

LEADING CULTURAL CHANGE

Lessons Learned from the Corner Office

*Based on a survey by **The Cornerstone Group***

The Change Landscape

“We know that two-thirds of large scale transformation efforts fail. But that’s not a terribly helpful piece of information unless we’re looking for confirmation that this is hard, really hard. What is useful is to understand what leaders can do to substantially increase the odds that their companies won’t be among the two-thirds of those that fail.”

– **Douglas A. Ready**, Harvard Business Review

Change is constant. And while this fact is something business leaders know and accept, the success rate of business change initiatives continues to hover at a mere 30 percent. How can this be when it’s generally accepted that change is an integral part of doing business?

Acknowledging that change exists is one thing. Responding to and successfully managing change is something altogether different, and leaders who are able to recognize this difference and respond accordingly are the ones that will live and thrive in that coveted upper-third range. Yet while agility is a core competency required especially during times of change, some leaders are not equipped with what they need in order to navigate change. Some resist change because they don’t know what to do, while others suffer from a lack of resources – human or otherwise – needed for success.

Consider the questions that CEOs and other business leaders are often plagued by as they face cultural change:

- *How do I efficiently and successfully manage sustainable change?*
- *Are my employees going to leave?*
- *How do I optimize my current team?*
- *Is my current team the right team?*
- *What do my leaders need to drive change?*
- *Is my management team agile and flexible?*

Given the amount of uncertainty that surrounds cultural change, it’s only natural for even the most risk-tolerant CEO to feel some apprehension. With this in mind, The Cornerstone Group set out to gather intelligence from more than 120 CEOs throughout its network and within its client base that have undergone moderate to massive change in the last three years. The goal of their research was to identify the reasons that typically contribute to change, the challenges and lessons learned during times of cultural change and, by approaching this examination through the lens of human capital, provide insight and guidance for those seeking to improve their odds for success.

Survey Snapshot

120 CEOs Surveyed

Representing organizations of varying size and industries, all having undergone moderate to massive change within the past three years

Most CEOs reported recent change as **significant** or **massive**

REASONS *for* CHANGE

- Need for operational efficiencies
- Better customer service culture
- Improved leadership effectiveness

DRIVERS *of* CHANGE

- Leadership
- Acquisitions
- Technology
- Market
- Layoffs and restructuring
- Growth

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in your Organization*

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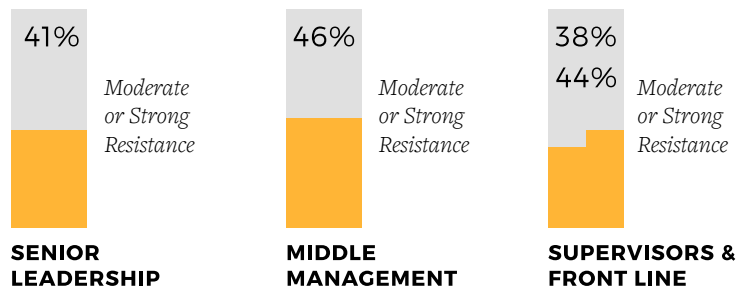
Trends and Analysis

Theory of Change Relativity

Length of time to achieve change = Resistance to change

While most CEOs (83%) reported being at least moderately successful at leading change, only 6% said they were highly successful. More than one third (38%) reported that change took longer than they expected, largely due to resistance encountered from middle managers and supervisors. Even though most (65%) believed their senior teams were best equipped to inspire others to embrace change and effectively communicate change, they also felt that these same teams came up short on their ability to coach employees who struggle (49%) and create the needed accountability for adopting change (48%).

Change Resisters



As a result of the resistance or inability to drive and lead change, 55% of CEOs reported removing a senior manager from their team. Instances where change took longer than expected proved more likely to result in the removal of senior managers (61%) than those where change moved along at an expected pace (44%).

“Out of the original team I started with, only the CFO survived. However I now hire with the direct focus on the capacity of a leader to be successful in helping the organization through change.”

Tips from the Trenches

“Culture-setting is not a one-time endeavor; it’s a constant and continuous self-examination and modification.”

Perhaps even more valuable than the statistics highlighted from this research are the lessons learned from CEOs as they navigated their way through change initiatives.

Top Strategies for Success

- *Communicate* clearly, consistently, frequently and personally
- *Lead* by example
- *Hold others accountable* for change
- *Create a vision* for change and model what the future looks like
- *Make a case* for change and get buy-in
- *Involve employees* at all levels as quickly as possible
- *Hire the right people* who are excited about the future

“Strategic initiatives are great, but if your people are ill-prepared singularly, then they have no hope of executing corporate strategy. Meaningful professional development plans for each employee adds to their knowledge and preparedness, and those plans bridge the gap between skill sets and strategic initiatives.”

Biggest Pitfalls to Avoid

- *Don’t wait too long* to remove obstructionists or those who undermine goals and strategy.
- *People must be convinced* in order to accept and support change.
- *Don’t communicate without authenticity*, consistency, frequency and transparency.
- *Don’t assume* that everyone knows or is on board with the plan.
- *Avoid creating an “us vs. them” culture*. Remember, you’re all in this together.
- *Avoid going too fast or changing too many things at once*. Speed could kill the best of initiatives.

“Do not assume that agreement in a meeting equals potential leadership of the change. Too many managers will nod their heads and agree with the program and then leave the meeting with no intention of helping to drive the change through. Like politics, all change is local and you need to create a win department by department.”

Conclusions

Successfully navigating and managing change requires an understanding of both people and their behavior. Organizations that are able to communicate and implement change in step with the behavioral needs of their employees will be better positioned for success.

Starting at the top, executives need to ensure that there is an alignment within the leadership team and confirm that the current skill sets match those needed for the new culture being built. Communicating and sharing information early and often will allow leaders to establish both program credibility and buy-in from all levels of the organization. And by identifying those not aligned or looking to undermine change efforts and removing them as quickly as possible, leaders will create an opportunity to identify new talent that has a genuine interest in becoming part of the company – and the culture – that is being created.

Learn More

Check out these resources and learn how to get the most from your team during times of change.



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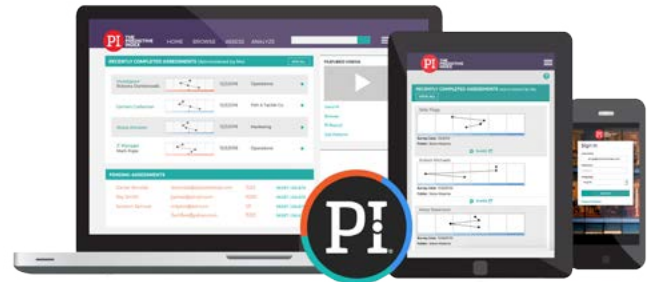
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