
Collaborative Excellence

#15 -- Organization Transformation

Leadership for the 21st Century

Leadership Guidance for our age of speed, change, complexity and inter-connectedness

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Part I. Understanding Organizational Change

When it comes to changing things, most leaders know very little – they are much better at managing the present than traveling into the future. This stems from the fact that seldom are leaders taught about the complexities and intricacies of changing people and things, which then results in poor performance, misunderstandings, false expectations, poor leadership, and often, loss of jobs, credibility, or influence.

Dynamic Realignment

The world around every organization is a complex kaleidoscope of change, some rapid and some slower. Visionary leaders are, by their nature, shifting the status quo, building bold new futures.

Astute leaders must be mentally prepared for the dynamics of change and the implications on their organization. Change is inevitable, but can be thorny because it means continuous realignment of the organization.

For example, for over a decade our team worked with assistant deputy ministers (senior civil servants) of large provincial (state) government in Canada. Changes in industry, economics, technology, politics, laws, and citizen expectations were often overwhelming. The typical response by senior ministers (political appointees) was to call for a reorganization to put their personal stamp of influence and direction on the government. Nearly a dozen reorganizations were ordered over twelve years.



*If you want to understand an organization,
just try to change it. – Kurt Lewin*

The belief was that a re-organization would cure the inefficiencies. Hardly the case; without changing the Three Dimensions of Alignment – Culture, Strategic & Operational -- from one that had been highly bureaucratic (transactional) to one that was interconnected (collaborative), none of the Dynamic Realignment functions would perform adequately.

Case in point: The health care system, which was highly transactional and quasi-adversarial, harbored enormous amounts of “non-value-added” work. When we measured the amount of work in the system that actually contributed to the health of a patient, we found less than 10% was actually value-added.¹

A government is a highly complex organizational system. As more and more demands are placed on it, the problems of a bureaucratic transactional approach to business become more and more blatant. Instituting internet based solutions helps with run-of-the-mill transactions, such as permit renewals, but cannot cope with things that need customized or individualized solutions. For example, just answering a letter by a citizen to a senior appointed minister required over 300 hours of work (yes you read that right) after checkoffs, layers of bureaucratic approvals – all a result of distrust resulting in poor delegation and lack-luster standards of excellence in how to respond to key stakeholders.

In trying to transform this government system, unfortunately, there were so many competing approaches for share of mind, and we played just a small part, the result was a “muddled mush” where advances were ultimately cancelled by regressions. After experiencing such muddy outcomes over the years in many situations, it became clear we needed a better vehicle – this book – to get our point across to senior leaders with precision.

And for the government’s healthcare system, it proved to be totally impervious to change – a decade of new leadership only produced more angst among the doctors and employees along with continuing cost escalation. They had a quality product and service, but a muddled system that has become outrageously costly because of its fragmentation and bureaucracy – symptoms of lack of collaborative excellence. This points out how the six frameworks of collaborative excellence must all be fully engaged to make holistic transformation a reality.



¹ We used the Toyota methodology for measuring value-added work, which has been adapted to health care analysis. Lest any Americans gloat, the U.S. health care system, in terms of value-added work analysis, often proves to be worse – plagued with bureaucracy, litigation, and fragmented, non-collaborative interaction between organizations, both internally and within the system’s value chain. Distrust and dysfunction in the U.S. health care system causes a 17% average annual turnover rate among the nursing profession – a key leading indicator of dissatisfaction with the nurse’s expectation of collaborative excellence.



[Contrast the Canadian example with the Toyota-NUMMI, Continental Airlines, or IBM examples which took a truly holistic pathway forward]

Forces of Change

There are typically three forces that drive change in organizations

1. **Crisis:** Force of a Crisis, Major Dissatisfaction or Breakdown
2. **Vision:** Elevating Force of a New Idea or Vision
3. **Adaptive:** Market, Social, Technical, Government, Political or Financial Forces



These are fundamental. Every leader should learn them and know how to use them. Use the wrong approach and wrestle with the ugly wounds of failure; master them and the future will beckon for you. (these are not presented in priority order)

Three Basic Forces for Change

1. The Force of a Crisis, Major Dissatisfaction or Breakdown

After surveying thousands of leaders in our workshops over the years, we quickly learned that most leaders manage change by riding the coattails of a crisis, or actually creating the crisis.

People respond to a real crisis (not a fake one) with speed and unity if a leader corrals these forces of human nature. Think about some crises you've faced: war, hurricanes, floods, tornadoes, earthquakes, fires, epidemics. Maybe the crisis is a product breakdown, an adverse law-suit, or a new competitor.

Adroit leaders know how to mobilize people and ride this big wave; diminutive leaders quake or simply fail to capitalize on the opportunity. Often belief systems are challenged.

2. Elevating Force of a New Idea or Vision

Nothing is so powerful as an idea whose time has come – it's an old saying, and, in many respects it is true – if you come with a the right package at the right time. Timing and message is crucial. Also, people must trust the value of the idea and the leaders who advocate it.

The American Revolution is a perfect of example of the right package of leaders (founding fathers) combined with the right thinking (Age of the Enlightenment) with good strategic plans (U.S. Constitution). The U.S. Civil War is an example of the wrong thinking (slavery) at the wrong time.

We've asked thousands of business leaders "What proportion of change comes from Crisis versus Vision?" Unequivocally they say about 85% from Crisis, and 15% from Vision.

This is significant because it shows how difficult it is to transform an organization without a sense of urgency to mobilize people to action. This is the primary reason why failing leaders “invent” a crisis to make something happen.

Visionary leaders have to stay right on top of things, with critical milestones, powerful interim results, and clear roles, responsibilities, and relationships that create a rhythmic drumbeat for the march of progress.

Visionary change is easier for startups and new organizations because the founder is typically the visionary with passion and personal commitment. More mature organizations are often set in their ways. It takes the multidimensional dynamics outlined in this book to create energy of innovation and generate pressure with multiple frameworks and methods to excite the organization to new levels.

3. Adaptive Change to Emerging Forces

Market, Social, Technical, Financial, Governmental, or Political Forces

These are typically slower forces that give advance indications of their potential. While they can be massive in their impact, such as the shift from analog to digital technology, there is plenty of advance notice. The choice to be proactive, adaptive, or reactive is relatively clear. While these changes many not be linear, Market Forces (Customers & Trends), Social Forces (i.e. Millennials entering the work force), Technical Forces (i.e. Putting Computers in Automobiles) and Financial Forces (i.e. Socially Responsible Investment) can generate momentum or be replaced by something new. (Often these link with #2: Thought Leadership.)

Government Regulations, Tax Policies, and Incentive Programs can also spearhead major changes in thinking and investment. Political shifts to the right, left, or center can create laws that set new standards, ethics, punishments, and ideals of social justice.

Part II -- Designing Your Organization

All these forces have an impact on an organization’s functioning – its “systems design architecture.” When changing one part of the system, other parts have to change along with it to support the change, otherwise the organization will go cross-ways against itself or the change will revert back or morph into something else that was never intended.

Systems change is not simple, but neither is it impossible, nor is it incomprehensible. Think of an organization like you think about a human being – with a series of interconnected organs that enable the body to function.

For this reason, we need a “system framework” or “architecture” that addresses the totality of an organization’s functioning, and is universally applicable no matter what the organization.



Making the Right Choice – Transactional or Collaborative System?

While this book focuses on the value of Collaborative Excellence in complex organizations, we should not overlook the value of a transactional approach – in the right organizational situation.

The following Charts will describe the situations and conditions for making choices about whether to use a *Collaborative* or *Transactional* Culture (or mixed culture) in your organization:

When *Transactional* Systems are Required

Not every organization needs a highly collaborative system. There are many situations where a transactional system makes more sense, particularly when:

1. Stability or Predictable (linear) Change
2. Large Majority of Processes are Replicable time after time
3. Human Intercession required only to handle unique situations or deviation from the norm
4. Innovation can be delegated to a select group of experts
5. Standard Operating Procedures can be utilized, and variances can be managed by rules
6. Conformity to Standards, Codes, Procedures or Checklists are essential across the board
7. Supply and Customer Relations can be managed by contracts and largely without significant human interaction
8. Diagnostics can be done transactionally and often remotely
9. Operational Units can typically operate relatively autonomously, requiring only synchronicity
10. Trust is largely invested in Core Competencies, Contracts, Regulations, and Standard Procedures, not Human Interaction

When *Collaborative* Systems are Required

The first issue to confront is the nature of the organization's environment itself. If the organization is challenged by the following conditions, then a Collaborative System is essential:

1. Rapid (non-linear) Change
2. Intricate Human Interactions
3. Innovation Required to stay competitive /up to date
4. Chaos or Conflict when things don't work right
5. Many different functions and/or organizations must work together
6. Numerous "moving parts" (complexity and chances for errors)
7. Unforgiving deadlines (no room for delays)
8. High stakes requires the right decisions the first time
9. Synergy is required within the Value Chain and between operational units
10. Significant consequences or penalties if mistakes are made or targets are missed

The two charts below further refine how to look at the issues of complexity and certainty in deciding how to lead, manage, and structure an organization. The tendency is want everything to be neat, orderly, and run by clear rules and rational interactions. In these charts, the left hand column outlines that simplistic ideal. However, in reality most modern organizations are a disparate variety. Leading, managing and structuring must be an amalgam of different types with people properly matched to each.

Determining if you need a *Transactional* or *Collaborative* Culture
Ambiguity-Certainty Continuum

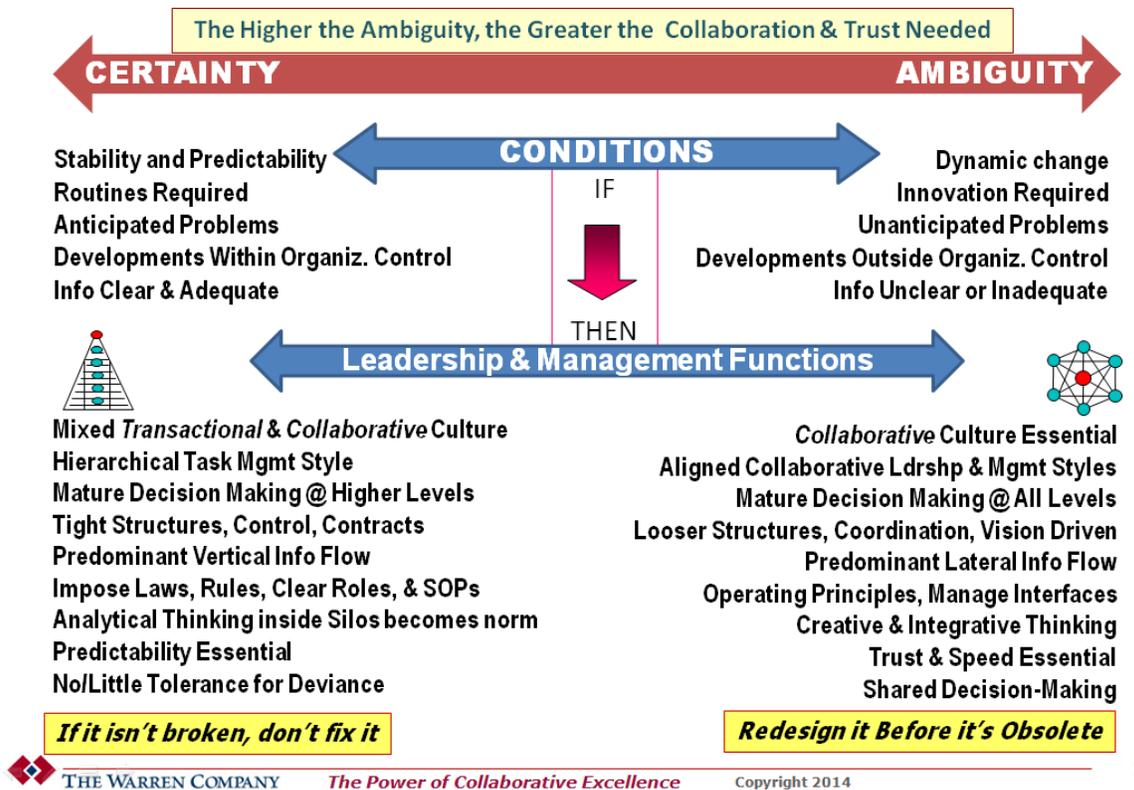


Figure 1: Ambiguity - Certainty Continuum

We found this situation in designing the structure for the Supply Chain Management system for Procter and Gamble. The objective was to keep total cost of ownership low, while stimulating innovation from suppliers in the value chain. The ultimate aim was strategic – to turn the supply chain into an “engine of innovation.”

Steve Rogers,² the senior executive in charge of the transformation, recognized at the outset that the process of managing the supplier relationships really fell into two distinct categories (see Figure 1):

1. Transactional Vendors who provided Commodities. This is where standard bargaining made the most sense, and needed to be managed by a cadre of procurement specialists who got the lowest cost, within quality and delivery parameters.
2. Strategic Suppliers who provided products and services where innovation was a real competitive advantage. This required managers who understood how to create trusted relationships.

² Steve is unquestionably the most astute supply chain leader and strategist I’ve ever met. His book, *The Supply Chain Advantage*, AMACOM, 2008 outlines his wisdom.



Building the Right Culture to fit the Environment
Managing Ambiguity and Certainty



The Higher the Ambiguity; The Greater the Trust Needed

CERTAINTY		AMBIGUITY	
Situation is Repetitive Covered by Rules	Situation is Complicated, Multiple Forces	Situation is Complex, Interconnected	Situation is Chaotic, Paradoxical,
Issues Known and Stable Future is Relatively Predictable	Issues Can be Known Future is Probable	Multiple Unknowns Future is Vague	Multiple Unknowns & Changing, Future is Unknown
Impose Laws, Rules & SOPs	Impose Guidelines/Forecasts	Impose Best Process/Practice	Impose Principles
Proven Operating Procedures Stability is Desired/Possible	Use Judgment & Experience Decision Making Criteria	Use Intuitive Thinking Trust is Essential	Use Creativity & Intuitive Thinking, Prolific Innovation
Decide by Reason/Rationality	Analysis of Components	Examine Scenario Options	Create/Influence Scenarios
Everyone Follow the Book/Contract	Use Intelligence & Knowledge	Rely on Wisdom & Principles	Wisdom & Creativity
Focus on the Right Answer, Optimize Efficiency	Focus on Key Priorities Gain Proficiency	Focus on Systems Interaction Manage Interfaces	Focus on Opportunities & Questions, Aim for Zone
Reward Right Behavior	Use Teamwork & Alignment	Flexibility & Coordination Frameworks	Rapid Response Teams & Multiple Rapid Experiments
No Tolerance of Differences	Tolerance of Differences	Support & Value Differences	Nurture Differences
Position in Existing Markets	Multiple Market Forces	Changing Market Conditions	Incubate Emerging Markets
Transactional Culture Sufficient	Mixed Transactional & Collaborative Culture	High Trust Collaborative Essential for Innovation, Speed, Synergy & Integration across Boundaries	

If it Ain't Broke, Don't Fix It! Portions Adapted from David Snowden, IBM Centre for Organizational Complexity *If it Ain't Broke, Break It!*
THE WARREN COMPANY *The Power of Collaborative Excellence* Copyright 2014

Figure 2: Rules of Engagement on the Certainty - Ambiguity Continuum

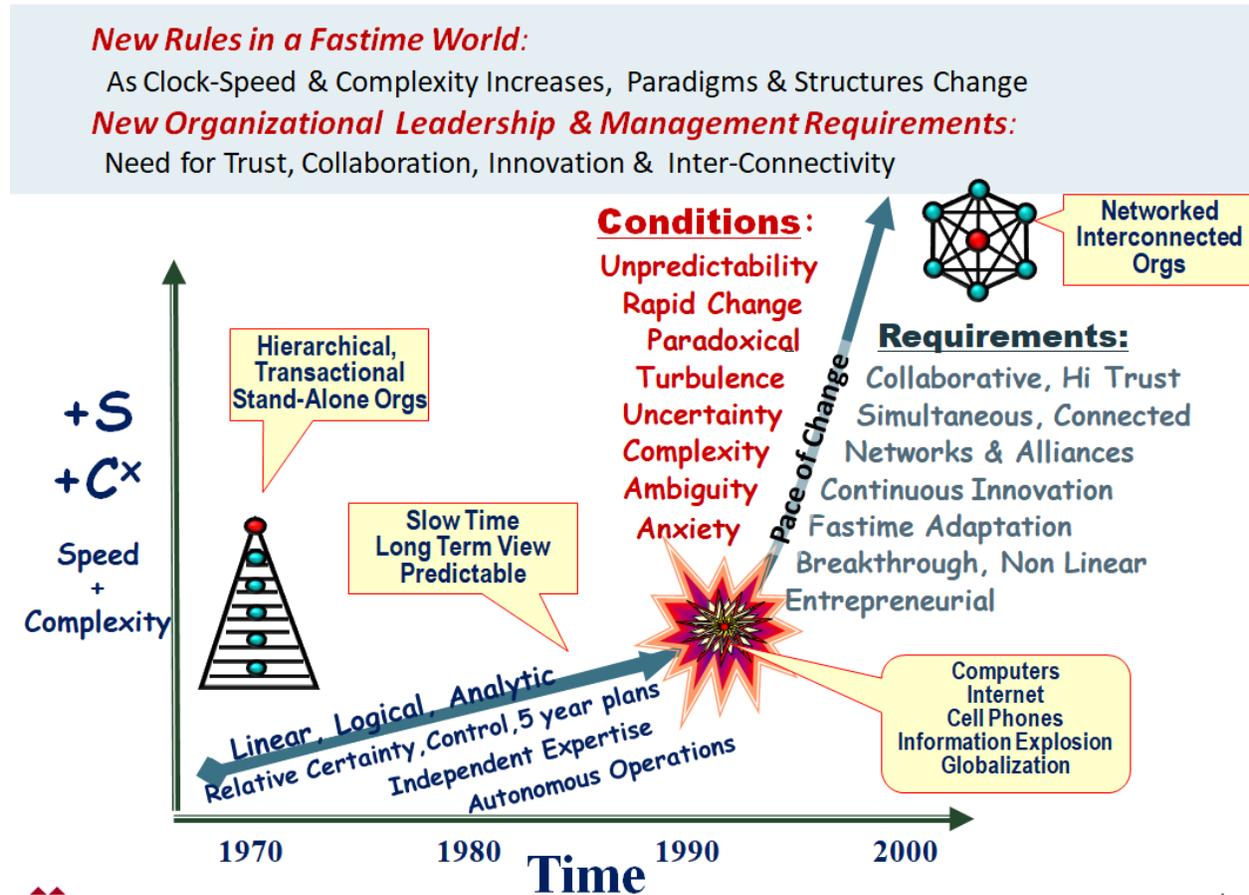
To understand Figure 2, think of an Electric Company delivering power to its customer base. During normal operations, the organization functions largely in the left column: rules and procedures are clear; roles and responsibilities are carefully defined; decision structures are hierarchical, people know what's within their boundaries and what's out. Government approvals are required, procurement is bid out along strict lines of procedure.

However, the when a major disruption occurs, such as a hurricane, flood, tornado, or ice storm, the whole system shifts to the right column: "get the power back on!" is the only mission; get the job done without having any customer or employee being hurt; time is of the essence; teams swarm together to assist each other; trucks with a brotherhood of workers come from outside the borders from other utilities to respond to the emergency; linemen (not executives) make rapid decisions in the field of action, informing their superiors along the way. The corporate culture shifts from transactional to collaborative the moment the emergency is declared. Utility executive I've worked with claim they get more done in a week in an emergency than in a year or two under normal conditions.

Part III. Overcoming Resistance to Change

The Rapid Pace of Change

While change is never easy for humans, in the last few decades it has been even more difficult. In no time in course of history – with the exception of wartime – has change happened so rapidly, as the chart below depicts (based on input from over 10,000 workshop participants).



Change is not a splendid experience

Many leaders flunk out when workers hear the dreaded the “I’m going to change things!” pledge. Along with this pace of dynamic change comes a train-load of psychic stresses, causing most people to resist change. Here a few good reasons why:

- Most people’s experience with change has been negative. We’ve done informal surveys of thousands of managers and leaders; about 3 in 4 have said their experience has not been good. Most leaders who try to “change” things botch the job. Acquisitions are a good example; most good people jump ship within a year of an acquisition, leaving a hollow core of mediocre people behind.
- It’s somewhat traumatic to hear the dreaded “I’m going to change this place (and you too)!” declaration. Change requires a lot of unknown/unpredictable risks, and often a loss of security.



When people say they'd prefer the "devil they know to the devil they don't know," it says a lot. Most change carries with it the burden of fear, uncertainty and doubt, raising people's anxiety levels. Leaders who don't understand that emotions will kill the human spirit are aimed at the abyss of failure. When things aren't going well and change is a necessity, it takes a very adept leader – one who has a clear vision and can build trust to make good things happen.

- The idea of "change management" is, in and of itself, a massive deception, and people know it. First, the word "change" has no values and direction, thus it implies "different" but not necessarily better. Second, the whole idea that change can be managed is bizarre. Management is the efficient use of resources, while change requires a reframing of the way people think; thus change requires both systems thinking and leadership before trying to engage management concepts. No wonder most managers lack confidence in their leadership to navigate through the chaos.

While resistance to change has been always been difficult, it's actually more difficult today because of the complexity of change married to the loss of trust in institutions and leadership. This is why today's leaders need a far deeper of understanding of the change process and what causes resistance to change.

The Difficulty of Change

Those who promote change, the entire idea of "change" carries a heavy load, for the word itself has many negative connotations:

1. **Negative Experiences:** Most people's experience with change has been largely negative (at least that's how they remember it). It came too fast, created losses, was pushed upon them, was chaotic, felt like victimization, and so forth.

For example, I've interviewed scores of retired executives who lament that their highly engaging and superbly profitable programs were "changed" when a

Leaders fail to understand that collaborative cultures are more

The Emotional Volcano

Change is stressful (see Figure 3: Resistance to Change) Many people will carry resentment from watching years of effort being wiped out. These emotions can include:

- Anger
- Stress
- Depression
- Frustration
- Victimization
- Helplessness
- Unfulfilled Expectations
- Grieving & Loss
- Loss of Control
- Disappointment
- Danger-Fear
- Insecurity
- Hurt
- Guilt
- Anxiety

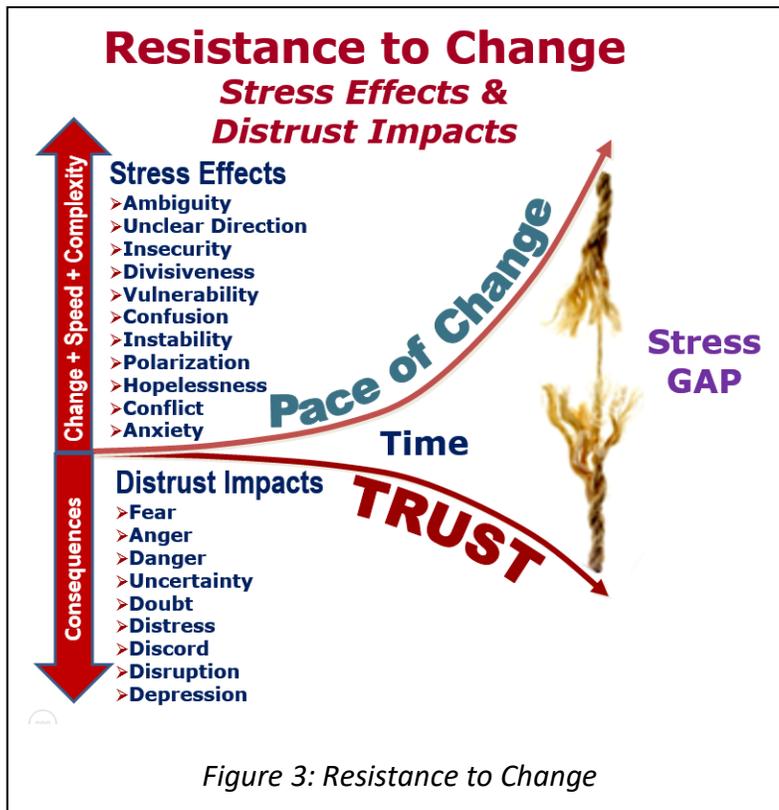
When these emerge, and they will, the collaborative leader will acknowledge the reality, while messaging the need to change, the consequences of remaining stuck in the status quo, how the rewards will outweigh the risk, the training to be sure no one is left behind, how it will be accomplished through a well-executed plan via elegant teamwork (another way of saying "peer support").

reversionist scrapped their collaborative program initiatives for a traditional transactional change, and lost millions of dollars. Tom Stallkamp, CEO of the great 1990s turnaround at Chrysler, lamented that after Daimler-Benz acquired the Detroit automaker in 1998, they disassembled all the collaborative supplier programs, and proceeded to throw away potentially \$24 billion in profits, eventually resulting in bankruptcy ten years after the acquisition.

This memory will overshadow all the buzz words, sales malarkey, and hype that change peddlers use to convince us that change is for our benefit. The older one gets, the bad memories accumulate, thus many of the old guard have gone from skeptical to cynical.

2. **Negative Emotions:** The negative experiences carry emotional baggage, particularly if the level of trust in the culture is “below the belt.” Cutthroat, dog-eat-dog climates will cause people to see sinister, malicious motives behind every intent.

Most purveyors of change fail to recognize that just the idea of “change” creates multiple stress



effects and distrust impacts that can ultimately dis-integrate any efforts like a pandemic. (see Figure 3)

In simple terms, most change initiative are plagued with layers of distrust, which bushwhack the change initiative fast.

For example, people responsible for change initiatives often refer to themselves as “change agents.” Really? It sounds like they are secret agents from some clandestine alien agency ready to hoodwink people.

Understanding Human Factors

Grappling with the angst that comes with change (see Figure 3) need not be a daunting challenge. However, no matter how rational or ethical the change may be, there will be a truck-load of emotions attached, and they must be addressed, else they become forces of undermining and sabotage.



To comprehend the human issues more adroitly, let's use Paul Lawrence's the 4 Drive Model of Human



Behavior (

Figure 4):

Figure 4: Four Drives of Human Behavior

Drive to Acquire: People who are doing the change are usually the beneficiaries of the result. This is typical in corporate acquisitions – the acquiring company wants to make more money, thus will be laying off employees. In other words, those affected by the change acquire nothing but pink slips.

For years I worked with business, both small and global, to build strategic alliances. We were highly successful because the alliance framework enabled stakeholders to engage in win-win ventures. Our success rate was 80%, because each of the stakeholders was able to acquire what they wanted. Contrast that with the Mergers and Acquisitions which have only a 25-30% success rate by the acquiring company. The primary reasons are that the good people leave when the new owners try to convert their new company and get bitten by resistance to change. Revisit the new acquisition two years later; most of the good people are gone in those acquisitions that fail.

Any change program should embrace “what’s in it for me” – while diminishing the risks and losses. This included the risks of not having the competencies necessary to make the new standard. Training programs are helpful.

Paul Lawrence recommended: *In honor of another’s drive to **Acquire**:*

- Enhance People’s Capacity to Acquire Necessary Resources to Succeed.
- Give People the Autonomy and Authority to Solve Problems
- Reward People for their Contribution and Commitment to Overall Goals

Drive to Bond: Change, whether positive or negative, is disconcerting to most, and frightening to many. If people feel alone, isolated, excommunicated, manipulated, victimized, or unengaged, their *resistance to change* will escalate. This is why unions form – to bond together to resist what are perceived as unfair labor practices.

If the change initiative doesn't strongly communicate interactively with those who will be affected, the resistance will jump. People want to feel like they are a part of things; that their opinions and insights count, that others like them are all part of the groundswell that will make the new initiative works. Leave them out and they will bond together to resist, or worse, sabotage the efforts. Collaborative excellence will engage the workforce in identifying problems, diagnosing the causes, and working as a team to solve the problems.

The drive to Bond is so strong, it is the basis of why labor unions first emerged – to unite against horrid working conditions and low pay. Sports teams are constantly in the state of flux, not only during the

Paul Lawrence recommended: In honor of another's drive to **Bond**:

- Meet Expectations and Keep Promises, Commitments, and Ethics.
- Seek Fair exchanges rather than cheating or deceiving.
- Aim at a culture supportive of Trust, Teamwork, and Collaboration
- Don't forsake the "Greater Good" in favor of one's "Self-Interest."

dynamics of the game, but from season to season as players move on to retirement or other teams. The teams with the highest trust and collaboration navigate this chaos most adroitly. Case in point: the New England Patriots football team typically suffers a 35% player turnover annually, along with the poaching of much of its coaching staff. Yet they have the highest winning record of any team in the league over the last twenty years. Most authorities attribute this to Patriot's collaborative culture.

Drive to Create: Too much resistance to change emanates from not letting people use their natural creativity to make a positive contribution to the new vision or result. People are naturally creative, especially in a collaborative environment.

For many years I worked to help revitalize old broken down neighborhoods in New England. One of the first things we always did was to ask people what they thought of their community – what they liked, disliked, thought should be preserved, and what needed to be done to improve things. When people got a chance to engage in these discussions, we could then ask them if they would be willing to contribute their ideas and insights about how the company could improve. While some were reluctant at first for fear of being reprimanded, ultimately over 90% of people engaged in mutual problem solving to make improvements. Getting people engaged was accelerated when senior leaders seriously encouraged engagement.

People Support What They Help Create



In transactional and hierarchical cultures based on command and control methods, senior executives will have to the extra mile to jump-start engagement within the rank and file. Once I worked with a Commanding Officer of a military unit that was suffering from poor performance and morale within the enlisted ranks. One of the problems was that the CO's officers weren't taking care of their men. I went down to the mess deck to talk informally with the enlisted corps. They were reluctant to speak for fear of retribution. I emphasized that my report to the CO would be confidential. So the men began to open up – just a little bit – they complained about bad tasting food and cold toast for breakfast. I reported this to the CO, who broke out in a rage, castigating his men for being so petty. After a moment to calm down, I explained that it was all a test. If the CO couldn't solve a little problem like cold toast, then everything else was for naught. Eventually the CO grasped the opportunity, fixed the food problem, and that opened the door for real engagement, teamwork, leading to higher morale and much better operational performance.

Paul Lawrence recommended: In honor of another's drive to **Create**:

- Honor Diversity of Opinions and Points of View that stimulate new ideas
- Ask Questions that challenge underlying assumptions and superficial truths
- Share Useful Information and insights rather than withholding it.
- Respect Other's Beliefs, even in disagreement, rather than ridiculing them.

Drive to Defend:

Dissatisfaction

When discussing change with people in organizations around the world, we found a very similar pattern. When people were extremely dissatisfied with their current condition, change was readily embraced. But if they were only moderately dissatisfied, the “devil they knew was better than the devil they didn't know.”

*It's Dissatisfaction, not Necessity,
that's the Mother of Invention.
If it were Necessity, cave men
would have invented the light bulb.*

If dissatisfaction is not high, there is insufficient tension between the current condition and the foreseen “changed” state of affairs, there is not enough energy to move. Thus their contentment will cause them to defend the status quo.

Hurdle Levels

This one's readiness to change was related to their benefit/cost perception. If the cost, pain, insecurity, or risk is too high for the benefit they'd receive, then no deal.

For example, people buy speculative stocks like Bitcoin or Marijuana if they think they have a “sure thing” and will make big bucks. Peddlers of stocks know this and hype the speculation, until reality sets in the stock crashes. Another example is dieting. If I can lose 40 lbs in 4 months, that’s worth the pain to cut weight. But if I was assured I would only lose 4 lbs in 4 months, my hurdle rate would not be enough.

Generally, we’ve found that a 15-20% improvement or benefit over the current condition is needed before people will seriously embrace a major change.

Safety, Security & Trust

People Desecrate What They Distrust

When people know they will be physically and emotionally safe along with being economically secure when adapting to change, they are far more willing to accept change that comes from trusted leaders who will be guardians of their future. Leaders who run organizations on the basis of fear and manipulation will have the most difficult times moving people into the future.

Overall, *collaborative* leaders³ have a far higher chance of creating new innovations because they are trusted and value their people. Conversely, *adversarial* leaders pronounce a “my way or the highway” attitude, while *transactional* leaders think of their workforce as “replaceable parts.”

Emotions Matter

On one extreme, many business leaders would like think of people as rational computers whose emotions don’t matter. This is a mistake, because emotions propel passions, which can be used either positively to achieve remarkable results, or negatively to cut a destructive swath.

On the other extreme, psychologists are constantly probing emotions, asking the questions about “how do you feel,” as if humans were just a jumble of repressed emotions. Replacing negative emotions with positive ones is not just a simple exercise in rational discourse. It’s like telling a warrior returning from combat duty in a war zone that Post Traumatic Stress Disorder is “all in your head” and expecting the stress to magically emulsify.

Too much emphasis on emotions is just as bad as too little. The best way is to focus energy on satisfying the four “drives” that determine behavior, build a START Culture (Spirit, Trust, Adversity Response, & Teamwork), lead by example with courage, communications, reinforcement, training, and innovation.

There will be roughly about 25% of your organization for whom stability, safety and predictability is of primary importance. These are the people who have a high drive to *Defend* (in the 4-Drive Framework). For these people, trust is not enough – they need low levels of ambiguity and uncertainty. They need to contribute to building the plan, the strategy, the contingency plan, the risk management plan, and the rules of engagement. They are the “orderly guardians” who can’t and won’t “create on the fly,” but

³ Note the distinction between “Congenial” (nice) versus “Collaborative” (trusted teamwork)



instead need to be sure all the pitfalls are accounted for. They may at first look like cynics, but are really healthy skeptics who need concrete answers before they lend their support.

Paul Lawrence recommended: In honor of another’s drive to **Defend**:

- Help Protect Others, their loved ones and their property.
- Prevent Bullying, Domination, and Excessive Fear
- Insist on a Reasonable Level of Safety and Security
- Build Trustworthy and Predictable Relationships

Bottom Line: Ensure all 4 Drives are *engaged* and *aligned* when shifting gears in your organization.

Handling Resistance to Change: the Deadly Seven Sins

Here’s a short list of the typical problems that manifest as Resistance to Change and what can be done about it:



1. Too Complex – The Whole Program is far too complicated

- **Problem:** *The human brain’s Pattern Recognition & Prediction Capability is Confounded by Complexity or says “No Way!” because people suspect embedded within the complexity is chicanery.*
- **Solution:** *Any Systems Solution is complex. However “Keep It Simple & Straightforward” (KISS), must prevail -- at least at the conceptual level. Simple messages, simple frameworks, simple steps, low risk, high reward, low threshold for first stage improvements are essential. Try to message in units of 2, 3, or 4 – such as the 4 Drives, the 4 Alignments, 3-Dimensional Communications, etc. Not everyone needs to know all the intricate details.*

Simplify the Transition -- complexity kills transformation

Institute Immersive Learning Training Programs that make it clear what the New Beliefs, Thinking, Insights, Skills, Responses & Capabilities might look like. Lower the Threshold of Risk & Fear, Build Trust & Teamwork. Define New Standards of Behavior, Metrics, & Rewards.

2. Too Much FUDD – Fear, Uncertainty, Discord, Distrust

- **Problem:** *If people are distrustful, they will try to protect themselves (every man for himself), rather than embrace others with an open mind. This is often the result of an adversarial culture where leaders have been blaming others, ridiculing others, punishing every mistake, or killing the human spirit.*

Foul Fruit grows in a forest of FUDD

- **Solution:** *Start with a diagnosis of the level of FUDD, using the Trust frameworks for building a collaborative culture. Train people on how to improve the level of trust. Emphasize teamwork and cross-boundary integration by putting people from one department into another.*

3. Too Little Engagement

- **Problem:** *Those who must Support Change feel Left out, Isolated, or even Castigated; they've been isolated or their voices haven't been heard; thus proposed changes are without the involvement, insights, and ideas for improvement by those who will be affected by the change.*

- **Solution:** *Set up Engagement Workshops where people contribute to diagnosing the problems and obstacles, create solutions from those who have to implement the new program, and diagnose where the breakdowns might occur.*

“People Support What They Help Create”

4. Insufficient Value Proposition

- **Problem:** *Not enough value created to justify my interest, commitment or devotion.*

Doesn't exceed the “hurdle rate” that will make a difference.

- **Solution:** *Many programs focus on reducing costs and increasing profits. While these are essential, they often overlook the real creation of value that excites the workforce to do things better, to innovate, and to connect across boundaries to seek new ideas.*

Revisit Chapter 4 on Value Creation to

be sure the transformation produces

new value that makes the reward worth the effort.

“Value is what remains after the price tag wears off”



5. Too Little Leadership

- **Problem:** *Neither Senior Leaders nor Senior Managers are Strong Advocates of the changes advocated. The success of the program has been delegated to outside consultants and middle managers.*

The term “change management” epitomizes the problem. Change, in and of itself is not inherently good or revered. It is not a job for managers alone.

- **Solution:** *Transformation is, by its nature, both a leadership responsibility and a systems redesign endeavor. Very few leaders are proficient at changing complex systems – they were never trained in such things. Before embarking on such a venture. One of the reasons why leaders don’t become fully committed to transformation is they don’t feel confident – they’ve never been trained in an effective design framework that enables core teams to produce reliable results. (That’s the purpose of this book.)*

Beyond commitment, leaders must communicate frequently and innovate continually. If the senior leadership team is not on the same page about the value, strategy, and implementation of the effort, the cracks in the leadership team will manifest in the mediocrity of the results.

Don’t overlook management – they must deliver the results. Be sure they are supportive, involved, and accountable.

6. Too Little Evidence

- **Problem:** *Because change triggers insecurities in people, to reduce the uncertainty, they look for evidence things will work out okay. The easy, but less effective route is to show that the new way worked someplace else, so it should also work here. Some will buy this thinking, but others will remain skeptical and give credence to all the cynics who won’t accept the possibility that a new way will be effective.*

- **Solution:** *Success at any transformation effort is triggered by strong attitudes and beliefs in a new way of thinking and operations. Without a*

powerful countervailing belief system, the vacuum will be filled with FUDD. To counter this effect, it's imperative to create concrete evidence (often via a Pilot Program) that proves to healthy skeptics that things will progress positively. Hand select the participants to increase the chances of success. If cynics aren't neutralized, consider moving them to places and positions where their negativity won't poison the future.

7. Rewards & Measures & Culture Reinforce Old Behavior

- **Problem:** In many efforts to shift the organization, leaders overlook the fact that the old rewards, measures, and culture has not changed. Thus people are expected to act and think to a new standard, but they are reinforced to behave by the old standard.
- **Solution:** Comb through every measure and reward in the organization to flush out those that reinforce non-collaborative behaviors. Critically examine the culture (see Chapter 2) to realign the organization's vital energies toward high achievement by emphasizing trust, innovation, and teamwork.

Overhauling a Race Car Engine while Driving at High Speed

A veteran CEO lamented to me that trying to change his company was like trying to do an engine overhaul on his race car traveling at 100 mph on the speedway. He shrugged his shoulders and shook his head stating "If it can be done, it's nearly impossible." He was frustrated and believed it couldn't be done. He was right – if you believe it can't be done, it can't.

The problem is, if you don't overhaul your organization, the competition will overtake it.

In the next section, we'll outline how to use the 4 Alignments of Leadership to address how to overhaul your organization on the fly.





Part IV. Launching Transformation Initiatives using the Four Alignments

Whether it be a corporate turnaround, a new strategic initiative, acquiring a new company, constructing a value chain that produces enormous competitive advantage, or initiating an alliance, the 4-Alignments framework provides a highly effective structure to use as a “template” for a multitude of applications. We don’t call this framework “change management” because it’s really about “ReAlignment” first, then “ReOrganization.”

Template for Transformation Initiatives

1. STRATEGIC ALIGNMENT

a. Compelling Rationale (Logic)

- Requirement to Adapt/Change (Dynamic ReAlignment)
- Gap between Today’s Reality Tomorrow’s Requirement
- Measure of the Magnitude of the Gap

b. Urgency (Emotion)

- Sense of Urgency to avert Danger or Unfulfilled Need (i.e. Customer Need) or Threat of Extinction (slow or fast)
- Broad Action/Timing Required to avert Danger

c. Clear Vision, Value Proposition

- Precise “picture” (vision) of new approach (framed in the 4 Alignments)
- Value Proposition that inspires & specifies what will be delivered by when
- Clarity about how this is the “best,” “ethical” and “right thing to do” at this moment in time.

a. Action Required & Strategic Pathway

- Strategy to Win vs Competition – Extend to entire Value Chain, including Suppliers, Delivery Partners, and Customers (now & future)
- Specific Goals & Targets, Measures of Success
- Innovation Required (technical, process, integration, etc.)



and

2. CULTURAL/LEADERSHIP ALIGNMENT

a. Leadership United

- Strong Voices aligned/united in their call to action
- Can-Do Attitude with emphasis on Teamwork, Trust, & Innovation
- Passionate Commitment to spark and unite people
- Use of the Influence of Authority & Peer Groups
Willingness to Change voiced by those “in the know”

- Identify “Champions” (who believe in the Strategy) to Execute
Ensure Champions have Executive Sponsors (“godfathers”)
- Empowerment of Key People & Influencers

b. Leaders Build a Foundational Culture of Trust & Teamwork/Collaboration

- Ensure Collaborative Leadership Style to provide spirit, handle complexity (only collaborative leadership can generate synergy)
- Continuous Emphasis on Integrity of Actions & Words
- Ensure change is Safe, Secure, Fair, Honorable, and Ethical
- Engage those who will be part of the new strategy in developing its implementation *before* announcement (refine strategy to ensure success)
People Support What They Help Create

c. Constant Communications

- About the Strategy, Rationale, and Culture needed to Achieve the Strategy --
Focus on Teamwork as the means to achieve the Strategy (beware – only the right type of communications)
- Three Dimensional Communications
 - *Speaking, Listening, Asking Questions*
 - *Rational, Ethical, Emotional*
 - *Short, Memorable, Meaningful*
- Integrity of Actions & Words
- Leaders are Fully Engaged as living symbols of the new vision

3. OPERATIONAL ALIGNMENT

a. Transform Strategic Intent & Value into Action Plans & High Performance Projects

- Strategic Initiatives must be broken down into organization-wide Projects with tangible Deliverables, Milestones, Roles, Responsibilities, and Accountability
- Select Collaborative Project Leaders who understand how to use the 4 Alignments in day-to-day operations
- Ensure Adaptability at local level to account for local variation
(Don’t Micro-Manage every detail – let innovation percolate on the front lines)
- Turn Breakdowns into Breakthroughs with Learning & Innovation
- Emphasize Collaborative Innovation, Excellence, & Team Performance

b. Devise Pilot Projects to Create Rapid Evidence and Belief

- Focus on Best Collaborative Practices, Preselect Champions & Team Players
- Beware of TransActional Short-Comings of Project Management
- Gain Traction with Quick Wins – Pilot Projects
(Give the Healthy Skeptics something to deny the Negative Cynics)
- Develop Key Learnings for use in larger projects
- Show where it (or parts of it) worked or failed & why (conditions for success)

c. Human Resource Support



- Ensure Human Resources have Capability (capacity & competence)

4. DYNAMIC REALIGNMENT

a. Identify Potential Breakdowns

- 85% of all Breakdowns are Predictable
- Most Breakdowns occur at points of flux or at interfaces
- Turn Breakdowns into Breakthroughs – Learning & Collaborative Innovation
- Use Collaboration to Adapt to Changes in Environment & Manage Complexity

b. Institute Fasttime Processes

- Remove Non-Value Added
- Streamline Process Flow, Remove Silos/Barriers
- Ensure Cross-Functional Alignment and Teamwork
- Create Feedback Loop to Strategic Planning

c. Collaborative Innovation

- Engage key stakeholders (internal/external – i.e. customers, suppliers, partners)
- Use Collaborative Innovation Best Practices to maximize potential
- Use Diversity & Trust to generate ideas that morph into better solutions
- Test ideas in pilot projects to generate learning (no such thing as failure)

d. Address Resistance to Change

- Engage Stakeholders & Power Bases
- Training Programs – New Skills & Capabilities
- Lower the Threshold of Risk & Fear, Build Trust/Teamwork
- Define New Standards of Behavior
- Simplify the Transition -- complexity kills transformation
- Release Non-Performers, Cynics, Resisters, Clean up cultural snags
- Transform Conflict into Innovation (using Dynamic Differential Energy)
- Communicate Frequently with open Feedback Loops

e. ReAlign Structures, Measures & Rewards

- Ensure Organizational Structures support the new vision & value delivery
- Ensure new metrics & rewards match the new vision and behavior | (old measures must change otherwise old behaviors & thinking will prevail)
- Ensure required results are multi-dimensional (financial, attitudinal, behavioral, creative, etc.) (Use Balanced Scorecard – Strategic Return on Investment for Strategic Initiatives)
- Reward & Recognize individuals & teams that produce right results the right way

f. Initiate Field-Scanning Process (see around corners & over the horizon)

- Early Warning System to Detect Changes/Shifts in External Environment
- Determine if ReAlignment is further Required (reactive, pro-active, pre-active)
- Form Alliances to Gain Early Insight/Access/Advantage to shifts

g. Diagnostics to Measure Health of the System

- Measure the Health of the 4 Alignments
- Determine Leading Indicators of Success or Impending Problems
- Be Proactive, not Reactive when symptoms of problems occur
- Feedback to the Participants for validation followed by corrective action



Applications of Alignment Architecture

