



Alembic
Strategy
Where change happens



Change Capability

Change Capability

The difference between the fastest growth companies and those lagging behind or getting stuck on the growth journey is down to the leaders, and their ability to generate the right **change capabilities**.

This is a leadership issue. Two things make a company shift its focus:

1. Responding to customers.
2. Leadership.

Customers are responding to changes in the market and competition, so by focusing on the customer you are, by default, addressing both of these as well. From our experience what you probably don't have is a great strategic change capability.

Companies on the growth curve gradually bring on board transformational leadership, as the **growth and opportunity bring greater levels of challenge** and more funds. They are normally behind the curve. They are often led by charismatic and highly capable people, who nevertheless are human and have their limits.

As leader's express their confidence and vision with wider ranging growth plans, they start to explore acquisitions, creating an effective series of relationships with growth professionals like corporate financiers (lawyers and accountants), banking partners, and perhaps HR and marketing consultancies. These fill in the gaps with strategic input and execution capabilities.

We still find that **the overall strategic planning process can be piecemeal**, the customer and market trend insight can be sketchy, and there is an over-emphasis on the deals side, often with scant attention to the range of choice, risk, post deal integration and gaining the benefits. None of these partners (no matter how good they are at execution) take the time to get properly to grips with the strategic planning and neither do the board.

As inorganic growth sounds like the fast track, and the fees set the tone, the money and time going in often dwarf the organic options around new products, new services, softer channel combinations, innovation and, fundamentally, improvements in the core organisation.

So **M&A starts to grow, but innovation suffers**, and when M&A goes wrong, the core business loses further attention from the leadership team. Growth is stifled while things get fixed and if the business regenerates it will be better informed, but behind the competition.

M&A may be the right choice, but it might just be the exciting option, until it goes wrong, at which point it's an overpriced education.

Strategic change capability is built by taking into account all the commercial factors required for scaling up. Our methodology shows how the leading lights of growth make their difference by professionalising their approach to change.

They are often led by charismatic and highly capable people, who nevertheless are human and have their limits.



They take into account the **three core pillars of successful strategic change**.

 **30% of change success is down to belief**

Is this something we should do? Do I want this on my CV? What do my significant others (key colleagues, family, friends) think of me getting involved? Is it me? Does it seem easy or hard for me to get it done?

 **40% of change success is down to capability**

Do we have the right people, processes, know-how, channels, etc. to win with this project?

Capability turns out to be a 'hygiene factor'. You need it if you don't have it, but it won't be deployed if you get 'belief' and 'readiness' wrong; change will stall regardless.

 **30% of change success is down to readiness**

Are the leaders supporting it publicly? Do we know why we need to change? What are the gains? What is the right method for this? Are we confident?

Great leaders stand out from good leaders on five key attributes. They score:

10 % points higher on supporting the change with passion.



22 % points higher on living it themselves, leading by example.



12 % points higher in helping colleagues make it stick.



14 % points higher on 'productive paranoia' about customer experience, and risk to the change.



10 % points higher on availability, giving key people time each week to remove the barriers and help make it happen.



(Source: Mason, 2014)

What makes great leaders stand out and make a difference? They have the capability to turn insights into reality.

The plan is just the start; implementation is the tough part that most businesses struggle with. Implementing the plan is a matter of process so there is no excuse really, but a big difference comes down to leadership.

It is crystal clear from our experience that getting the right people in the right roles is critical, and companies that fudge the issues go slower. Whether the right options are organic, inorganic or both, it's the change method and leadership that bring success more often than not, and give businesses the edge.

This is why our **change success model** is an eye opener for most leaders.

If this resonates with you, we should talk.

If you are looking for a better growth strategy or performance is not as good as you would like, we can help you make change happen.

Written by Nick Mayhew, Managing Director, Alembic Strategy Ltd.

You can contact Nick on:

+44(0)203 478 1333, or email nick.mayhew@alembicstrategy.com.



Alembic
Strategy
Where change happens

If this resonates with you, we should talk. If you are looking for a better growth strategy or performance is not as good as you would like, we can help you make change happen.

Contact us on:

T: **+44(0)203 478 1333**

E: **info@alembicstrategy.com**

www.alembicstrategy.com

Connect with us on:

LinkedIn **alembic-strategy-ltd**

Twitter **@alembicstrategy**

Medium **@alembicstrategy**

20 Little Britain, London, EC1A 7DH
Company registered in England and Wales number 10002766