Focusing Change to Win – Global Survey of 1072 leaders – Executive Summary

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If you think change is expensive, how about failed change?

Instead, how about Focusing Change to Win?

Survey in Brief

- 1072 Leaders
- 510 C-Level Contributors
- 80 Countries
- 58% Outside USA
- 19 Industry Sectors
- $10m To $5bn Revenues
- 12+ Years Average Change Management Experience
- Changing every 12 months or less
- Change is driven by 3-4 factors
- Their People's Resistance to Change:
  - Fear of the Unknown or Failure 93.3%
  - Poor Communication 90.5%
  - Comfortable with the Current State 90.2%
  - Not Seeing the Value for Change 89.8%
  - Lack of Preparation for New Roles 80.6%
  - Loss of Status or Job Security 77.5%

The Cost of Failed Change

Failed change means lost opportunity, competitive vulnerability, poor revenues, lost employees, increased cynicism and fear. Its residue is a hostile and toxic culture, where change resistance becomes the norm.

So, why is this survey important?

Change management's track record isn't getting any better and, isn't likely to, if we don't do different things. Who says?

- Change failure rates continue above 60%

- Surveyed executives still say people are the main reason for failed change

- World economics are negatively impacting working and commercial relationships

- Technology continues to deliver faster, opportunity-rich and competitively challenging solutions that often impact jobs and working relationships.

Change management was never easy, and now is even more challenging. Unfortunately, any consensus on the causes and solutions of failed change remain elusive. Yet, some organizations do manage successful change. This puzzle is what motivated this study and led to this question and our survey:

What are the meaningful differences between those that thrive on change and those that just survive?

After analyzing over 6000 contributor comments, there are clearly those that understand this condition and those who do not. They realize that working relationships are increasingly stressed in the drive for ever-faster responses to competitive threats and opportunities. Unfortunately, this survey confirms other

studies. Too many organizations are still trying to do things differently not **do different things**. In a recent study:

"96% of leaders say their current business models are misaligned with emergent realities, unforeseen challenges and changing priorities. Two-thirds say "extensive changes" are required. Yet they also confess they don't know how to go about fixing what's no longer delivering sustainable competitive advantage"

The cost of a failed change can be staggering, from lowering morale to losing key customers due to poor quality.

We believe that it's time to challenge change management leaders to stand back. What follows are a summary of our conclusions and takeaways drawn from the collective wisdom of over 1000 leaders, managers and consultants with 10,000 years of change management experience[NA1] who wrote 6,307 comments in answer to 22 questions

Section 1: The Why & What of Change

Since When Was Common-Sense Common Practice?

We take an in-depth look at how our contributors improve their chances of thriving, by communicating in ways that build trust and engage people. For these contributors, communication must constantly focus on the ***Why of Change & What is Expected*** *and* what the change is not about. This is the Change Expectations Framework. It engages deeper understanding and helps everyone manage stress more effectively.

Note: You may think everyone does these three steps; you are probably wrong at least 70% of the time according to studies over the last 10 years. Here's why it is even more important today. Most contributors (89%) say that their organizations change at least every 12 months.[4] These changes are driven by 3-4 simultaneous reasons for change. All these changes should have three things in common. What you expect people to:

> **Stop** doing, so that they can start doing new things

> **Start** doing, and

> **Continue** doing

Yet, this survey's findings show that contributors rarely mention all three in the same contribution. Why is this important? It creates increased stress and potentially change resistance. It works like this.

Assuming we are always managing change with limited resources like people, money, technology and time, leaders have to manage the tension between these three elements of stop, start and continue. Then, after deciding the commercial need for change, leaders need the Emotional Intelligence to identify which groups and individuals are likely to experience unhealthy stress and resistance.

This underscores the need for leadership consensus on "why are we changing?". For many contributors, leader inconsistency fuels people's natural resistance. The ever-increasing rate of change demands that leaders give clear and compelling reasons for employees to overcome their feelings of ***here we go again.***

Change Resistance Factors Contributors = 1067	%
Fear of the Unknown or Failure	93.3
Insufficient Communication	90.5
Comfortable with the Current State	90.2
Not Seeing the Benefits for Change	89.8
Lack of Preparation for New Roles	80.6
Loss of Status or Job Security	77.5

Unfortunately, we conclude that too many leaders either ignore, or are unaware that change will be stressful for their peers and employees.

Section2: Why Do People Resist Change?

Accelerated Change Failure Creates Cultural Toxicity

Here's the reality, Leaders need employee support and trust if there change is going to stand any chance of success. Our contributors underscore this. If people are cynical about a change, pessimism will set in, and failure is assured. Our contributors show that there are no simple remedies, no sound bites or grizzly 7-step plans. Yet, at its core there are fundamental values that, if believed in, will provide a sound basis for planning and executing successful change. Change failures have left their mark on our contributor's over the last 8 years. Through their eyes, resistance is a brown field site[9]. Now, change is synonymous with downsizing, doing more for less, and so on.

Accelerated change demands more of everyone. Such change has major consequences for employees. Accelerated change failure creates cultural toxicity. Crucially, leaders need to separate the symptoms of change resistance from the stress that causes it. If they don't, they are just like bad sales people trying to overcome objections rather than realizing 60% of them are their own creation. From all these contributors, they are saying that change resistance is natural, but you don't need to make it that difficult if you do some things profoundly well. The chart below gives a sense of the avoidable.

Once you recognize that Change Resistance is caused by stress then you can be more effective in reducing it. Our contributors say that, if leaders create clear and consistent frameworks, you help most people make informed decision about committing to a change or not. Here's what our contributors are saying:

Clear Direction: Leaders clarify their change's What, Why, How and WIIFMs[10] for different groups and individuals.

Align Expectations: Between leaders and individuals

Develop Accountabilities: by developing the rewards and consequences that ensure expectations of *both* leaders and their people are met.

These are sound practices for reducing and managing peoples stress, but only if leaders realize they need to be: the importance of Walking Their Own Talk. This means that they are:

- Consistent & Transparent

- Mutually Respectful

- Communicative & Responsive

- Honest & Candid

Section 3: Why Bother Measuring Change?

How often do the blind lead the blind?

Most of our contributors do measure change, but 37% either don't measure change or they don't know if they do or **feel measuring change is too difficult**

So, here's some evidence that this issue is not the *No Brainer* many think it to be.

For example, learning is the most mentioned benefit of measuring change (27.1%). If this is so important then why the lack of focus on vehicles like coaching, mentoring and training to capitalize on this learning.

Another striking disconnect is the low numbers who see benefits of measuring change's impact on marketing and customers. This is curious, as contributor's most common reason for losing customers is not price but poor quality (92.2%), poor follow up by sales people (76.5 (%)) and making the wrong assumptions about customers (64.5%). After detailed analysis, it would seem that the relationship between change and competitive advantage is not as clearly connected as one might think**.**

In addition, the use of employee metrics including, individual performance, resistance to change, improvement to company culture and understanding our purpose, as low compared to satisfaction surveys. Most concerning is the lack of focus on individual behavior change and tracking pay related rewards. This is further evidence of little focus on accountability and establishing a requiring environment.

Another facet of measuring change that concerns us is the blend of lagging and leading indicators. Lagging indicators keep score, and Leading indicators alert you to the direction and pace of change. The trap for both the enthusiastic novice and the jaded professional is the seduction of the easily measured. There seems an overreliance on lagging metrics, which are ineffective, in tracking behavioral, cultural and societal issues.

Even when metrics are agreed, the next challenge is creating greater transparency so that they are used to create and sustain change momentum.

What Questions do Change Metrics Need to Answer?

Overall, there needs to be more focus on developing effective change metrics. The challenge is: How well do your change metrics accelerate learning, problem solving and decision-making?

In Section 4, we have distilled contributor questions that change metrics to answer. We ask readers to go through and rate their current metrics under three sections:

- Navigating during a Change
- Reviewing a Change
- Planning the Next Change

Our contributors suggest that establishing a change scorecard with their leadership team and key stakeholders. By:

- Reviewing the table of contributor questions

- Agreeing on those questions which the team need to answer

- Deciding what current metrics could be put to good use?

- Assessing how well do they cover the risks of losing customers through poor quality, sales follow-up during the change process

- Checking how well the organization is reducing assumptions about customers view of the change and how they respond to their customers' needs

- Reviewing how their selected metrics allow preemptive or least fast responses to competitors

- Assessing their metrics allow them to gauge and track employee stress around the change?

- Checking the extent to which they can respond quickly and effectively to employee's stress harden their change resistance?

- And finally…How well does your scorecard help you sell this and subsequent changes?

Section 4: How Can Implementing Change Gain Competitive Advantage?

Do your people really believe they are competitive?

Even after 30 years, the connections between change management and gaining competitive advantage are not well articulated. The discrepancies between commitments to change and actual competitive behavior are a major factor in change failure.

Getting **beyond imitators** relies on understanding and measuring behavior that distinguishes competitive behavior from other activities.

As one contributor said, "*Learning keeps us ahead of the competition by getting us closer to selected customers to gather competitive intelligence.*"

The seriousness of these ratings is that, many studies show that it costs six times more to get a new customer than it does to keep an existing one. Acquiring new customers is costly, and in many cases, the money earned on the first sale doesn't even cover the acquisition costs.

If you look at the top three reasons for losing customers, comparing them with the change metrics used, you would think they were from two different universes.

These findings have uncomfortable resonance with the lack of customer focus we see in other parts of this report. Change drives these leaders, while customers and competitive advantage are apparent afterthoughts.

We conclude that there are practical ways to avoid these pitfalls. Overall, contributors comment that managing change for competitive success is a continuous, systemic, repetitive and uncertain. They recommend five areas to improve competitive advantage through change. They are:

1. *Market & Competitive Sensing*

2. *Leading Competitive Change*

3. *Integrating Change into Operations*

4. *Building Competitive Human Capital*

5. *Developing Competitive Agility*

Section 5: Is Your Organization Thriving or Just Surviving?

Are you ahead or just playing catch up?

The table summarizes contributors' comments in terms of enabling factors that help create the Thriving Organization and successful change.

Enabling Factors (Contributors = 381)		Disabling Factors (Contributors = 104)	
Leadership Attributes & Values	29%	Lack of Leadership	23%
Change Management & Change Metrics	28%	Poor Implementation & Lack of Control	31%
Fast Learning, Agility & Anticipation Customer Needs, Markets & Competitors	21%	Lack of Adaptability	16%
Planning & Preparation	11%	Poor Planning	29%
		Lack of Communication	13%
Planned Communication & Engaging Employees	10%	Change Resistance	44%

This in-depth analysis shows the wide range of factors that go into developing the Thriving Organization. Our intent in being comprehensive is deliberate.

There are no simple solutions or grizzly 7 steps to follow. What we encourage is open debate in leadership teams to reach a commitment of those few things which can make a difference between being ahead or just playing catch up.

Use the following questions to develop your plan for developing a more vibrant and competitive organization.

1. *Leadership in Thriving Organizations*

2. *Change Management in Thriving Organizations*

3. *Planning to Thrive*

4. *Thriving People*

5. *Communicating to Thrive*

6. *Learning to Thrive*

Section 6: How Effectively Are You Communicating Change?

So we're all great communicators – Right?

The following is based on 684 of the 1072 contributors who chose to add comments on communicating change. This high level reflects the challenges of rapid and accelerating change. Two pieces of evidence underscore the challenge many contributors face.

> 1. Their organizations go through a change every 12-month or less

> 2. The need for each change is triggered by at least 3/4 simultaneous factors

Contributors see people at heart of any successful change process. They see gaining stakeholder commitment as a force multiplier of powerful change ambassadors. Essential to creating that commitment are leaders taking their people into their confidence with honesty and courage.

However, our analysis also sheds light on some blind spots. Overall, contributors focus more on technique than systemic or strategic issues when communicating change. Two typical comments sum up this analysis of change communication:

They (Leaders) lack the ability to motivate or hold people accountable….they do a poor job at this…lots of saying nothing….People are told, not asked.

Mixed messages often, they (Leaders) don't make it about people…if at all.
My company does communicate on change but it does little to measure the effectiveness of that communication.

Coaching & Mentoring (1.0%) is the lowest ranked area. Change success relies on individuals changing their behavior. Such changes are only achieved through frequency and intensity within a ***Requiring Environment*** of measurement, accountability, consequences and rewards.

Change Metrics (1.6%) Many contributors' commented on the consequences of not measuring change progress. Yet, it's worrying there are so few comments on developing such metrics especially leading indicators (KPIs).

Leadership (1.9%) – The lack of specifics on leadership communication is puzzling given the comments on poor leadership. Successful change rests on leaders having a vivid picture of where to go and a firm grasp on what success looks like, and how to achieve it.

Change Management & Communication Process (1.9%) Any good communication plan gets more complicated as audiences get larger. So, we ask, where is change communication's organizing framework? It seems glossed over or neglected.

Rewards & Recognition (2.2%) Throughout this survey, few contributors are addressing: Where are the rewards for people implementing change? Without rewards, there is support for sustainable change. We see little reference to altering reward systems to support a change.

Selling the Change (2.6%) Many would agree, yet few comment on, the importance of selling their change. We conclude that if leaders believe change is implemented from the top down and dictated, selling change is an afterthought. There is an apparent disconnect between the predominance of one-way communication methods and what so many emphasize in terms of the need for mutual trust and respect, if change resistance is to be reduced. As one person said, *Convenience is no recipe for commitment.*
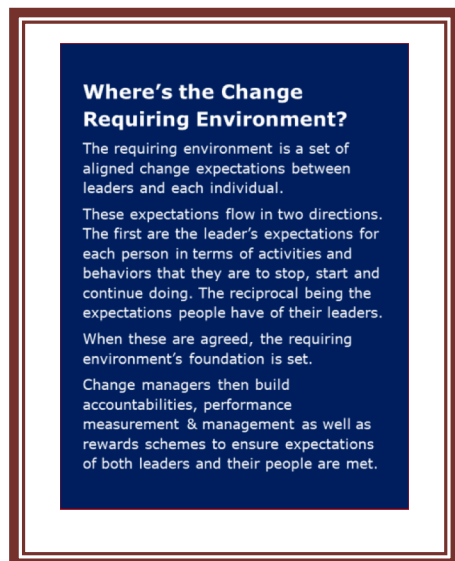
Planning (4.4%) While many comments on the planning process were thoughtful and in line with many survey findings the low level of commentary poses a questions – Why?

Many researchers' findings reinforce our conclusions showing that real change requires authentic communication and dialogue across all organizational levels. Although, employee's resistance and disagreement are unavoidable, it can be managed through multiplexed and constant communication. This only happens when change communication is centered on establishing and retaining trusting relationships. If employees feel fairness, they will trust more and trust is the glue of success. Once trust is eroded employee anger, frustration, and anxiety follow. What follows is a slide into negative relationships, low or little commitment, poor job satisfactions and ultimately change failure.

So, what role does communication play in reducing change mistrust and cynicism among employees?

Frequently, it's people's sense of fairness. The communication timing, involvement and sequence impact their sense of justice namely:

- **How decisions are applied to different groups**

- **How procedures are developed and used**

- **How people are treated individually**

Where's the Change Requiring Environment?

The requiring environment is a set of aligned change expectations between leaders and each individual.

These expectations flow in two directions. The first are the leader's expectations for each person in terms of activities and behaviors that they are to stop, start and continue doing. The reciprocal being the expectations people have of their leaders.

When these are agreed, the requiring environment's foundation is set.

Change managers then build accountabilities, performance measurement & management as well as rewards schemes to ensure expectations of both leaders and their people are met.

Where's the Requiring Environment?

There seems little focus on improving alignment and success. Issues like change management, communication, and change measurement were fewer than 6% of comments. These are worryingly low and where's the accountability culture? E.g. Coaching, rewards and leadership. They too were included in fewer than 6% of comments made.

Looking in more detail, a third of contributors said that they didn't know of any change related communication or that their leaders don't communicate enough

For most contributors, real change is the outcome of authentic communication. What contributors say is that although employee's resistance and disagreement are unavoidable, it can be managed through constant communication. Contributors often commented that trust in management was the **only** variable that significantly impacted change resistance.

However, comments on authentic communication and building trust seem to collide with those related top down lead change. Critical contributors point out that top down rests too often *on leaders clinging to the belief that power, privilege and success lie in their core group.* Those who are more positive prefer to terms like *Cascaded Communication* and *Briefing Cascade*s. Whatever blend of top down and bottom up it is clear – be intentional and as one contributor said:

Being solid in the values you hold as a leader, needs to be clearly articulated and solidified to your change management team before you start planning.

This is invaluable to avoid being misinterpreted and mistrusted.

Our contributors are clear. Lay the groundwork for successful change before trying to implement the next change. This starts with putting the change management team together *before* a specific change is started. Then develop a shared governing set of values and design the change measurement framework. For example, early stakeholder involvement, *up & down the chain to communicate & mentor people* ready for the inevitable change ahead. Another important component, for many contributors, is using workshops so that people and managers can ask questions and build any necessary skills while ensuring that they know what leaders expect related to *any* change.