



WASIK CONSULTING, LLC



As seen on www.the-chiefexecutive.com

AHEAD OF THE CURVE: TRANSFORMATIONAL CHANGE IN ORGANISATIONS

By **Wendi Wasik** of **Wasik Consulting** on the new realities of business management.

DATE: 28 JUN 2010

“Companies regularly face game-changing developments that dictate a leader’s decisions rather than allowing them to look to plot a future they wish to create.”

It is axiomatic that constant change is a fact of life, especially in business. Business cycles are shortening up, critical new information arrives by the second, and globalisation has made distances and time zones irrelevant. What differentiates successful businesses - and the CEOs who lead them - is the ability to anticipate and respond effectively to such continuous change.

For most companies, their real assets go home every night. Businesses can only deal with change through their organisations. When priorities are changing due to marketplace shifts, how can CEOs ensure that their organisation similarly shifts its priorities? Too often, organisations are mired in the past, hidebound by yesterday’s realities, constraints and conventional wisdom. Over a half century ago, the 50 typical reasons opposing change were catalogued and are still all too familiar, namely the fear or refusal to try new things. How can CEOs overcome such inertia?

The key is transformational thinking at the top, such as beginning with the end in mind rather than proceeding from what has been possible in the past, and which by definition incorporates earlier constraints and limitations.

The idea is to be willing to create the possibility of a new reality. Incremental change won’t work; marginal improvement will wilt in the face of an organisation that seeks to remain comfortable and will resist the need to accommodate yet another shift. When leaders are unable to move beyond the thinking of the past the risk of failure increases.

Take the experience of Hurricane Katrina. All political considerations aside, clearly here was a new set of circumstances that the US had not faced and for which it was not prepared: the threatened destruction of a major part of a US city.

It is quite understandable that our leaders approached such a change with conventional tools, and the result was predictable. The opportunity was missed to bring transformational thinking to the situation - to recognise early on

that the old reality and the organisational tools simply weren’t up to the task.

To attribute the failure to an inability to predict how bad the situation really was is to miss the point; it was our focus on old realities that let us miss the new ones. How differently the outcome might have been had we determined at the outset that this was a brand new situation, requiring a completely new response. One can easily imagine the early designation of a Cabinet-level deputy (or the vice-president) with plenipotentiary powers to transcend the limitations of FEMA, budgets, and regional biases, and be on-site full-time, coordinating resources and bringing all of the US’s capabilities to the situation.

Lest anyone should feel this is an unfair criticism of President Bush, a similar opportunity may have recently been missed by President Obama with respect to the BP oil spill. The point is the same: the importance of recognising when nothing short of transformational thinking will do, because of the magnitude of the change that is occurring or has occurred.

Companies regularly face game-changing developments that dictate a leader’s decisions rather than allowing them to look to plot a future they wish to create. All too often, CEOs encourage the organisation to focus on what seems immediately achievable, since that provides the temporary satisfaction of achieving something, rather than admitting to what is not working.

New Realities

The starting point for a CEO is to be prepared to recognise the new reality and to admit that the organisation is not yet prepared for it. This



WASIK CONSULTING, LLC



As seen on www.the-chiefexecutive.com

“The starting point for a CEO is to be prepared to recognise the new reality and to admit that the organisation is not yet prepared for it.”

communication powerfully lays the foundation for the change that is required. Next, the CEO must clearly articulate the changes that the organisation must undergo, and invite others to look from an imagined future in which the company has transformed.

Consider the example of two CEOs who determine that regulatory changes are on the horizon that could drastically alter their company's competitiveness in the marketplace. Each company has been successful, enjoying strong profits and paying dividends. The CEOs have become wealthy through compensation rewards and the growth in value of their stock.

The first CEO takes all the actions that have been successful in the past, but were designed for less dramatic changes. He doubles-down on his government affairs budget, launches lobbyists into action, mobilises his industry association to resist the threatened changes, and gets his general counsel working with an outside team of lawyers to look for loopholes and exceptions. He alerts his sales and marketing departments that they will be held strictly to 'meeting their numbers', and accelerates productivity changes in the company's manufacturing facilities. He moves ahead with the termination of an executive whose departure had been contemplated, and who had been outspoken in senior leadership meetings, often taking a different view than the CEOs.

The second CEO determines that the possible regulatory modification will radically change how the company does business. She quickly concludes that the new reality will require transformational thinking, as well as transformational change in her organisation. She announces to the company that things are about to change, and that the old constraints and conventional wisdom do not apply. She creates a management action team, populated with participants from throughout the company,

including the plant floor, to focus on what the company will have to look like in order to be competitive in the future.

She holds up an outspoken executive who has challenged her in the past as an example to everyone of the openness and humility that will be required throughout the organisation. When the team creates an action blueprint for the organisation, she calls a company-wide meeting, using teleconference facilities and having staff in Asia paid overtime to report at 3am to participate. She articulates clearly what actions will be taken and what will be required of everyone. She signs a statement of her commitment, and asks everyone to co-sign with her.

The difference between these fictional CEOs is clear: the first is mired in the past, operating from the old reality, and this has led him to circle the wagons and react protectively; the second has transformed the situation, creating the possibility of a new reality based upon denying the past. The first CEO will not recognise the need for transformation because he is not looking for it. His actions may or may not be successful, but because they are incremental in nature and proceed from the past, sooner or later the future will simply pass his company by. The second CEO assumes that the need for transformation is ever-present. She is inspiring her organisation to look with her at what is needed, and to include them in the process.

Transformational thinking is indispensable nowadays. Change is simply too swift and too far-reaching. We have seen the industry icons of past centuries - Big Steel, the automotive companies, Wall Street titans - stumble one-by-one due to a failure to transform in the face of sweeping change. These lessons are available and free; all that is required is for CEOs to bring transformational thinking to their organisations. •



Wendi Wasik is an executive coach and personal branding consultant, and has worked with a wide range of leaders and industries. She received a master's degree in organisational dynamics from the University of Pennsylvania, and was previously a senior executive in human resources and organisational development.

Wasik Consulting LLC

Philadelphia | New York 215-965-1561 | www.wasikconsulting.com