?”
- Before you choose an approach, make sure you agree with its conclusions.
- What root problem is this model trying to solve?
- Is there anything missing?
## Characteristics: Change Leaders & Managers

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<tr>
<th>Change Leaders</th>
<th>Change Managers</th>
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<td>□ Believe that people are the organization’s greatest asset</td>
<td>□ Believe that people are the major source of problems</td>
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<td>□ Protect the organization’s culture while creating change</td>
<td>□ Focus on problem-solving: culture is a given</td>
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<td>□ Implement change incrementally but present the complete plan for change up-front for everyone</td>
<td>□ View organizational problems as barriers to change, and take them on as they appear</td>
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<td>□ Assume responsibility for the organization’s plan of change and nurture and guide its implementation</td>
<td>□ Manage problems and change through the structure of the org chart; delegate responsibility</td>
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From John G. Bruhn, PhD’s “Leaders who create change and those who manage it”
What’s the problem?

Change Management: Get the right process into place, and you’ll solve your people problems.

Change Leadership: Get the right people in place, and your change problems will diminish.
3 Ingredients of Change

Organizational Norms:
- **Who** leads change and how?
- **Why** and when do we change?
- **How** do we approach it?

Cultural Mindset
A leader is a dealer in hope.

--Napoleon
The Miserable Majority: “Who”

“Finish Line” Leadership

- Define the problem and the solution, set the process, and delegate.
- Leader’s value = define “how”
- Focus energy on convincing, motivating or prodding the workforce to come along

Change Leadership

- Define the opportunity and who best can leverage it
- Leader’s value: model the process and stay focused on “True North”
- Focus energy on getting the right people on the bus
What does a Change Leader look like?

- We follow those who are authentic, vulnerable and driven
- We listen to stories
- We pay attention when it’s personal
They walk the talk

Traditional change manager

- You will do this, and I will measure you.
- This is my team’s change. They’re accountable.
- I’ve set the process. Follow it.
- Information: “need to know”
- Our business objectives require this
- “Genius with many assistants”

Change leader

- I will do this, and you will measure me.
- This is my change. I’m accountable.
- I’m modeling the process. Follow me.
- “Default to open”
- Who we are requires this
- Organizer with many geniuses
Take Accountability

- The power of a public declaration: “I own this”
  - If it fails, I’m responsible.
    - “Realigning the organization’s spine”
  - Traditional approach: change “delegation”
Tell the story

- Besides being the primary example and ultimate accountable party, change leaders are also story tellers.
  - Problem, and, especially, the cultural opportunity
  - The Orchestra Metaphor
  - The leader’s meta-story (the tales they tell about you)
Level 5 Leaders

- The Window and the Mirror
- The Stockdale Paradox (Admiral John Stockdale)
  - “You must never confuse faith that you will prevail in the end — which you can never afford to lose — with the discipline to confront the most brutal facts of your current reality, whatever they might be.”
- Plow horses vs show horses

From *Good to Great*, Collins, (2001)
“Getting the right people on the bus”

- The first question: “who,” not what

- Packard’s Law
  - Your ability to grow is determined primarily by your ability to get the right people

- If you could get them fully bought in, who are the people that could ensure your change would be successful in the organization?
  - Get them on the bus, and let them drive
Nucor Steel: Changing industries

- Problem: mediocre in their industry
- Opportunity: they could be the best at adapting new steel technology to dominate the U.S.

First question: Who?

- Acquiring new steel mills: “Farmer’s work ethic”
  - “Hire 5, pay them like 8, work them like 10”
- High turnover in first few months, then stabilization.
- Went from last place to beating Bethlehem Steel within 15 years.
Baker Hughes: Focusing on “Who”

- Cross Functional Leadership Councils
- Crowdsourcing and Innovation Workshops
  - Address a specific challenge as a group
  - Virtual contests to source solutions to a problem
- Strategy Workshops
  - 3 Day events with 50-100 employees
  - Look at competitors, strategic needs, to craft plans for coming year
Google’s “Who”: Hire Founders

- Value employees who view the business as, and act like, a founder
- Hire 90th percentile performers who do great work right away
- Bock: “Give people slightly more trust, freedom and authority than you are comfortable giving them. If you’re not nervous, you haven’t given them enough.”

From *Work Rules!*, Bock, 2015
Employee Engagement Team

- 40 employees selected from all business lines
- Work 8-10 hours a month
- Communicates results of transformations throughout the organization
- Identifies new opportunities based on employee survey
- Team renewed each year to match the right people to current projects
SUMMARY: WHO

- Change Leaders:
  - Practice the Window and the Mirror
  - Are storytellers
  - Take ultimate, public accountability
  - Model the change they want
  - Embody the Stockdale Paradox
    - Ultimate faith + total commitment to brutal reality
People change for two reasons. Either crisis pushes us, or opportunity pulls us.

--Randy Pennington
## The Miserable Majority & “Why”

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<td>- Focus on “keeping up”</td>
<td>- Focus on opportunity and strengths</td>
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<td>- Not connected to the organization’s culture, mission or values</td>
<td>- Directly supports the mission and values</td>
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<td>- No invitation to be a part of something bigger than the individual</td>
<td>- Focuses on inviting the right people on the bus</td>
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<td>- Technology is “why”</td>
<td>- Technology is never an end in itself; it accelerates change</td>
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“Why” as the center: Andragogy

- Malcolm Knowles (1984): the science of how and why adults learn

- Adults need to own their learning, which is usually experiential in nature, and driven by the need to solve a pressing problem with personal meaning.
“Change Leadership is aligning the change to your mission, vision, and/or values. If the change doesn’t advance your mission, move you toward your vision, or help you better live your values, why are you even considering it?”
Simon Sinek: How great leaders inspire action (TED)

- Why attracts those who believe what you believe
  - Apple: “Think Different”
  - Samuel Pierpont Langley vs the Wright Brothers
The 3 Circles

- Collins: The 11 “Good to Great” companies all focused their efforts within the 3 Circles

For the people you want on the bus, change in the gray area requires no explanation
Google: The mission is the “why”

- Their mission is purposefully moral and purposefully huge: “Organize the world’s information and make it universally accessible and useful”
- They hire people who will own it and build “moon shots” to achieve it.

- What is “change” to them?
Baker Hughes: Culture fit

- Change: \( E = Q \times A \)
  - Effectiveness = Solution Quality \( \times \) Solution Acceptance
    - Quality: “the organization’s ability to develop the right solution matched to the problem and the culture.”
    - Acceptance: a world class network of creators

-- APQC, “Engage Employees Throughout the Change Journey”
CEO Marc Shapiro: redesign all processes. Goal: $50 million cost reduction

Effort fails. Influencers: goal doesn’t work.

Shapiro listens to concerns and pivots

- New goal: “Eliminate what annoys customers and employees”
- Outcome: $50 million quickly met and exceeded; organization-wide improvements
People change because they believe in the “why”
Technology is never the “why”
If a change doesn’t directly support your mission, it is destined to fail
The most effective organizations shape their “why” using the 3 Circles
Those who launch revolutions, dramatic change programs, and wrenching restructurings will almost certainly fail to make the leap from good to great.

-- Jim Collins, *Good To Great*
The Miserable Majority: “How”

Miserable Majority
- Change is a project plan
- Change is aspirational
- Measures people
- Change is an event
- Change is organized through a complex process

Change Leadership
- Change is a flywheel
- Change is brutal facts
- Measures economics
- Change is debate
- Change is defined by a radically simple concept
“Fanatical Dedication to Brutal Reality”

- Ray Dalio: manager of Bridgewater, most successful hedge fund in history ($45 billion)
  - “Pain + reflection = progress”
  - A culture of rigorous transparency, honesty and learning
  - Dalio: “Embracing your failures is the first step toward improvement.”
  - 35% of new hires quit or are let go within 18 months
“Fanatical Dedication to Brutal Reality”

- Google
  - Weekly all staff meeting
    - 30 minutes Q&A with CEO, “no holds barred”
  - Googlegeist: employee-designed survey
    - 100 questions determine all cultural change
      - Example: PM system. Went from 50% to 85% satisfaction in 3 years.
Good to Great: 11 companies

- Focused just as much on what not to do, and what to stop doing, during their transformations
  - Scant attention to managing change
  - No tag lines or launches
  - Slowly, even imperceptibly, building momentum, one push at a time
4 practices to build a climate where the truth is heard

- Lead with questions, not answers
  - Discussions and debates
  - Informal, “agendaless” meetings with managers and employees
- Engage in dialogue and debate, not coercion.
- Conduct autopsies, without blame
- Build “red flag” mechanisms

Unwavering faith: “We will prevail”
Ward’s transformation to Circuit City

- 1973: Ward’s – a failing collection of electronics and appliance stores, close to bankruptcy.
- By 2000, it had been transformed and beat the market an average of 22 times over 18 years.
- Alan Wurtzel on how to turn it around: “I don’t know. Help me understand.”
The Hedgehog Concept

- “The fox knows many things, but the hedgehog knows one big thing.” – Isaiah Berlin
- The 11 companies in “Good to Great”:
  - All simplified a complex world of options into one simple, organizing idea, based on the 3 Circles
  - Whatever doesn’t relate to this “Hedgehog Concept” is ignored.
“Y per X”

- Hedgehog concepts are economic – they understand what the current state produces, and how the future state must change.
- If you could only pick one ratio ("profit per x") to systematically increase over time, what would have the greatest, most sustainable impact?
Examples of “Y per X”

- Walgreen’s: switched from profit per store to profit per customer visit
- Wells Fargo: facing deregulation, they switched from traditional banking thinking (profit per loan, profit per deposit) to profit per employee.
  - Result: the first network of ATMs
- Nucor: economic engine required combo of strong work ethic culture and application of advanced technology.
  - Result: profit per ton (not per employee or per fixed cost)
- Kroger: From profit per store to profit per local population. If you aren’t #1 or #2, you will fail
- Pitney Bowes: Shift from profit per postage meter to profit per customer
  - Result: PB shifted from the ailing meter business to upselling customers on many back office technologies, thanks to their established relationships
Experiment

- When change is a dialogue based on asking questions, it develops a culture of trusting people, rather than the process.
- Freedom to experiment, rather than coming up with and committing to “the Answer.”
SUMMARY: HOW

- Change requires a radical dedication to brutal facts

- Great organizations
  - focus just as much on what not to do or stop doing
  - build a climate of questioning, dialogue and experimentation to arrive at change
  - Design a Hedgehog Concept for their transformations, based on the 3 Circles