



How Leaders Get in the Way of Organizational Change

by Ron Carucci

Leaders frequently underestimate the amount of work required for organizational change, overestimate the organization's capacity to make the change, and misjudge how the organization views their connection to the change.

Despite the vast body of knowledge available to leaders on how to effect lasting, positive organizational change, too many continue reaching for the same comfortable levers that consistently miss the mark. Thus, the oft-cited failure rate of organization transformations continues hovering around 70%. If you've got a major change on the horizon (or have one stuck in a ditch), here's how to avoid (or extract yourself from the grips of) three of the most common saboteurs of organizational change.

Scope naiveté: Underestimating the work

Simply put, most leaders want transformational change to be easier than it is. There's not a first-time change leader who hasn't said, "This is so much harder than I expected." In response, I commonly ask, "On what did you base those expectations?" I usually get an agape look and silence in response.

By its nature, transformational change creates discontinuity because it touches the entire organization. In the case of the financial services company, shifting from product to service centricity meant every aspect of the organization, from sales to operations, was going to be touched by the need for change.

By contrast, incremental change — for example, implementing a new technology platform or launching a new product — touches discrete aspects of the organization. My client made the mistake many companies do: Assuming that a larger volume of incremental changes would add up to transformation. So, they sprayed the organization with disconnected initiatives whose efforts weren't coordinated, that were actually under-resourced for what they were expected to deliver, and whose project leaders lacked the authority to make material decisions or impose consequences on those unwilling to cooperate. Instead of accelerated change, the result was obstructed change — a system clogged with an overload of disparate efforts that everyone stopped caring about.

When you mix this with a barrage of glitzy one-way communication campaigns, many naturally conclude that the change is “all sizzle, no steak.” Pep-rally town halls attempting to hype the potential benefits of the transformation are met with cynical disbelief as those dealing with the disconnected, competing, under-resourced, and poorly led initiatives wonder how leaders could be so out of touch.

Multifaceted transformational change needs to be appropriately scoped, resourced, and most importantly, integrated. Every initiative must be linked to every other initiative. In the case of my client, efforts to market the benefits of newly positioned services needed to be synched with the efforts of operations people to actually deliver those services. Messages to customers needed to synch with new skills those delivering the services needed to acquire. Centralized services from corporate needed to dovetail with local branch offices' ability to customize services. And it all needed to be sequenced and paced in a way the organization could productively absorb. Though the need for all of this was foreseeable, none of this work had been considered when the transformation was conceived. Once these efforts were appropriately integrated, means and ends began to match, and real change eventually aligned with the messages.

Change laziness: Overestimating the organization's capacity

What many executives responsible for declaring change forget is that those who have to deliver the change still have day jobs. They neglect to calculate the capacity those impacted by change will need to make it successful while still carrying out their day-to-day responsibilities. Many executives set change in motion and get distracted by the next shiny object that excites them soon after. Instead of working on changes needed in their personal leadership, they make videos reminding people of the "strategic importance" of change, have their communications people write newsletter articles with their byline, and inadvertently declare premature victory by citing early progress on efforts that don't actually amount to tangible change. Transformation lazily gets reduced to nothing more than a campaign.

With the financial services company, we viewed no less than 17 beautifully produced videos featuring many senior executives, read scores of newsletter articles touting examples of early adopting customers of the company's new services, and read through hundreds of emails from the 23 initiative leaders updating the organization on their various activities. The open rate of these emails was around 18%.

Despite so much information "communicated" about the change, our assessment revealed widespread confusion about its purpose and a slew of misperceptions about what was actually going on. Worse, since the inception of this transformation, the organization had layered on multiple additional changes that leaders claimed were connected to the transformation, but in reality, were not. For example, human resources began implementing a new HR information platform across the whole company that they'd put off for years. They labeled it "People Service" to create the illusion of a connection to the broader transformation in hopes to garner greater buy-in.

Transformational change starts with an honest acknowledgement of how hard the work will be, how much capacity and discipline the organization actually has, and the personal commitments of sponsoring executives to change first. Further,

communicating change effectively requires listening to the organization twice as much as telling the organization about the change.

First, we recommended pausing a number of efforts. Leaders shut down initiatives the company had neither the capacity nor resources to implement successfully. Then, they instituted listening circles in which leaders were only allowed to ask questions, and not get defensive while hearing employees talk about the mess that had been made. We helped identify aspects of people's day jobs that could be paused in order to redeploy needed capacity toward change. And we identified six critical leadership capabilities that executives leading a service company must all have, assessed the company's top 45 leaders against these capabilities, and put development and coaching plans in place for each of them. Their updates to the organization now included acknowledgement of the capabilities they assessed low on and what they were doing to improve. This gave the transformation an instant boost of credibility as the organization could now see these leaders put their own skin in the game. Public commitments to personal change are a leader's signature of integrity on changes they commission.

The perceived pet project: Misjudging how others see you

It's no secret that many transformation efforts are born of a leader's personal convictions and interests. The success of such projects often leads to the advancement of that leader's career. And there's nothing wrong with that. That is, unless the leader tries to hide it behind lofty spin about "the greater good" or downplays the grueling sacrifice required by others to make change happen. Sponsors of change fear that acknowledging their personal connection to a transformation might hinder gaining the organization's commitment. And if leaders only want the benefits with none of the personal cost, lost commitment will indeed be the result.

But leaders who are willing to roll up their sleeves and do their part to advance an arduous transformation are smart to let the organization know how and why the

change is personal to them. (Leaders for whom a major change is nothing more than smokescreen behind which they hope to advance their career shouldn't be foolish enough to think the organization doesn't see right through it.)

In the case of my client, the transformation was conceived largely by an executive who had joined the company as head of strategy about a year prior. She had come from another financial services company that failed to make the same migration to selling services. She knew the industry was shifting and would mercilessly leave companies behind that neglected to stay ahead of growing customer trends. And if she could succeed at leading that change here, it would set her up as a likely successor to the CEO. Being relatively new to the company, she feared people would assume she was exclusively out for the top job, so she overcompensated by depersonalizing the change, which backfired. What people concluded was that she was only there for the short-term stock bump but would eventually give up, cash out, and move on.

Ironically, her story of past failure revealed deep personal convictions that gave the change greater merit, and her public ownership of wanting to stay at the company long term (obviously not specifying in what capacity) quickly put her in a more trustworthy light. Through a series of virtual town halls, she expressed her passion for the transformation and why she believed the organization could be successful and acknowledged her insecurity about being new to the company and wanting to be accepted. By owning her story, she helped people to stop ascribing the self-interested motives she assumed she was avoiding and instead double down on their own motives for why the change would be good for everyone.

Transformational change must become personal for every employee if it's going to stick. With her story as a foundation, we conducted a series of virtual workshops that invited employees to connect their own sense of purpose to the aspirations of the transformation. In small groups, employees got to share their vision for how their role

would shift and the impact their work could eventually have on customers, the company, and their careers.

If you're in the throes of or about to start a major transformation, I trust you have a sense for how hard it will be. The unforeseen obstacles you'll face will test your endurance and optimism. Do the necessary work to prepare yourself and your organization for the journey. The one obstacle you can best prevent from derailing transformation is yourself.

https://hbr.org/2021/04/how-leaders-get-in-the-way-of-organizational-change?utm_medium=email&utm_source=newsletter_daily&utm_campaign=dailyalert_notactsubs&deliveryName=DM130585