

LEADERSHIP WHICH TRANSFORMS

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The standard management tools to bring about organisational change remain rooted in the industrial era. But, in a world where change is constant and unpredictable, seeing change as an event or a process feels formulaic, providing a false sense of order and security in a disorderly and insecure world.

It is becoming clear that our appreciation of how change works in organisations and how it can be brought about also needs to be changed.

It is happening.

employees to this view of their role in the commercial world. He is the tone-setter.

What is amazing is how quickly the tone of the company and its very culture has begun to shift. Within a comparatively short space of time, it has become more collaborative. Having an iPhone is no longer a crime. Indeed, the company has partnered with Apple and Salesforce, among others. Previously, Microsoft gobbled up new tech companies, digested them and that was often the last ever heard of them. Collaboration was seen as weakness. Competition, internally and externally, was fierce and unforgiving.

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Take Microsoft. In February 2014 the company announced that its new CEO was Satya Nadella. Since his appointment Nadella has challenged how Microsoft gauges its success. Revenues and profits are all very well but they are always by their very nature historical, lagging indicators of performance. Nadella suggests that “customer love” is the leading indicator of success. Nadella sees his job as converting Microsoft

“You could say that the cultural transformation at Microsoft has replaced fortress walls with a porous membrane: a dynamic relationship between the company and the markets it serves, because that is the only way companies stay young and relevant,” says Margaret Heffernan, a mentor and board member of The ExCo Group in Europe, as well as author of *Beyond Measure* (2015) and *Wilful Blindness* (2011).

Transformation twenty-first century style is focused on culture; changing how people behave individually and collectively. The leadership capabilities required to deliver long lasting transformational change are as broad ranging as they are challenging:

Provide purpose-giving measures of success: Microsoft has clearly shifted notions of what constitutes success for the company. Financials are not only one-dimensional and unmotivational, but always historical. Change has to be ignited by a sense of purpose. This is the main work of leadership. Dennis Kerslake, ExCo Group mentor, adds, “Time and time again it has been shown that what really motivates people is a sense of meaning and purpose. Motivating people to change requires the creation of a new purpose expressed with as much clarity, detail and enthusiasm as possible.”

Set the tone, constantly: Michel Van der Bel, chief executive of Microsoft UK, argues that leading transformation must begin with the individual leader. They must demonstrate – every day – an appetite for change. They set an example of what change entails and demands. This was always the case, but thanks to technology and the media, leaders are in the spotlight as never before. This requires an authentic, consistent and open response.

Tune-in: Leaders have to engage with employees, customers, suppliers, and other stakeholders as never before. They are constantly curious ambassadors rather than order-givers and speech-makers. The best leaders

are constantly connecting, questioning and communicating. “In a fast-changing environment being in tune with key stakeholders is critical. Not to give them all the answers – no one has every answer – but to give people clarity to and to hear what others are trouble-shooting, worrying about, or taking motivation from,” says David Reimer, CEO of The ExCo Group.

Open to new ideas: This curiosity-led quest to understand the

on maximising internal resources-dominated the machine age. This is now necessary but not sufficient. The need is for internal and external collaboration.

Consider Ocean Spray, an agricultural co-operative owned by more than 700 cranberry and grapefruit growers in North America. Such co-operative ownership is frequently cited as an element in creating highly motivated and adaptive cultures. It is, says Margaret Heffernan, part of

at the edge of a company into valuable actions at the core,” says Hal Gregersen of MIT’s Leadership Center.

Gregersen cites the observation of Ed Catmull of the film studio Pixar, who says, “a hallmark of a healthy, creative culture is that its people feel free to share ideas, opinions and criticisms.”

The perils of not giving people such opportunities are significant and obvious. Cultures of silence, fear and denial are common to virtually all failed corporations.

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context inside and outside the company is accompanied by an open-mindedness. “Good planning, execution and analysis were once key. Now our ability to plan has been challenged by our inability to make predictions. Because of complexity the window for prediction is short. Organisations have to be more flexible, responsive and adaptive so they can change all the time. This requires different attitudes and aptitudes. Everyone, suddenly is in R&D and market research,” says Margaret Heffernan.

Open to collaboration: A focus on internal collaboration – or at least

“a move away from the industrial idea of production to a much more organic idea of production and organization.”

Open to debate: A fundamental role of leaders and leadership teams is to encourage debate and resolve conflict. The best organisations thrive on argument but debate and discussion are frequently difficult to find in organisations. “Often, leaders – especially senior ones – fail to seek information that makes them uncomfortable or fail to engage with individuals who challenge them. As a result, they miss the opportunity to transform insights

What all this means is that leading change is not a solo activity. It still needs to be led by individuals. It still needs to be championed. But, increasingly, change is a team or group activity. “It is a different model of leadership,” says Margaret Heffernan. “We have had the period when there were global searches for superstar CEOs. That failed. What we need now are inquisitive, outward-looking leaders who engage with people and ideas inside and outside their organisations.” 🍌