Leading Change in Uncertain Times

*What makes a leader successful?*

Research report
This report has drawn on contributions from our clients and recent research from Value Partnership’s consulting team, including Vanessa Couchman, Simon Court, Nickie Fonda, Donald Mungall & Geoff Rogers.

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Foreword

82% of CEOs and Directors believe that change leadership is a critical challenge for their business.

Almost all businesses are now facing fundamental change but this change has a new dimension. It is no longer enough to tinker with the cost base or update the marketing approach. Businesses are having to deal with much more complex issues like integrating business units to achieve global scale and dominance.

These challenges are multi-faceted and require insightful leadership rather than just good management. But what is the difference between leading change and merely managing it?

Value Partnership’s latest research, Leading Change in Uncertain Times was carried out by personal interviews with CEOs and senior leaders from 68 organisations, many of them household names, ranging widely in size and sector. This fourth and final article in the series suggests that there are some common elements that are critical to leadership success and sustained business performance.

In particular Value Partnership’s research highlights 5 pre-conditions to change leadership success. Many of these attributes are behavioural and cannot be easily embedded in a set of competencies. They require leaders to model the change they want to see and this takes courage, strength and integrity – it is personal and tough.

We hope this article provides some insight into this challenging role and provides food for thought for those facing it.
What makes a leader successful?

What’s the difference between leading change and merely managing it? For one thing, successful change leadership seems to be a good deal scarcer than skilled change management. In fact, recent interviews with senior executives by Value Partnership discovered that 82% believe change leadership is now a critical challenge for their businesses.

These senior executives are facing the need to focus on and achieve new, and often unfamiliar, business goals, e.g. integrating business units on a global scale, planning for step-change growth; downsizing for the first time. Their common factor is that fundamental change is necessary – ‘business as usual’ is not an option.

Our experience with senior clients tells us that the challenges their businesses face, and their context, may vary, but a number of common elements are critical to leadership success and sustained business performance.

In this article, the fourth in the series which draws on our extensive research, we highlight five pre-conditions to change leadership success:

1. Recognise the pivotal points where the business has to change, and where you personally need to change

   In other words, recognise the points of no return. Rather than acknowledge them, leaders may be tempted to take refuge in micro-managing, in demanding more data and process, in controlling rather than leading. On the other hand, successful change leaders are honest, and courageous enough to recognise the pivot points, and to take action accordingly.

   For example, a private company in the entertainment business needed an injection of capital funding to upgrade its technology and exploit market opportunities. Market trends were positive, but the business was standing still. The CEO’s hands-on management style and unwillingness to commit to specific plans was holding it back. Investors told the CEO that, to obtain investment capital, he needed to build a more credible, aligned leadership team and implement a competitive strategy. He was courageous enough to recognise that this was a pivotal point, where he needed to change his own behaviour. He developed a more unified senior management team, founded on trust and honesty. Together they have developed a focused strategy with a series of clear goals, and have delegated authority for carrying it out. Without this pivot, the company would still be treading water while its business environment moved on.

2. Be prepared to do things differently, and to do different things

3. Expect leaders at all levels – executive, functional and operational - to anchor the change

4. Leading change is not only about what you do and say, but about constant, practical reinforcement

5. Counter the lonely role that change leadership brings, by arranging for internal or external coaching and mentoring support.
2. Be prepared to do things differently, and to do different things

To get a business from where you are to where you need to be often requires embedding new behaviours and values. This is just as important as paying attention to hard systems issues, such as cost efficiency and technical excellence. It means taking the cultural pulse of the organisation and identifying the behaviours that are essential to achieving business goals.

An international company in the aerospace industry need to integrate diverse business units and turn around an underperforming business. The CEO understood that previous attempts at transformation had failed because they had not paid enough attention to the culture, mindset and behaviours that were necessary to succeed. ‘Leadership and Culture’ became one of the four key dimensions of the company’s transformation plan.

The company identified the behaviour changes necessary to turn around the business, including taking responsibility, working collaboratively, and delivering on promises. Every employee was challenged to incorporate these values and behaviours into their work. In reviewing the lessons from the success of this business transformation, the CEO concluded: “Success is not just about what we do but about how we do it.”
3. **Expect leaders at all levels – executive, functional and operational – to anchor the change**

Leaders have choices in their approach to change. Sometimes, to turn around a situation urgently, the ‘just do it’ approach can be most appropriate. More often, promoting engagement is the most effective. Recognising which style best fits the circumstances is vital. Value Partnership’s work with clients consistently shows the importance of forging cohesive teams that take collective responsibility for change. In these circumstances, great change leaders act as an orchestrator who fosters a strong team ethos that encourages managers and staff throughout the business to understand their roles in achieving change.

A **global company with a large R&D focus downsized part of its operations.** Employees faced a range of fates, depending on their job. Nonetheless, managers had to keep the residual business going and continuing to perform. Senior leaders developed management teams that fostered a mutually-supportive environment, cut across the former company silos, and empowered people to do what they are best at. They also brought together and consolidated new teams quickly in a physical sense, for example by not leaving empty the desks of former employees as a reminder of the past. The company downsizing is still underway, but already these collaborative, cohesive teams are delivering critical new projects successfully, and employee morale has improved from a low point.

4. **Leading change is not only about what you do and say, but about constant, practical reinforcement**

This means listening to what people say, and being seen to act on it, i.e. maintaining credibility. And this means being seen as an authentic leader, i.e. someone who believes in the changes you are pursuing. To be seen this way it is vital not just to play a role, because employees soon become disenchanted, and change is derailed.

A **high-tech global manufacturing business confronted operational and cultural integration issues following an acquisition.** At a meeting of senior employees, people aired complaints and issues that had previously been overlooked. The CEO turned around a potentially negative situation by listening and reflecting back the main messages. He scheduled another meeting the next day and got his senior managers to address the issues, and say what action they would take. The CEO then called a follow-up event to assess progress. He ensured the management team was seen to take public, collective and consistent action to tackle employees’ concerns.
5. **Counter the lonely role that change leadership brings, by arranging for internal or external coaching and mentoring support**

Leading change is stressful and tests leadership skills to the limit. Leaders are in the spotlight, and so their behaviour has a huge influence on the cultural well-being of the business. They need a safety valve as well as ways of securing the behavioural changes they personally need to make. Research by Value Partnership and others shows that coaching and mentoring are among the most effective ways of targeting and developing change leadership capabilities.

A senior manager in the downsizing global R&D company mentioned earlier was under considerable pressure. Leaders had a difficult relationship with staff, owing to the uncertain situation. This particular senior manager also had to motivate her team leaders and keep them engaged. She says “I was closely scrutinised by staff and could never let my guard slip. You can say something 99 times out of 100, but if you deliver the message the wrong way the 100th time you undo all the good work. So I benefited greatly from individual counselling and mentoring. Having that third-party outlet helped me to build my own coping mechanisms and develop my approach to team building.”
In conclusion

Embedding change is a long, hard marathon not a 100-metre sprint. It requires far more than simply conforming to a framework of leadership competencies – although our experience shows that leaders benefit from displaying certain characteristics. These include personal courage, strength, conviction and integrity. Yet our work also tells us that no single set of leadership attributes fits every situation, and that different change strategies demand different types of leadership.

This takes us back therefore to some key fundamental questions for change leaders:

• Where are the pivotal points, the milestones where the business needs to change, and where you need to change? Do you have a clear view of what could be holding things back?

• Are you personally committed to change and do you consistently reinforce that commitment in all you do and say?

• Are you focusing on the behaviours, values and mindset needed to achieve transformation, as well as the hard systems issues?

• Are your forging a leadership team based on trust and honesty in a mutually-supportive environment who will take change forward together?

• Do you encourage others throughout the business to see and understand their roles in achieving change?

• Are you paying attention to your own personal development and leadership skills?

Stay tuned for more from Value Partnership on this issue...

More in this series

Leading Change in Uncertain Times

Report 1. Are you ready for the challenge?

Report 2. Where is your business on the maturity path?

Report 3. How ready is your organisation?