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Leading Change in Turbulent Times

No one could have anticipated the nature or magnitude of crises in recent years; you will find that each of these chapters explicitly or implicitly reiterates that leading change in turbulent times is fast becoming a part of everyday life as a leader. The recent past has demonstrated that change can be unforgiving towards all types of organisations, whether they are corporate or non-profit. The ability of firms to change and adapt to this constant flux is crucial to their relevance and, as COVID-19 has demonstrated so brutally, even survival.

Leading organisational change has long been an area of considerable challenge. Innumerable studies have provided insights on change processes, management, leadership, and organisational change, and only more recently progressed to focus specifically on what makes for successful change (Croft et al., 2021; Bolden et al., 2021; Northouse, 2021). The hierarchical nature of organisations alone is acknowledgement that there is little chance of success without leadership playing an active, positive role in mobilising change.

Hollander's theoretical comments are simple but true: 'leadership is a process, not a person' (Hollander, 1992); change cannot happen in isolation, and it is the responsibility of the leadership to ensure the conditions are right. Whilst it may be activated unexpectedly by complex external events and threats, a planned organisational change is one that is managed through clear phases of intervention.

The aim of this chapter is to look at the process of change during periods of crisis. It discusses tools and frameworks for change implementation, reflects on pertinent case studies, and prompts readers to reflect on their own experience.

There are three key areas to examine here: leading the self, leading teams, and leading the organisation that will be considered in turn.

Leading Self

Nothing so conclusively proves a man's ability to lead others as his day-to-day personal conduct in leading himself.

This is the wisdom followed by Thomas Watson, legendary CEO of IBM, who oversaw the rise of its global empire from 1914 until his death in 1956. Watson understood that in order to be effective, a leader must develop their self-awareness; only having recognised your personal strengths and weaknesses can you surround yourself with people that compensate or contribute skills in those weaker areas. Leaders, we must remember, are human, incomplete, and imperfect; they can only be consolidated by a high-functioning team.

The most significant skill required of a leader therefore is the ability to lead the self. In turbulent times leaders may need to change how they think and how they practice; it may seem obvious, but only when they have helped themselves can they help their team. This means taking care of both mental and physical health, demonstrating the work-life balance that can be seen as exemplary to others.

Develop Self-awareness—taking time out for reflection on your leadership manner is essential in evolving the often dismissed 'soft skills' needed for emotional engagement—a sense of humanity is more valuable than any technical knowledge when it comes to managing highly stressful situations, such as the myriad of concerns spidering out from the pandemic.

Be Honest About Anxieties—if they are ever to create a culture committed to taking care of each other and feeling supported, leaders need to be honest about their anxieties. It is an extremely difficult, but underestimated skill that differentiates effective leaders from the rest. As well as observing and reflecting on their personal impact, leaders may find it necessary to consult others as to how they might improve.

Question Your Assumptions—what do you assume about the future? What might you be able to test? What do you assume about your job, your organisation, and your industry? More importantly, if somebody in your team thinks differently, are your assumptions about that person, and most importantly, are their assumptions correct? What do we assume about our customer and competitors', especially when considering non-traditional competitors? This is the starting point and an opportunity to challenge your assumptions, to start thinking differently.

This last point lies at the heart of leading change: recognising your assumptions and challenging your beliefs. The global pandemic has created great uncertainty, but it has also brought a new appetite for change.

In the context of this book, you will frequently encounter the acronym VUCA (Volatility, Uncertainty, Complexity, and Ambiguity). These are the defining facets of a crisis and the four things that will require leaders to repeatedly challenge. Leaders in fact need to be able to do two things at once: carry on with business as usual and delivering results, whilst also maintaining business as unusual—the VUCA that may work for or against you. These simultaneous conditions require a leader to stop and give careful consideration to what a post-pandemic future might look like for their company, what place they might have and how far their value systems will survive in it.

Business as Usual, Business as *Unusual*

In times of heightened uncertainty about the future, change in the usual way won't work. To plan for 'business as unusual' suggests that the problem-solving techniques usually used by leaders are not fit for purpose in this context.

Crisis requires leaders to change the way they think about their teams. The days are long gone of telling people what to do; clever leaders employ people to tell them what to do. A strategic leader needs to cultivate an environment where people are willing and able to contribute ideas and challenge the leadership.

Leading change means thinking about the future and creating an environment that focuses people's minds on development and growth. It is about developing the organisational capacity for ongoing change, for constantly questioning and reinventing. It is also about creating an organisation that is able to learn in a productive fashion and be prepared where necessary to challenge the assumptions of the leadership referred to earlier.

All of this needs to take place whilst coping with the short-term pressure of delivering results and meeting targets. Unilever did this by developing a very clear purpose around sustainability and how it might act to lessen its environmental impact. It was a mission that was bigger than both the leader and the organisation, eclipsing short-term corporate goals that satisfy shareholders.

This is the binary approach leaders must now embrace: as businesses struggle to survive and cope with the pandemic, they must also look to the future and reimagine a new operating model. Amidst this crisis, they have to maintain hope and envision potential new opportunities for their organisation.

It must again be articulated—Leaders need to lead themselves, challenge their assumptions and beliefs before encouraging questions from their team. Build a cultural ecosystem that has a place in the aftermath of a crisis situation.

Adaptation from Uncertainty

As public life slowly begins to stir, and aspects of our ‘old’ normality returning, the future of work and our organisations will still feel unclear, and may do for some time to come. Even the most skilled and experienced executives will face challenges unlike any they have encountered. Such seismic changes may well be an opportunity for business leaders to transform work and the workplace for the better.

Throughout the pandemic, we’ve consistently been told that we will never return to normal. The reality is not quite as clear-cut. COVID has changed the traditional workplace, but different employers will prioritise different ways of working. Some organisations in the financial sector have said they want to return to the traditional office culture, but a number of companies, technology companies in particular, may well allow employees to work remotely indefinitely.

Rather than looking for solutions externally, I argue that strong leadership starts by looking at ourselves. We must learn to lead ourselves before we lead others. That means understanding your own wellbeing, your mental health, and your physical health. If you can’t understand how to create a healthy work life balance for yourselves, how are you going to show others?

We know that productive, sustainable organisations must have leaders who are emotionally intelligent, resilient, and empathetic. COVID-19 has created one of the biggest emotional rollercoasters of our lives. It’s more important than ever for executives to understand the human aspect of leadership. Empathy and compassion are important traits in leadership, but you must instate these traits in yourself first.

The workplace has not always been conducive to allowing executives to grow and progress. Organisations recognise the value of learning and development at every level, but budget constraints, long working hours, and the simple daily pressures of working life can often mean that workplaces cannot offer the necessary space for executives to evaluate and reflect or sharpen their skills. This is one of the greatest difficulties encountered by leaders, that in a fast paced, pressurised environment, they are unable to stop, think, reflect, and potentially redefine their organisation’s future.

It might seem overwhelming, but with help, it is possible to make self-reflection as much a part of your daily routine as a cup of coffee. Take time to stop, think, and take care of yourself. Self-awareness is often seen as a soft skill, but such a classification underestimates its role in both personal and organisational core values, and incorporating it into your critical thinking should be part of a leader's standard practise.

Leading Others and Organisations: Why Is Change Important in Times of Crisis?

Organisational transformation during crisis requires significant shifts in routines and operations (Wischnevsky & Damanpour, 2006).

The twenty-first century has already posed major challenges for leadership teams with its stream of global crises, from the developing impact of Brexit in the UK and Europe, the elections of new global leaders around the world, ongoing conflicts in the Middle East and Northeast Asia to the unprecedented COVID 19 pandemic (Gowing & Langdon, 2016). Regardless of whether these are viewed as sources of challenge, opportunity or both, these unknown threats have accentuated antecedent uncertainties already felt by many. These events emerge rapidly from political, economic, or societal shifts, that even the most skilled leadership teams could not have anticipated. They are indicative of the new world in which we live; one of change and complexity, driven by digital technology, globalisation, and demographic change. Such developments are creating levels of disruption which fundamentally change the way organisations function and create new levels of risk for leadership teams.

Businesses face the need to transform now more than ever before. Failure to do so can easily mean a slow decline, receding market share, declining profits, and at its worst rapid extinction (Kotter, 2008). As shifts in the market context occur, consumer attitudes also shift rapidly, turning a historically high margin industry on its head almost without warning. New entrants of substitute products or technology to the market can dramatically change the industry landscape, not to mention the impact of economic shifts. These more frequently changing external factors have the power to render existing ways of doing things no longer fit for purpose. For business leaders, this creates an increasingly volatile environment in which their organisations must exist (Reeves & Pueschel, 2015).

Against this backdrop, organisations which are unable to achieve change are vulnerable, yet those able will have developed a powerful competitive

advantage. History is littered with examples of failed transformations and missed opportunities. Against such an uncertain backdrop, change in the market environment is the only constant; organisations must learn to transform in order to survive.

Warning: Change Efforts Often Fail

Blockbuster in the UK is an example of an organisation that was unable to successfully transform itself from a bricks-and-mortar video rental business in the face of online and mail order video models, inevitably they did not survive. Kodak fared little better—once the pioneering and dominant name in cameras in the 1970s they went on to develop the first digital camera range in the 1990s. Despite this its attachment and reliance on traditional film rendered them obsolete and the business was forced to file for bankruptcy in 2012. Blackberry and Nokia, global leaders in their respective markets for mobile phones, both themselves were under threat by the arrival of the Apple iPhone in 2007. Nokia went on to sell their mobile phone business to Microsoft in 2013, whilst Blackberry announced they would stop making phones entirely in 2018.

The common theme among these examples is that these organisations were disrupted by technological shifts in the world around them and consumer behaviour. Such changes are occurring faster than ever before (Keller et al., 2010), which explains why the average life expectancy of an organisation is surprisingly short; in 2015 the average life expectancy of a fortune 500 company was 40–50 years (Handscomb & Thaker, 2018).

Yet, organisations which embark on transformations rarely achieve their desired outcome. McKinsey and Company found 70% of transformation efforts fail (Ewenstein, Smith, & Sologar, 2015), and a leading cause is that leaders fail to overcome employee resistance to change (Kotter & Rathgeber, 2006).

Why Does Transformation Often Fail?

Organisational change has a rational and an emotional dimension. All too easily, leaders may neglect the emotional needs of employees.

Transformation efforts usually necessitate a paradigm shift and for which leaders must meaningfully engage their employees. It is not uncommon for

transformation efforts to fail and one of the key reasons is that leaders ignore the emotional dimension of change over the course of the project (Bartunek et al., 2006; Handscomb & Thaker, 2018). Emotions in fact provide the fuel for transformational success; without loyalty, honesty, motivation, and pride in their work (Kahn, 1990), transformation projects less likely lead to positive outcomes (Lasrado & Kassem, 2020).

To achieve a successful transformation project, employees must feel intellectually stimulated by it (Bass & Steidlmeier, 1999). Wherever possible transformational leaders must take time to help employees establish a link between their work and the change strategy. This process is intended to empower employees and understand how best to carry out their work, to understand their valued contribution to a ‘bigger picture’.

However, radical change takes time to achieve (Kotter, 2008). It frequently requires employees to give up old habits, practices, routines, and norms, and accept new ways of working (Lewin, 1947). This takes demands to sustained effort, but will be far easier if a leader is emotionally intelligent. During periods of significant change, it is not uncommon for employees to become disengaged or frustrated (Kotter, 2008). Over time, overloaded employees may experience burn out and fatigue, leading to resistance, friction, and toxic behaviours. Leaders must be prepared to adjust their leadership behaviour, model and champion new practices, and engage employees with good communication and mentoring.

Leaders of successful change projects must therefore be sensitive to the demands placed on their employees as the project unfolds, take steps to eliminate unnecessary work, and provide extra resources when early signs of fatigue begin to appear. Successful transformational leaders must therefore be able to detect and treat negative emotions that, left unchecked, cause in-fighting between teams, wilfully withholding support and in extreme cases, sabotage a company’s goals (Bartunek, 2004). This provides one explanation for why transformation projects rarely achieve the performance outcomes expected.

Treat Negative Emotion with Individualised Consideration

In the midst of a transformation project when leaders are struggling to prioritise pressing issues, finding the time to show individualised consideration for staff members can prove difficult. However, its acknowledgement of employee

welfare and strain can calm negative emotions before they have a chance to become problematic (Avolio et al., 1991). To improve the chances of success, leaders must make as much effort as possible to remain attentive to the individual needs of employees when they begin to buckle under the strain of the project.

Creating a safe climate where the employee can talk freely and safely is critical to allowing him or her the opportunity to share their sources of frustration and irritation safely (Bruch & Vogel, 2011). Moreover, it provides a direct feedback channel between the ground level work and strategic decision making at leadership level. On the one hand, if negative emotions can be detected early enough, individualised attention can minimise instances of employee disengagement.

Summary

Leaders believe that decisions within organisations should be made logically and rationally. But how is this possible when we know that people do not always share similar views of that logic and rationale? Many clear-headed leaders excel at building a rational case for change but are less adept at appealing to people's emotional core, which is ultimately where real drive and momentum for transformation lie. It is critical that leaders understand and communicate the emotional case for change if they are to avoid divisive behaviours.

Why and How Are We Going to Change?

Change management communications need to be individualised or tailored to each segment of a team and delivered in a two-way fashion that allows people to make sense of the change. Change is a people process, and people being creatures of habit are typically resistant to adopting new mind-sets, practices, and behaviours.

The transition curve (Kübler-Ross, 1973) reminds us that change is a gradual process; different individuals pass through the curve at different speeds and employees have to be supported through the process by their managers. The transition curve reminds us that change is not a linear journey nor necessarily a progressive one; people need an anchor and motivation that must be established by leaders.

It may be necessary to deploy interventions related to communication, education and training, coaching and counselling. Symbolic gestures can also

be helpful in helping people let go of the past and understand of what is expected of them in the future. It is common for people to convince themselves that the change isn't actually going to happen, or if it does, that it won't affect them. People carry on as they always have, may deny having received communication about the changes, make excuses or avoid participation in forward planning. As an example of this at a national level, these are all elements seen in the response to Brexit.

Communication is key. Reiterating what the actual change is, the effects it may have, and providing as much reassurance as possible will all help to support individuals. Don't assume that because you know what you want to communicate, others will automatically agree and comply.

Human-Centred Change

A colleague of mine, Andrew Vaid, Managing Director at Firestone, always reminds not to ignore the Human-Centred Change. He advises that, during crises as difficult as COVID, leaders need to prioritise putting people being at the centre of the change. Doing so can be the essence of success, connecting them in a meaningful way with their employees and giving them greater enthusiasm to design and implement that change. Vaid's framework (Vaid, 2022) summarises key areas to be taken into account including "Answering the Why's, Communicate Constantly, Expect Casualties, The power of Networks, What do you believe in and Understand what motivates people".

McKinsey carried out an extensive study that verifies what most leaders already know—transformational changes will often struggle to deliver positive outcomes on many levels. Due to the complexity and individualised circumstances, there is no straightforward answer. Organisations must therefore initiate change sparingly, to minimise fatigue and subsequent disengagement of employees. Moreover, badly planned and implemented change simply won't deliver the required outcome. We encourage leaders preparing to undergo major change to consider *all* options carefully before. If entirely necessary, implementation should be done with employee sensitivity, and its progress continually reviewed. In short, do it well, or don't do it at all.

There is a worrying culture emerging, particularly in Western societies, that embraces change without considering its longevity. It has been said that the only thing that is true today is change, and to some extent this is correct, particularly in crisis times when it may occur with unexpected speed. Before launching a new product, or offer, ask yourself what it is all about, whether it is necessary and how confident you are of its success.

Answering the ‘Whys’?

Simon Sinek suggests that inspirational leadership begins with the question, ‘Why?’ In the context of change leadership, this is the crucial prelude to even *attempting* change, and the one thing a leader must be ready and able to explain to their employees. Often what leaders do or say is, ‘We need change because the share price will go up’, or ‘We’ll open a new office’; most people don’t care about that. Leaders have got to find a way to frame ‘why’ so as to connect on a human level, in short, what is the mission of the change?

There may be a hundred different reasons as to why people go to work. Ask yourself what motivates your employees to come to work? What motivates them in life in more general terms? Obviously financial elements matter. People want to be part of a successful organisation and gain rewards from it. To really make change matter a leader must explain it in these human terms—growth, enthusiasm, and satisfaction, as many employees will switch off when they hear corporate blurb. Simon Sinek offers some excellent suggestions about this in his TED talk and we would advise you listen to them.

What Do You Really Believe?

“Oh, it’s always our people who make the difference. People are our greatest asset, you know, we wouldn’t be anywhere without our people, right?”—Have you ever heard or known of something similar?

If, as a leader, you genuinely believe this to be true, and that each member of the team makes a difference, then you have to put them at the heart of change. There can be no excuses. You can’t say that they are the most important asset the organisation has, only to allow new technology or the brand itself to become the central focus.

Here is the hard part: leaders know that some of their people don’t and probably won’t make the difference. If a division, an office, or a factory in some part of the world cannot contribute to the organisation’s vision, the leader must consider how they are going to manage a situation in which some people understand they may not matter.

This is one of the most difficult situations you will encounter as a leader, particularly if you consider yourself to be an emotionally sensitive leader. Understand that not everyone is of equal value in this change. Don’t pretend they are; be transparent, tell the truth with as much sensitivity as possible without offering simplistic platitudes.

Expect Casualties

Many change initiatives end up with people being uncomfortable and potentially leaving. Losing people in the middle of a change project is inevitable. The critical concern is that these people could very well be your best people, since those in the best position to leave are typically the ones who are most wanted by the market. It is important therefore that you know who your best people are. So many companies, whether they be small organisations, big charities, or large enterprises, have not entirely understood exactly how their best people are.

Determine who your ‘keepers’, are. Ask yourself who are my best people? How do I make sure that my best people know they’re my best people? And how do I stay close to them throughout their career? Again, this is a real challenge, because you must also motivate those who may not be of the same value, but are still needed. Think through various scenarios and consider all angles. Remember, casualties are inevitable when you are going through change.

The Power of Networks

Human beings are social creatures and gravitate towards living in societies and tribes. We are all connected through human networks, and we need to recognise that reality. In every organisation—whether small, medium, or large—there are networks in action that don’t necessarily follow the hierarchical line from the CEO down. If you’re going to lead a change, you need to grasp what networks are at play within the organisation. This is especially challenging if an organisation has offices all over the world, spanning diverse cultures and including different partners, suppliers, and customers.

What you need to ascertain is who the key influencers are. Again, this takes careful consideration, sit down and think about where the power lies in your organisation or within your broader ecosystem. In addition, you’ve got to have some understanding of who the main players are. What is their disposition towards the change that you’re representing? Are they absolutely behind it? If so, that is great, and they can help you promote it. But consider also if there are neutral individuals, or even those with the potential to sabotage an initiative because, whatever their reason, they don’t want it to succeed. You’ve got to find a way of connecting with those people. Obviously the best dialogue would shift employees from a negative to a positive position; more realistic however is to find a means of connection that at least shifts them from a negative to neutral position.

Having a plan for this kind of dialogue is essential. Consider what might happen within these networks, as they will be playing an important part in propagating their objections should they have them. You may find these networks to be highly resilient, and become more so in the face of merger and acquisitions. A good leader will connect with these employees the right way. Maintain a constant dialogue, and don't make the mistake of looking to more senior people, as in many organisations the real influencers may lie elsewhere.

Communicate Continuously

The worst type of change is that emailed out by senior management. Perhaps they will hold a virtual town hall, a blog or blog newsletter, and consider that to be requisite communication. Most people will not read it attentively, nor necessarily even understand its rationale. If a leader hasn't made an authentic human connection, then it's not communication.

It is far harder than people presume to sustain a constant dialogue that is delivered in a simple and authentic way. Given that over 80% of communication is nonverbal, one of the greatest obstacles of recent times is being unable to meet in person. As we all know, COVID-19 made this an impossibility for many organisations, but the written word can't be the only substitute for face-to-face communication.

It is important that you solicit and acknowledge feedback from the people you're communicating with: What's their response? Have they understood what you're trying to say? Unless followed up in this manner, people will forget, or presume you won't do anything meaningful with their feedback. Use it as a means of opening up that critical dialogue. Though you might start your communication with one position, as you get feedback and engage with people, you could well move towards adjusting it. This is not an invite to make unrealistic promises in your responses, but simply **acknowledge what people are saying to you and deduce whether it is something you could or should do something about.**

Understand What Motivates Humans

Many leaders fail to think about the core motivations of people when leading change. If they can satisfy some of them, then a leader is more likely to connect meaningfully and help their staff feel better and more prepared to

support change. These might include things such as creating a sense of belonging, feeling valued and secure, especially during such crises as the COVID-19 pandemic. Even when this crisis has passed, leaders should still be thinking about their people in this way—How is this change affecting our employee wellbeing and sense of belonging? **Human values must remain of paramount importance.**

Corporate Change: Harder Than It Looks?

With each passing year, the pace of change demanded of organisations increases. Those that cannot cope with continuously changing environments and markets will ultimately join the ranks of history. Those that can anticipate market trends and technology-facilitated change are those that win out in the long run. Retailers who started early with online offerings are those that have survived COVID-19 and are thriving, such as Zara, Next, and Tesco, whilst the late movers such as Top Shop and the other Arcadia businesses have become insolvent with little more than the brand remaining. Technological change reshapes supply chains and distributors and retailers must adapt or surrender. Many of these changes have accelerated during the COVID-19 lockdowns and we can be sure that the future will be a very different place.

Sustainability has come to feature much more highly on almost everyone's agenda. This can be seen not only in customer attitudes towards preserving the environment and the treatment of workers, but also in product selection, such as the creation of new opportunities for meat-free products. Investors are now choosing funds with good Environmental, Social, and Governance (ESG) credentials, and taking action to improve their performance in areas other than shareholder returns.

Within organisations, there are often strong forces opposing change, which all too frequently slows down efforts to transform the business and reduce effectiveness. Forces such as organisational inertia, internal politics and power struggles, inflexible organisational structures, initiative overload for management, and a lack of leadership to drive change.

A strong rationale for organisations to evolve rapidly may exist but effective change capability is often far more limited (Fig. 5.1).

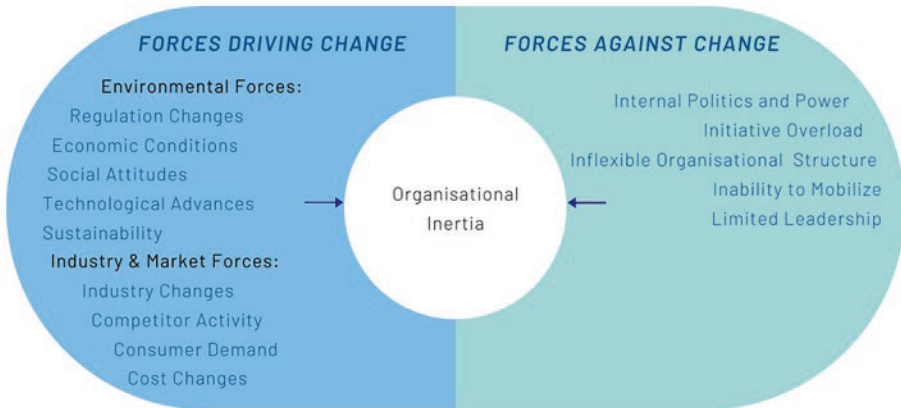


Fig. 5.1 Forces for and against major change

Case Study: The Price of Globalisation?

As a rapidly globalising and largely decentralised business, TVS now organises a senior management conference in a different country each year. This particular year it was hosted in Chicago with the top 150 employees invited. These were predominantly leaders of subsidiary businesses and were therefore accustomed to a significant degree of autonomy. In addition to the functional directors, the world management had been divided into three regions, each with a Regional Director (RD) the Executive Committee (EC) which ran the corporation consisted of the Functional Directors and the three Regional Directors who together held much of the power.

Traditionally at the annual gathering, the CEO would give a 'state of the nation' speech outlining current performance and key objectives for the coming years. He stated that:

It is time the business embraced globalisation and introduced standardised information systems across our entire operations. This will reduce costs and allow us to more rapidly integrate acquisitions, whilst producing timelier and better-quality information.

There was a silence from the assembled throng who were doubtlessly thinking 'he has been talking to strategy consultants'.

The CEO continued, 'James Read, our new Group Finance Director will lead the project'. To the audience this did not augur well. James had been with

the business for only two months and was a polished, highly intelligent financial communicator, ideal for stakeholders and an experienced FD. He was not however the ideal candidate to lead a complex global project in the likely face of strong opposition. It was also clear that the CEO, well aware of the associated risks, was not going to lead the project and would be maintaining his distance from it. New system implementations rarely went well and he did not want to spend every board meeting for the next three years explaining to the Chairman and Non-Executive Directors its latest difficulties each month.

At present, the business had three very different legacy systems: Americas, Western, and Eastern Europe. They worked well enough with but could not communicate with each other, and all data to the head office had to be fed back through various interfaces. The Executive Committee had been divided in discussion of the new £20M investment (although almost everyone believed that it would cost many multiples of the quoted figure). The functional directors were strongly opposed to the proposal, as they were party to better information, whilst the regional directors were equally reticent, aware that they would have to provide the resources for the implementation. They also perceived that they would lose power in the near future as the functional directors increased their influence. This was not helped by geography, given that the functional directors were located at the head office with the CEO, whilst they were in their respective regions. Their access to the CEO was more difficult and they usually ended up on the wrong end of head office politics.

Two months later the Group Finance Director announced that he was appointing a 'Director of Information Services' responsible for implementing the new project, despite not sitting on any boards.

First of all, a new system was to be selected. It soon materialised that this was to be the system used in the Americas where the CEO had risen to fame and so was the only system he knew a considerable amount about. The Europeans viewed this system as unsophisticated and ill-equipped to deal with more complex operations and marketplaces existent in Europe. There were further concerns about future ownership and development of the proposed systems.

A central team was assembled to develop and implement these new systems. The pilot implementation was to take place in the UK and France, each of which had a different system, culture, and market approach. The idea was to avoid rejection by the other country, something they thought might occur if they focussed initially on just one country. France and the UK were old rivals and, moreover, the two largest and most profitable countries.

There was jargon-heavy talk of 'cash burn' in testing and development and 'workarounds' necessary to take into account the complexities and eccentricities of the current systems.

The three Regional Directors did not interfere and stayed out of the implementation, appearing neither to support, nor help lead it. Senior Functional Directors were also notably absent; they were more politically astute and did not wish to be accountable for a likely disaster. In reality, the entire project was driven by the IS Director, with benign backing and support from the Group Finance Director.

After around two years, the day arrived for the 'go live' in France. A variety of objections and additional requirements were produced by the French management. Money was starting to run low and confidence in the new systems was fast ebbing away. What was becoming clear was that this would be an enormous job, that it would take several years to implement, and that its functionality would be limited in the face of enormous costs. Concerns were rising and the pilot implementations were once again delayed.

At this point a completely unexpected hostile takeover bid arrived from a much larger business. After a long struggle and several increases, the bidder triumphed. They fired the majority of the board almost immediately, offering jobs only to the Regional Directors who held much of the power and influence over the management. Two of the three accepted. Their next immediate announcement was that they would be implementing their own systems throughout the entire business. Strangely, the new implementation was an unexpectedly seamless and largely successful venture.

Reflections

- What were the main causes of the project failure, and how could this have been remedied in future?
- What recommendations would you make regarding leadership?
- Major projects are likely to face some internal opposition either of a passive nature or more obstructive nature? How might these be overcome?

Commentary and Analysis

Most major change initiatives fail to meet expectations, either by overspending, by taking too long, or by providing limited functionality. Indeed, many fail on all three dimensions. Information system projects are especially high up the league table of failures. Let us examine why that might be by analysing the case study.

First of all, there is the fundamental problem of leadership. Was the project ever really 'led'? The CEO and GFD did not wish to lead it and the RDs had not been sufficiently convinced of its benefits to drive the project forward. Instead, an external candidate was recruited but was given insufficient power to be effective.

The vision was unclear and few were convinced by it. Little was explained regarding its benefits and there was suspicion that this would facilitate a major senior management reorganisation. Proposed cost saving benefits seemed unlikely as more modern systems tended to have far higher ongoing costs than legacy systems. Whether this should be treated as essential infrastructure or not, it seems inadequate efforts were made to sell the benefits to the senior management.

Although a timetable existed and some progress was made, the timetable continued to slip. Review meetings simply accepted ongoing slippage as being usual for IS projects.

The Executive Committee remained largely divided on the project and so became a 'benign observer', rather than driving progress throughout the organisation and addressing the strategic issues which occurred.

Although the RDs were not actively blocking the system, their own reports conveyed disinterest and limited involvement. The RDs were not invited to the main review meetings and consequently felt alienated from the process which the Head Office IS staff were trying to drive. Head Office were not experienced in major project management and so this project was well beyond their capabilities, even though the Regional IS people had been transferred to central control.

In reality, the Regional Directors were enormously influential in the business so any reorganisation following the IS implementation would need their support, regardless of any diminished power.

Kotter's Eight-Step Change Model

John Kotter has been a major academic influence on the practice of making major change. He estimates a 70% failure rate in change initiatives of this nature. Certain types of projects, such as cultural change initiatives, lean and other manufacturing processes, seem particularly vulnerable to poor outcomes. If organisations are honest with themselves, then they will find that budgets have exceeded, timetables extended, and functionality limited, all of which require significant subsequent investment to achieve the initial objectives.

Such concerns influence financial investors such as Private Equity who are reluctant to head into major schemes unless the returns are substantial, visible, and rapidly achieved. Whilst their investment horizon is more limited than public companies, they are also highly aware of the risks in major projects.

Kotter's eight-step process has resonated with many and has developed much support over the many years it has been in operation. The main elements are as follows:

1. **Create a sense of urgency.**
2. **Build a guiding coalition.**
3. **Form a strategic vision.**
4. **Communicate strongly.**
5. **Enable action by removing barriers and empower action.**
6. **Generate short-term wins.**
7. **Sustain acceleration.**
8. **Institute change.**

By far the most demanding and difficult to achieve is a sense of urgency. This needs real leadership, which starts with showing up and being clear you are committed to the project. Top leaders must manage their diaries through delegation to ensure they have time to demonstrate their strong commitment by attending important meetings. As some say 'showing up is 90% of leadership' and, whilst not entirely true, does offer a significant, visible support.

In many organisations, most of the non-customer faced staff are insulated from the harsh realities of the market place. Bringing the realities of the outside world home to employees and indeed top management is crucial. Data collected from the market on performance, customer satisfaction, product performance comparisons, market share changes, and competitor initiatives are often buried if lacking a positive message. In most businesses, candour creates a sense of realism that can be helpful in motivating change. Arranging speakers from outside such as academics, experts, customers, and suppliers may well have sobering messages to present. Kotter's book *A Sense of Urgency* develops this theme.

Reflections

- In our example was there a clear motivation communicated?
- Who provided the change impetus and handled barriers to progress?
- Were there short-term wins and clear milestones?
- Did the project ensure that change was instituted did the organisation develop in ways to support its vision?

Kotter’s eight-step process is based on analyses of hundreds of companies, including Ford and British Airways. Whilst a few of the companies that Kotter studied did succeed, many (such as Eastern Airlines) failed miserably. The ones that succeeded, Kotter argues, followed a long process similar to the Lewin change model of unfreeze, change, and refreeze.

Despite Kotter breaking change down into specific steps, he notes that change is seldom as linear as any model might suggest. Still, he provides an excellent way to think about organisational change.

Ingredients of Success (Fig. 5.2)

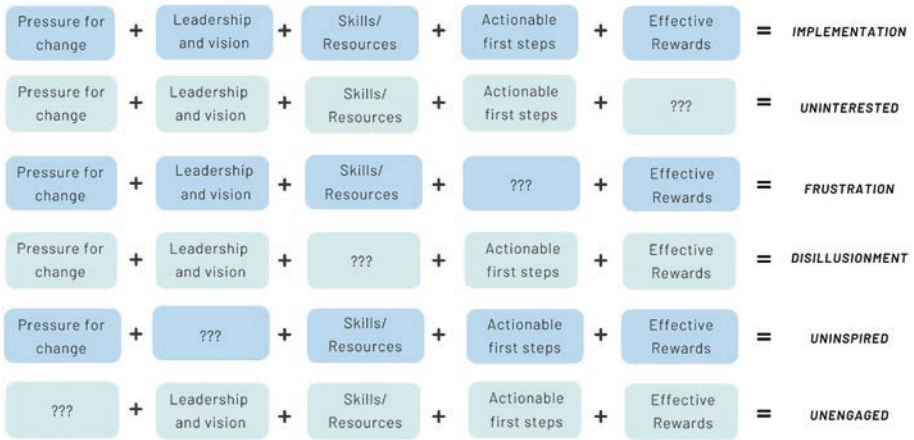


Fig. 5.2 Ingredients of success. An adaptation from the work of Kotters’ and Knoster (1991)

Pressure for Change

This is one of the biggest barriers to change and it is the reason that most successful organisations (i.e. Nokia, Kodak, Blockbuster) fail, being unable to create the internal impetus that might overcome complacency and disengagement. As Kotter notes, change won't happen unless at least 75% of a company's management believes they can't survive without change. In order for change to happen, leaders need to be able to create pressure for change and maintain that pressure over the long haul.

Leadership and Vision

One of the primary constraints common in organisations is the need for leadership to instil the right leadership style and a vision that inspires organisational renewal. As a leader of change, it is your task to convince people of its importance. A successful leader will take time to create a compelling vision of the future, shared, and articulated in a way that appeals to all. Leaders do this through clear goals, a well-articulated plan, and carefully identified 'quick wins'.

When articulating such a vision, a leader might encounter two points of resistance:

1. Employees resistant to dramatic change that deviates from the established norms
2. Innovative employees and independent thinkers may have individual views of what strategic objectives should be. A misaligned vision potentially demotivates employees, with negative consequences.

To this end, successful transformational leaders must take time to provide meaning and empower employees (Kotter, 2008). Role modelling, vision setting, and empowering staff all serve to inspire and energise employees (Quintana et al., 2015).

One scholar of change, Jay Conger, says that there are a number of myths when it comes to persuading people:

1. **that the most effective approach is the hard sell, persuading with logic and enthusiasm.**
2. **that persuasion is a one-way street, telling others what they should do.**
3. **that persuaders succeed on their first try.**
4. **that compromise is unnecessary.**

5. that success is the result of a good argument alone.

What really makes vision persuasive is something quite different. First, build your own credibility. Why should they listen to you? Second, find common ground—show that the outcomes that you want are shared. Third, make sure you have evidence to back up your claims, not just facts and figures but stories as well, and last but by far least, **communicate meaningfully and consistently**.

Successful leaders of transformation projects spend considerable time communicating their vision, reinforcing its importance and the leader's commitment to the transformation project (Kotter, 2008). Leaders with vision create excitement amongst followers, thus unleashing positive energy. Kotter explains that the presence of vision is one of the differences between management and leadership. Goleman's leadership definition also includes the 'visionary' style, in creating a positive climate for change.

Skills and Resources

It is not uncommon for organisations to lack the right skills and resources required for implementing change initiatives. This is often because they require new ways of thinking, a shift in organisational culture, and the need for leaders to invest time, resources, and energy in helping the workforce to develop a new skillset. Without this the workforce may suffer from disillusionment.

Actionable First Steps

Defining the first steps in the change process is as difficult as defining the projects nature and scope. However, being able to define the very first few actionable steps and give clear direction is critical. Leaders also need to explain their plans for implementation and show some progress at each stage in order to avoid frustration.

Effective Rewards

This is all about motivation—how do you motivate your people to engage in the change process? Work out how you're going to get people who are used to old habits to try and move towards new modes of working. This is difficult because people typically stick with established routines and old habits,

reinforced by expectations and social pressures. You may be able to convince one person that change is needed, but if everything around that person reinforces the old pattern, it will be ineffective. Change is hard, so providing effective rewards and incentives can help to sustain motivation.

Reflection

Think about a recent change that you had to implement.

How can reflecting on the 'ingredients of success' help you to enhance your approach to change?

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