Managing Change: The Leader's Challenge

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Session Agenda

I. Models of Organizational Change
   ✓ Disruptive Innovation
   ✓ Breakpoint Change
   ✓ Incremental and Strategic Change
Session Agenda

II. Leadership and Change: A Sampling of Theories

- Lewin’s Model of Organizational change
- Developing the Resilient Organization
- John Kotter’s Eight-Step Model of Transformational Change
- The Rider, the Elephant and Change: Chip Heath & Dan Heath
- John Maxwell’s 21 Laws of Leadership

III. Self-Assessment
Models of Organizational Change
Disruptive Innovation
Sustaining Innovations

- Make a good product or service perform better in a way that customers in the mainstream market value
- Designed to maintain the functioning of the current system
Disruptive Innovation

- Transforms complicated, expensive products and services into simple and affordable ones by combining inputs (technologies) in a new way
- Creates an entirely new market through the introduction of a new kind of service
Examples of Disruptive Innovations

- Ford Model T
- Southwest Airlines affordable flights
- Google advertising
- Others?
Breakpoint Change
Organizational Growth

“The champ to chump cycles are growing ever shorter.”

Today, every manager needs “bifocal vision.”

“The manager does things right. The leader does the right thing.”

Incremental and Strategic Change
Organizational Changes

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<tr>
<th>Anticipatory</th>
<th>Incremental</th>
<th>Tuning</th>
<th>Strategic</th>
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<td>Reactive</td>
<td>Adaptation</td>
<td>Re-orientation</td>
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Incremental Change

- Gradual impact over time
- Middle managers & staff play key role
- Evolutionary
- Improves existing processes, structure, systems
- Same basic strategies
- Driven by efforts to increase quality & organizational functioning
Strategic Change

- Large, rapid impact
- Top managers drive the change
- Revolutionary
- Changes existing processes, structure, systems
- Often driven by financial issues
Leadership and Change: A Sampling of Theories
Lewin’s Model of Organizational Change
Lewin’s Model of Organizational Change

(1) UNFREEZING:
Letting go of the old way. Seeing the need for the new.

(2) TRANSITION:
A transition phase where the new is practiced & learned. Very uncertain time.

(3) REFREEZING:
Making the new the norm.
Unfreezing

- Understanding the need for change
- Cost of not changing
- Focus on external
- Acknowledging what works now
- Building support
- Grieving
- Vision
Transition

- Repeat message often
- Learning
- Risk-taking
- Focus forward
- Encourage open questioning
- Danger of retreat
- Support
Refreezing

- Systems
- Ownership
Developing the Resilient Organization
Three Forms of Innovation

- Revolution: creative destruction
- Renewal: creative reconstruction, often driven by a crisis
- Resilience: capacity for continuous reconstruction

Developing a Resilient Organization

- The Cognitive Challenge
- The Strategic Challenge
- The Political Challenge
- The Ideological Challenge
The Cognitive Challenge

- Overcome denial, nostalgia, and arrogance
- Stay constantly aware of what is changing, and how this will impact the organization
The Strategic Challenge

- Resilience requires strategic alternatives along with awareness of environmental trends
- Scenario planning
The Political Challenge

- Successful organizations must be willing to divert resources from yesterday’s programs to tomorrow’s
Ideological Challenge

- Focus not only on doing today’s activities well
- At the same time, develop the new strategies for the future
Managing Organizational Change: John Kotter’s Eight-Step Model of Transformational Change
Information Required Before Embarking on Change Process

- Organizational analysis/strategic plan
  - Current/future environmental situation
  - Organizational issues in coping with environment
  - Organization strategy & tactics (changes required)
  - Timeline for change

- Analysis of organizational change factors
  - Impediments to implementing change
  - Plan to address those impediments
  - Additional information needed to design change
Step #1: Establish a Sense of Urgency

- Understand current environment & realities
- Identify crises, potential crises, & major opportunities
- Make sure managers understand & agree with assessment of the environment, potential crises, & opportunities

✅ If 75% or more of management team is convinced that current situation is acceptable & major change is not needed, change won’t happen.
What Factors Create Complacency?

- Human nature – people hate to change
- Absence of major and/or visible crisis
- Too many visible resources
- Organizational structure focusing employees on narrow goals
- Low overall performance standards
- Internal measurement systems that focus on wrong performance indicators
- Lack of performance feedback from external sources
- “Kill the messenger, low confrontation” culture
- Too much “happy talk” from management
Tactics for Creating a Sense of Urgency

1. Set revenue, income, productivity, project targets, etc., that can’t be reached via “business as usual”
2. Measure performance overall and by department/program
3. Distribute performance & financial performance data more broadly throughout the organization
Tactics for Creating a Sense of Urgency (cont.)

4. Insist that more managers speak with “unhappy” customers
5. Use outside facilitators to force more relevant data & discussions
6. Stop management “happy talk” – communicate issues & problems
7. Bombard staff with info on future opportunities & organization’s problems in pursuing them
Step #2: Create a “Guiding Coalition”

- Organizational changes required in today’s environment are more sweeping & quicker, with a shorter “shelf life” & more personal sacrifice required.
- Need a group within your organization with enough power to lead the change.
- Reason is broader information base, time, & organization-wide credibility.
Rules for Creating & Managing the Guiding Coalition

- Pick guiding coalition members balancing position, expertise, credibility, & leadership skills
- Avoid “know-it-alls,” “snakes,” & “reluctant players”
- Create teamwork through established common goals & planned off-site activities
Step #3: Develop a „Change Vision“ With Strategies & Tactics

- Create a „change vision“ to help direct the change effort
- Develop specific strategies & tactics for achieving that vision
The “Vision Thing”

- Vision: A picture of the future with implicit or explicit commentary on why people should strive to create that future

- Purpose of vision:
  - ✅ Clarifying the direction of change, without the need for detailed instructions
  - ✅ Motivates people to change
  - ✅ Coordinates the actions of staff with common direction
What Makes a “Vision” Effective?

- Imaginable
- Desirable
- Feasible
- Focused
- Flexible
- Communicable
Great Visions Integrate Leadership & Management

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<th>Leadership Creates. . .</th>
<th>Vision</th>
<th>A sensible &amp; appealing picture of the future</th>
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<td>Strategies</td>
<td>A logic for how the vision can be achieved</td>
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<tr>
<td>Management Creates. . .</td>
<td>Plans</td>
<td>Specific steps &amp; timetables to implement the strategies</td>
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<td>Budgets</td>
<td>Plans converted into financial projections &amp; goals</td>
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Step #4: Communicate the Change Vision

- Use every vehicle possible to constantly communicate the new vision & strategies
- The guiding coalition should be the role model for behavior expected of employees
  - Staff will not „sacrifice,“ even if unhappy with the current situation, if they don’t believe that the change proposed is achievable
Key Elements in Effectively Communicating a Vision of Change

- Simplicity
- Metaphor, analogy, & example
- Multiple forums
- Repetition
- Leadership by example
- Explanation of seeming inconsistencies
Step #5: Empower Broad-Based Action

- Get rid of obstacles to management & staff implementing change vision
- Change systems or structures that undermine the change vision
- Encourage risk taking & nontraditional ideas, activities, & actions
The Barriers to Staff Empowerment

- Formal structures make it difficult for staff to act
- Lack of skills
- Managers discourage actions aimed at implementing vision
- Personnel policies
- Information system functionality
Step #6: Generate Short-Term “Wins”

- Plan for visible improvements in performance, or “wins”
- Create those “wins”
- Visibly recognize & reward people who made the “wins” possible
  ✓ Without short-term wins (& celebrations), the „supporters“ of change join the opponents
Why Short-Term Wins Are Necessary

- Provide “evidence” that sacrifices are paying off
- Reward “change agents” with recognition for their efforts
- Help “fine tune” vision & strategies with real data
- Undermine cynics & resisters
- Keep management team “on board”
- Build momentum for future changes
Step #7: Consolidate Gains to Produce More Change

- Use increased credibility of “wins” to change systems, structures, & policies that don’t fit the transformation vision
- Hire, promote, & develop people who can implement the change vision
- Reinvigorate the process with new projects, themes, & change agents
  - Don’t declare “victory” (or the end of urgency) too early. . . Results in loss of momentum.
Step #8: Anchor New Approaches in the Organizational Culture

- Culture change occurs at the end of change process – when it is clear that the “new” system is superior to the old
- Create better performance through customer- & productivity-oriented behavior, better leadership, & more effective management
- Revise HR systems (competencies, evaluations, promotions, etc.) to reflect the change
- Sometimes, turnover is inevitable to make lasting change
  ✓ Leadership development & succession planning key for long-term success
The Rider, the Elephant and Change: Chip Heath & Dan Heath
The Rider and Elephant

- The rider: our rational side
- The elephant: our emotional side
- Self control is an exhaustible resource – the bigger the change, the more it will exhaust people’s self control
To Change Behavior:

- Direct the rider
  - What looks like resistance is often a lack of clarity

- Motivate the elephant
  - What looks like laziness is often exhaustion – the Rider cannot get his way with force very long
  - It is critical to engage people’s emotional side

- Shape the path
  - What looks like a people problem, is often a situational (the path) problem. Shaping the path makes change more likely
Direct the Rider

- Find the bright spots
  - Successful efforts worth emulating

- Script the critical moves
  - Any successful change requires a translation of ambiguous goals into concrete behaviors
  - You can’t script everything – focus on the critical moves

- Point to the destination
  - A destination postcard: a vivid picture from the near-term future that shows what is possible
Motivate the Elephant

- **Find the feeling**
  - Behavior change happens in highly successful situations mostly by speaking to people’s feelings
  - SEE – FEEL – CHANGE: When people are presented with evidence that makes them feel something – then they change

- **Shrink the change**
  - Give people a sense of accomplishment with small victories
  - Limit the investment you are asking people for
  - A destination postcard: a vivid picture from the near-term future that shows what is possible
Motivate the Elephant (cont)

- Grow your people
  ✓ Do you agree or disagree with the following?
    - You are a certain kind of person, and there is not too much that can be done to really change that.
    - No matter what kind of person you are, you can always change substantially.
    - You can do things differently, but the important parts of who you are can’t really be changed.
    - You can always change basic things about the kind of person you are.
Motivate the Elephant (cont)

- Grow your people
  - If you agreed with 1 and 3, you have a “fixed mindset”
  - If you agreed with 2 and 4, you have a “growth mindset”
  - A growth mindset is the best for dealing with change
  - The best leaders believe that our brains and abilities are like muscles – they can be developed and strengthened with practice
  - The elephant has to believe it is capable of conquering the change
Shape the Path

- Tweak the environment
  - What looks like a people problem is often a situation problem
  - Makes the right behaviors easier, and the wrong behaviors harder

- Build habits
  - Makes the right behavior easier and the wrong behavior harder
  - The power of checklists
Shape the Path

- Rally the herd
  - Behavior is contagious

- Keep the switch going
  - Celebrate victories
  - Reinforce the positive behaviors
John Maxwell’s 21 Laws of Leadership
The Laws of Leadership

- **The Law of the Lid**
  - Leadership ability determines a person’s effectiveness
  - The higher a person’s ability to lead, the higher his potential

- **The Law of Influence**
  - The true measure of leadership is influence with others – nothing more, nothing less
  - Leadership comes from influence, and it must be earned
The Laws of Leadership

- The Law of Process
  - Leadership develops daily, not in one day
  - Leaders are learners
  - The phases of leadership growth
    - I don’t know what I don’t know
    - I know that I need to know
    - I know what I don’t know
    - I know and grow, and it starts to show
    - I simply go because of what I know
The Laws of Leadership

- The Law of Navigation
  ✔ Anyone can steer the ship, but it takes a leader to chart the course
  ✔ Leaders see the whole trip in their minds before they begin
  ✔ Leaders
    • Draw on past experience
    • Examine the conditions before making commitments
    • Make sure their conclusions represent both faith and fact
The Laws of Leadership

- **The Law of Addition**
  - Leaders add value by serving others
  - The bottom line in leadership isn’t how far we advance ourselves, but how far we advance others

- **The Law of Solid Ground**
  - Trust is the foundation of leadership
  - A leader builds trust by consistently exemplifying competence, connection and character
  - Character makes trust possible, and trust makes leadership possible
The Laws of Leadership

- The Law of Respect

✓ People naturally follow leaders stronger than themselves
✓ How leaders gain respect:
  • Natural leadership ability
  • They show respect for others
  • They have courage
  • They succeed
  • They earn loyalty
  • They add value to others
The Laws of Leadership

- The Law of Intuition
  - Leaders evaluate everything with a leadership bias
  - Who you are determines what you see
  - How leaders think
    - They are readers of their situation
    - They are readers of trends
    - They are readers of their resources
    - They are readers of people
    - They are readers of themselves
The Laws of Leadership

- The Law of Attraction
  - Who you are is who you attract
    - Attitude
    - Values
    - Energy
    - Giftedness
    - Leadership ability

- The Law of Connection
  - When it comes to working with people, the heart comes before the head
  - Leaders communicate with openness and sincerity
  - Leaders are initiators
The Laws of Leadership

- The Law of the Inner Circle
  - Leaders do not succeed alone
  - A leader’s potential is determined by those closest to him/her
  - Leaders never stop improving their inner circle

- The Law of Empowerment
  - Only secure leaders give power to others
  - Leading well is about empowering others
The Laws of Leadership

- The Law of the Picture
  - People do what people see
  - Followers are always watching what you do
  - It is easier to teach what is right than to do what is right
  - We should work on changing ourselves before we try to improve others
  - Leaders lead by example
The Laws of Leadership

- The Law of Buy-In
  - People buy into the leader, then the vision
  - The leader is the message

- The Law of Victory
  - Leaders find a way for the team to win

- The Law of the Big Mo
  - Momentum is a leader’s best friend
  - Momentum makes leaders look better than they are
  - Momentum makes followers perform better than they are
  - Momentum is the most powerful change agent
The Laws of Leadership

- **The Law of Priorities**
  - Leaders understand that activity is not necessarily accomplishment
  - The three Rs:
    - What is required?
    - What gives the greatest return?
    - What brings the greatest reward?

- **The Law of Sacrifice**
  - A leader must give up to go up
  - There is no success without sacrifice
The Laws of Leadership

- The Law of Timing
  - ✓ When to lead is important as what to do
    - • The wrong action at the wrong time leads to disaster
    - • The right action at the wrong time brings resistance
    - • What brings the greatest reward?
    - • The wrong action at the right time is a mistake
    - • The right action at the right time is success

- The Law of Explosive Growth
  - ✓ To add growth, lead followers
  - ✓ To multiply, lead leaders
The Laws of Leadership

- The Law of Legacy
  - ✓ A leader’s lasting value is measured by succession
    - Know the legacy you want to leave
    - Live the legacy you want to leave
    - Choose who will carry on your legacy
    - Make sure you pass the baton
Self-Assessment
Personal Leadership Self-Assessment

- What are your strengths as a leader?
- What leadership skills do you need to develop?
- How will you monitor your progress?
Leadership Assessment of Your Management Team

- What are the leadership strengths of the members of your management team?
- What leadership skills do the members of your management team need to develop?
- How will you assess this on an on-going basis?
- How are you developing new leaders in your organization?
References Cited

Resources

- A Blueprint for Strategic Leadership
  www.openminds.com/circlehome/eprint/indres/120107sb49.htm

- Strategic Human Resource Management: Aligning Compensation with Employee Performance and Organizational Strategy

- Critical Roles for the CFO in Times of Economic Crisis: Four Key Initiatives to Steer Your Organization Through Rocky Times
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