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The Little Black Book of Change

The 7 Fundamental Shifts for Change Management that Delivers

INTRODUCTION

Why does it take so long to turn an organization around, only to see people revert right back to pre-existing ways?

Unfortunately, this is an all-too-familiar story, regardless of the type of change being introduced; whether it is a new vision, integrating organizations, transformation and organizational performance, change in ownership structure or internal restructuring. However, it is possible to turn an organization around quickly and to create a new future – one where people think and behave differently and deliver extraordinary results together.

Who should read this?

- This book is written for those who wish to deliver change effectively. Whether you are an aspiring senior executive, a middle manager, board director or chairman; it provides a practical, insightful guide to understanding your organization and inventing something extraordinary.
- It is not about "run of the mill" change programmes. It is about delivering extraordinary results – *something that is not at all predictable if results are purely based on past experience.*

- We will give you insights into creating significant shifts in the way people think and behave. This guidance can be applied to any area you wish; from improving service levels to cost reduction, innovation or increasing market share. You can also use it for achieving specific objectives, regardless of whether you are a profit or not-for-profit business.
- This book is based on *real* business case studies, and is written with the aim of being grounded and accessible, rather than purely from theoretical models or processes. We have experienced the business examples shared here first hand through 25 years of implementing and facilitating transformational change with both senior executive and middle management teams.

During these 25 years, we have worked with a multitude of different organizations, including Microsoft, Novartis, Roche, AstraZeneca, PepsiCo, Diageo, Smith and Nephew, Marks and Spencer, Unilever, IBM and Heineken, NHS Hospitals, central and local government and private equity-owned companies such as Talaris and Quintiles.

Inventing something extraordinary for your organization

WHY IS DELIVERING EXTRAORDINARY RESULTS SO DIFFICULT?

If you write down all the things you need to do to successfully transform your organization and achieve superior performance, most lists will include:

- Have a clear vision and strategy.
- Restructure.
- Improve processes.
- Empower people.
- Be creative and take risks.

At one level we wouldn't disagree with this, but the real issue is the level of thinking that is required.

> "The real voyage of discovery consists not in seeking new landscapes but in having new eyes."
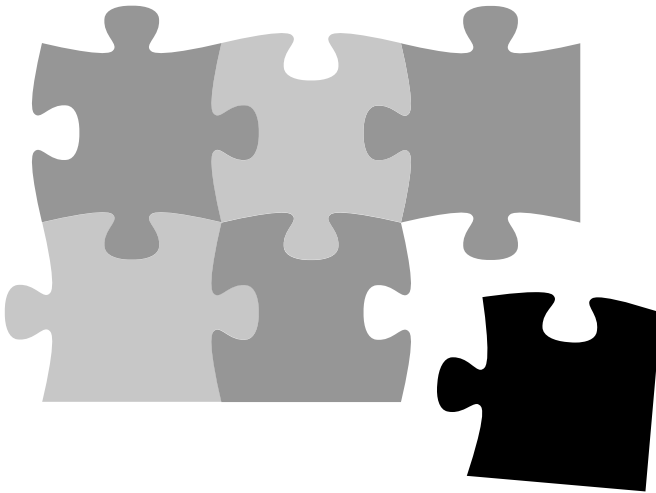>
> *Marcel Proust*

It is not about all the activities people do to transform their organizations, it is often our belief that vision, structures, processes and methodologies will in themselves lead to superior performance. However, a recent survey[1] by Boston Consulting Group showed that 75% of transformation efforts fail to deliver on their promise.

"75% of transformation efforts fail to deliver on their promise."

This book addresses the central issue of *why* they fail and what gets in the way of success.

This missing piece of the jigsaw is our ability to fundamentally change the mindsets, attitudes and behaviours of how the organization works – the context that the organization holds.

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[1] *Source:* Why Transformation Needs a Second Chapter – BCG Oct. 2013.

The power of context

Let us first explain what we mean by context.

Context is the invisible environment in which we live and work, shaped by a variety of different beliefs and behaviours. To illustrate this, let's consider the example of this picture of fishes swimming in a fish tank. What do you see?
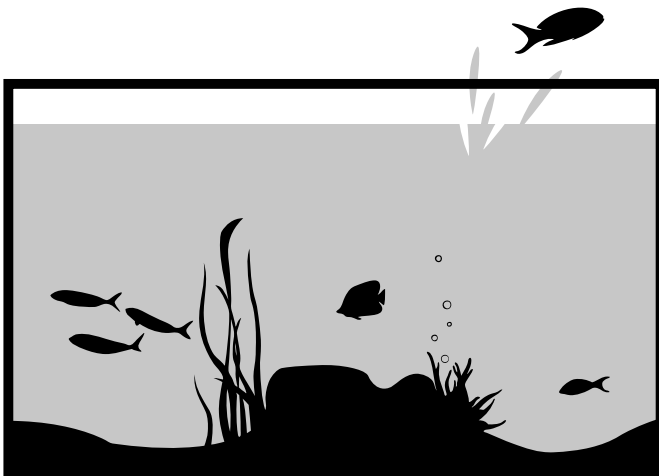
People tend to see fish, rocks and some plants, but they rarely notice the water itself. Context is like the water in the aquarium; rarely noticed, yet critical to our existence. If the water is toxic, everything dies!

If one of the fish jumped out of the aquarium, we can only imagine what they might see for the first time ... the water, and the size and shape of their tank. Yet, when you're in

the "water", you can feel the frustration, but don't necessarily have access to means of changing it. This dynamic is essential to understand because the water determines whether the fish are thriving, or at best surviving.

Consider the last time you joined a new company – the organizational context or culture is evident to you ... but after a while it disappears into the background and becomes "just the way things are done around here".

In organizations, people often comment or complain about "what it's like to work here", or how easy it is (or isn't) to get things done. In doing so, what they are actually describing is the context or environment in which work takes place. Often we spend a lot of time creating new processes in an attempt to make things easier. But have you ever noticed how all our best efforts to make

improvements usually fail to actually transform the situation?

Like the water in the fish tank, no matter what those fish do, the water still affects them. To put it another way, no matter how much those fish move around, interact and make decisions, they will still always be affected by the water. Context colours everything in an organization. People often refer to this as the organization's culture.

"Culture eats strategy for breakfast."

Peter Drucker

As this suggests, if the culture isn't right, you won't accomplish your strategy. Context exists at many different levels: global, industry, organizational and individual. It is made up of the collective beliefs and assumptions held at these different levels, and it influences any decisions that are taken.

At a purely individual level, context is a person's frame of reference. It shapes their views, opinions and judgement – usually without them even being aware of it. Like our fish, unaware of the tank they are in, individuals operate in a wider context.

Consider someone who is accustomed to working for a high-tech start-up being asked to work at the local hospital. This person will probably be used to an environment characterized by comfortably taking their own decisions and creating quick solutions to any problems that arise. They may also be unaccustomed to stringent health and safety procedures.

So, faced with a patient who needs their medication urgently, this person is unlikely to consider the chain of authorization and the required routines in order to administer the medication safely, as this is not the environment they have grown up in. They may therefore decide to act on their own initiative, because their "frame of reference" would be guided by their experience working for a high-tech start-up company, coupled of course with their life outside of work. This is not because of any limits in capability but is more a demonstration of the power of the context of the unwritten tenets of a medical environment.

Context is decisive

So what exactly do we mean by "context is decisive"?

Context shapes an individual's perceptions. It is the foundation on which people construct their understanding of the world, and when you alter context you automatically alter their subsequent actions.

A change in an individual's frame of reference leads to different thoughts, actions and behaviours. The wider context determines if these actions and behaviours will be effective. If you wish to change actions and behaviours, a new context may need to be created to enable people to see a new perspective, which can then open up the possibility for transformational change.

Recognizing and understanding both the organizational context and an individual's frame of reference is a critical step in leading and delivering transformational change.

The power of context

The challenge

In the 1990s, a leading alcoholic drinks company had a business problem that prevented growth in international markets. Due to controls by international tax authorities, it was not possible, economically, to provide the company's international customers with the ability to place a single order for a number of products from multiple manufacturing sites around the world. What appeared to be a simple problem had challenged the best people in the company for well over a year with no progress. Customers had to pay more for their supplies and the company's associated internal operating costs were high.

The approach

To seek a solution, business consultants were recruited and internal teams were assembled to find creative ways to develop business processes and computer systems and a way of working that would satisfy tax authorities (Europe and the IRS in the USA) that the appropriate controls were in place to meet their requirements. The company's annual tax payments were significant (multimillions).

The context surrounding this problem was that protecting the company's tax obligations was the

highest priority. The internal tax team was highly skilled and experienced in this area. Their expertise would therefore guide and influence the project team's design of a solution, by providing the boundaries and constraints within which consultants and internal teams had to operate. The power of the tax team with their expertise and knowledge was a force field that influenced the company's decisions both directly and indirectly. Just like the water in the fish tank.

The frame of reference everybody worked within was that international tax is a complex area best left to the tax team. In addition, they would manage all communications with the tax authorities to ensure best practice and that compliance was maintained. Project staff were informed of the need to ask the tax team for their authorization for any new process or procedures that had an impact on tax.

The result

Fortunately, a new member of staff joined the company who had not yet been conditioned and influenced by the context and need for tax department authorizations. After understanding the problem he decided to make contact with the IRS in the USA and then discussed the company's

problem and asked some related questions. The IRS responded by stating that the policies and procedures had been updated 18 months ago and there was now more freedom in accounting procedures that would make it easier to provide their international customers with the required improvements in ordering and supply.

The rest is history. A solution for customers was introduced. However, only after spending millions on a project to develop and introduce the most advanced systems and accounting solutions in order to solve a problem that was not there.

The "context" had been guiding the company's approach to decisions. The context was decisive. The related frame of reference had led to assumptions that were out of date. Ask yourself: How often does our frame of reference lead to powerful and poor assumptions? How often do we assume that those with "expertise" know the right direction to take?

If the new member of staff had not joined, millions would have been invested to find a suitable solution that aligned with the context and frame of reference of the internal staff. In short, you must seek to understand the context, and the associated frame of reference, then continuously test the underlying assumptions.

If you have the ability to shift the context for yourself and for your organization, then you will be able to develop the ability to consistently and predictably deliver extraordinary results for your organization. This is the missing piece of the jigsaw.

Until you can see the underlying assumptions, your ability to consistently change the context is compromised. Like an alcoholic who is in denial and cannot break free from drink, the context uses you until you can break free. *It* uses *you*, rather than *you* being able to influence it and create a new context.

> "Until you can see the underlying assumptions, your ability to consistently change the context is compromised."

Summary

WHAT IS CONTEXT, AND WHY IS IT SO IMPORTANT?

- Context is the foundation on which people construct their understanding of the world.
- To transform an organization, you need to alter the underlying assumptions and invisible premises on which its decisions and actions are based. This is altering the sum of the conclusions that people have reached.
- Context determines everything, no matter how good you are.

Achieve
Breakthrough™
Ambition. Unleashed.

- Context shapes perception, and when you alter context, action automatically changes too.
- To deliver extraordinary results, you have to be able to see the limitations of what people can possibly achieve and develop the ability to shift personal context, both for yourself and for the people in your organization.
- Actions and behaviours of people follow the context and frame of reference we hold as individuals and as an organization. The context and frame of reference must shift to influence and create motivation for transformational change.

Key takeaway practices

A key practice for you now is to uncover your own and your organization's existing context. To help you to do this, reflect on the following questions:

- What are your people's views and opinions?
- How achievable is the strategy?
- What contribution can each individual make?
- What gets in the way of them being at their most extraordinary?
- What frustrations and challenges do they see?
- Do they feel they can make change happen easily in the organization?

Be very specific and look beyond the initial "responses"; explore these conversations so that you really understand the frame of reference people are holding.

The answers to these questions will start to uncover the sets of assumptions and beliefs people hold about the organization – this is the context. This will either help or hinder your progress.

"The Magnificent Seven"

These are seven context shifts that if you become masterful at managing, will enable you to predictably and consistently produce extraordinary results.

The rest of this book guides you through how to deliberately alter the context for yourself and your organization, introducing and illustrating the seven fundamental shifts that are required. We call these the Magnificent Seven:

SHIFT 1 Letting go of the past
SHIFT 2 Developing breakthrough ambition
SHIFT 3 Creating a bold new vision of the future
SHIFT 4 Engaging the players in the bold new future
SHIFT 5 Cutting through the DNA
SHIFT 6 Keeping the organization future-focused
SHIFT 7 Gaining energy from setbacks

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