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We know that two-thirds of large scale transformation efforts fail. But that’s not a terribly helpful piece of information—unless we’re looking for confirmation that this is hard, really hard. What is useful is to understand what leaders can do to substantially increase the odds that their companies won’t be among the two-thirds of those that fail. From my research and work with companies around the world leading large-scale transformation initiatives, here are the four things I’ve found that virtually all successful change leaders do really well:

Recognize embedded tensions and paradoxes

Smart, capable, solid professionals most often perform well in their roles until they reach a level in their organizations at which they are confronted with a series of embedded tensions and paradoxes that make leading effectively much more complicated. The most common paradoxes leaders face when driving a transformation effort are:

1. *Revitalization vs. Normalization.* At the core of every change initiative is the desire to breathe new life into the organization—to revitalize ways of thinking, behaving and working. But **one change initiative often morphs into many**, and before long employees become “change weary.” Thus, we find ourselves in the conflicted situation of needing revitalization but desiring normalization.
2. *Globalization vs. Simplification.* Doing business today means doing business globally, but the complexities brought on by globalization are often in conflict with the need for organizations to make it simple for customers to do business with them. Leaders struggle with creating organizational responses that address the need to master globalization while offering customers and employees optimal simplification.
3. *Innovation vs. Regulation.* Many organizations, particularly in the aftermath of the global financial crisis, are saddled with trying to do business, let alone innovate, under increasingly crushing regulatory environments. This is a stifling tax on a company’s capacity to find creative approaches to solving unmet customers’ needs. As such we struggle with the tension between the desire to boost innovation and the need to operate under increasing regulation.
4. *Optimization vs. Rationalization.* Customers not only have more power today—in some industries, they seem to have all of the power. Organizations are struggling to provide solutions that are better, faster, cheaper and increasingly customized. Leaders are caught in a seemingly endless struggle to reconcile the tension between optimizing benefits to customers while rationalizing their costs of doing business.
5. *Digitization vs. Humanization.* Advanced technology is at the core of virtually every company’s business model today. Entire value chains are being digitized. Yet, the onset of ubiquitous digitization is occurring at the same time that individuals are yearning for a sense of meaning in their organizations. Leaders are struggling with how to reconcile the increasing need for the digitization of their business models while trying to create organizational climates that have an authentic sense of humanization—creating an overarching sense of purpose and **collective ambition**.

Successful transformation leaders embrace these tensions even though they make the challenge more complex. There are no easy answers; however, the leader’s bedrock commitment to helping to reconcile these tensions is paramount. That means above all committing to an on-going communications and listening campaign so people know what’s going on and know how they might contribute to the transformation effort—and know that they are invited to do so. This process starts by the CEO and top team telling powerful and compelling stories of where the company has been, where it is now and where it needs to go—and why. But it doesn’t end there. Senior leaders must be ready to open up the flood gates so managers and employees closest to the client interface can surface these tensions and discuss them openly. While this might not resolve the tensions and

paradoxes, it enables people to at least acknowledge that they exist, have their concerns heard, and discuss proactive ways forward together.

Hold *everyone* accountable

The leadership of the change effort can't end with the top team, the top 100 managers, or the top 1,000 managers. It has to be an all-hands-on-deck engagement. The change leader must signal that enterprise-wide transformation will be a collective effort, with accountability distributed throughout the organization.

But it is far easier to say this than to do this, so change leaders must be ready to back up their statements with real world initiatives that will strengthen engagement. For example, when Hess Corporation launched its 2020 Change Initiative, CEO John Hess challenged his entire leadership team to come up with solutions that would make the company more agile, cost conscience, and faster at decision making. And to minimize change weariness brought on by needless duplication of effort, he created a champions team responsible for coordinating the variety of efforts underway.

Invest in new organizational capabilities

Change leaders must go beyond storytelling, motivation, and mobilization efforts—they need to provide resources so that the organization has what it needs to win in the new environment. This might include capital improvements, process improvements, and building new talent capabilities.

For example, for three decades leading up to 2010, HSBC had successfully pursued a growth strategy and organizational capability that was founded upon acquisitions. However, with acquisition upon acquisition, the leaders within HSBC failed to develop a one-company culture, which made it difficult to integrate its offerings to an increasingly demanding customer base. As such, Stephen Green, HSBC's Chairman at the time, set the company on a course that called for a dramatic slowdown of acquisitions, at least until the current portfolio of companies was integrated and a culture of what Green referred to as Collective Management was cemented. This meant nothing short of building new organizational capabilities based upon collaboration and client-first thinking, which not only meant developing new systems and processes but building a collective mindset that would make aspiring to being a one-company culture a reality.

Emphasize continuous learning

It's far easier to talk about revitalization and renewal than to actually do it. The companies that pull it off have transformation leaders that commit to a relentless learning process.

Perhaps the best example I know of a remarkably successful transformation leader is Alan Mulally, who not only led the transformation effort for Boeing Commercial Airlines, but also the stunning turnaround of Ford Motor Company. Mulally would be the first to insist that Ford's transformation was not his achievement but rather the collective achievement of thousands of stakeholders, including employees, suppliers, dealers, unions, financial institutions, Board members and others. Mulally believed deeply in his "leading together" philosophy from his Boeing experience, but this

became even more critical at Ford, due to the multitude of stakeholders and a political infighting culture that had become toxic. Mulally would have none of that. He brought his top managers together weekly to assess problems and progress, through his implementation process called the Creating Value Roadmap. Met with heavy resistance at first due to fear of admitting problems, Mulally pursued this course and built trust that those who were brave enough to acknowledge that they needed help were actually showcased as exactly the kind of leader that Mulally was looking for in Ford's future. At every meeting, managers were asked: what have we learned by airing concerns, making course corrections, and especially, fixing problems together? By combining his relentless focus on implementation and making tough calls with an equally important focus on continuous learning, Mulally transformed Ford from a moribund company on the verge of bankruptcy to one of today's most successful automobile companies in the world.

Leveraging these four activities, while framing the transformation effort as a collective challenge to be embraced together, fuels positive change over the long haul—which is important since the transformation journey is a never-ending one for most companies today. Ultimately, these practices create a culture of agility and resiliency that will pay dividends out into the future, as large-scale change becomes an organizational capability and not a recipe for management failure.

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