

Whitepaper

Six Batteries of Change

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1 Introduction

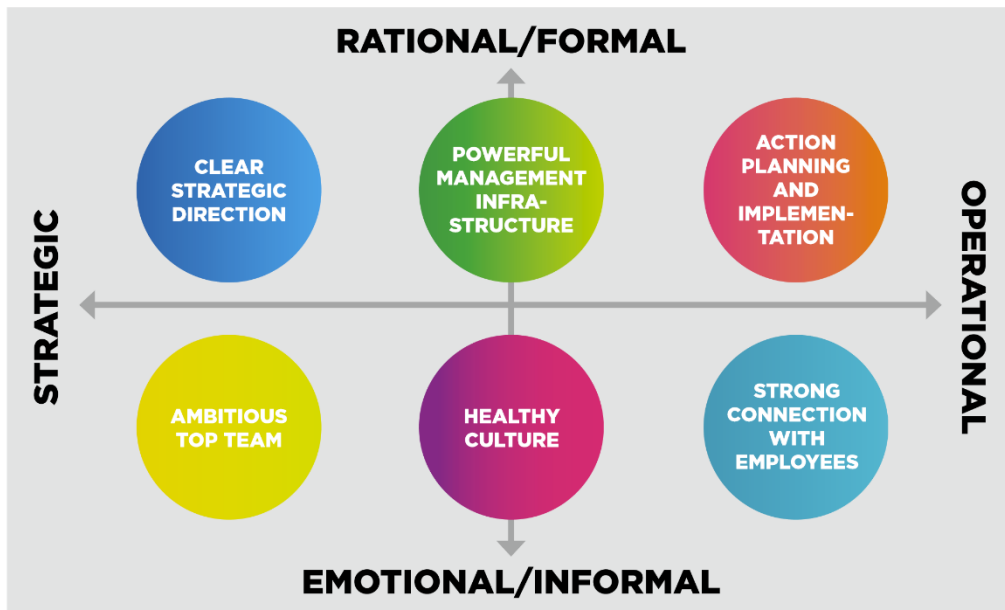
In today's fast-paced, uncertain world, organisations need to adapt quickly to survive. However, transformation doesn't always happen easily. And many transformation programs don't deliver the expected results. There are various models that set out a process or series of steps to follow to achieve successful change. Transformation is increasingly continuous – and in today's transformation programs, it's hard to identify a start and end point. Which means: seeing change as a purely top-down, sequential process can be dangerous.

This is why we've taken a different approach. The starting point of our transformation model is: effective change is all about managing energy. Each organisation has a level of energy – when you generate enough energy, you can use it to make lasting change happen. When your energy reserves are running low, your change efforts will quickly fizzle out. Our model for transformation management sets out which aspects of business generate energy for change.

This white paper presents our new model and outlines how you can use it to make lasting, effective transformation happen in your organisation.

2 Generating the energy you need to change

There are six key areas in your organisation that must be energised for transformation to be successful. We name these areas the “batteries of change”. The rational batteries cover the “hardware of change” – strategy, management infrastructure and project and process management. The emotional batteries affect the “software of change,” including the dynamics within your top team, people and culture. To be effective, a change program has to be holistic. Which is why the batteries cover all aspects of your organisation – from strategic to operational. Without strategy, sustainable transformation will never happen. But equally, without a solid implementation plan, your big ideas will never get off the ground. Similarly, focusing solely on the rational batteries won't lead to sustainable success – because launching project after project without tackling the emotional batteries will lead to resistance from your teams. At the same time, concentrating on the emotional batteries alone will not help address problems in strategy or project delivery.



3 Rational Batteries

Clear Strategic Direction

A robust strategy is crucial to make transformation happen and keep everyone in your organisation working towards the same goals.

Powerful Management Infrastructure

This is the bridge between the strategy and the many projects that help to implement it. It's made up of the structures and systems that help managers run your organisation.

Action Planning and Implementation

Effective transformation demands sound process and project management. This is where your strategy is translated into clear customer benefits and improved organisational capabilities.

4 Emotional Batteries

Ambitious Top Team

The most important source of energy is your leadership team – it drives change by setting ambitious goals and aspirations.

Healthy Culture

Culture can enable change – or be a barrier to it. In environments that are open, collaborative and receptive to new ideas, transformation is more likely to be far more successful than in unhealthy environments.

Connection with Employees

To make transformation stick, everyone in your organisation needs to commit to it. Your teams need to be willing to embrace change and the opportunities it brings.

TESTING THE MODEL

In 2016, we asked managers in 112 companies to fill out a questionnaire on their batteries of change. Our sample included both smaller companies and subsidiaries of international corporations – including Merck, Medtronic, Yusen, ING and KBC. And it spanned many different industries – from financial services, media and logistics through to automotive, technology and professional services. As well as collecting information about their batteries of change, we asked respondents to tell us about the characteristics of their transformation programs – and how effective they were.

5 How does it work?

When your batteries are fully charged, your organisation will be generating enough energy to deal with transformation effectively. If, on the other hand, your batteries are running on empty, any transformation you initiate will be expensive, time consuming and short-lived.

Results

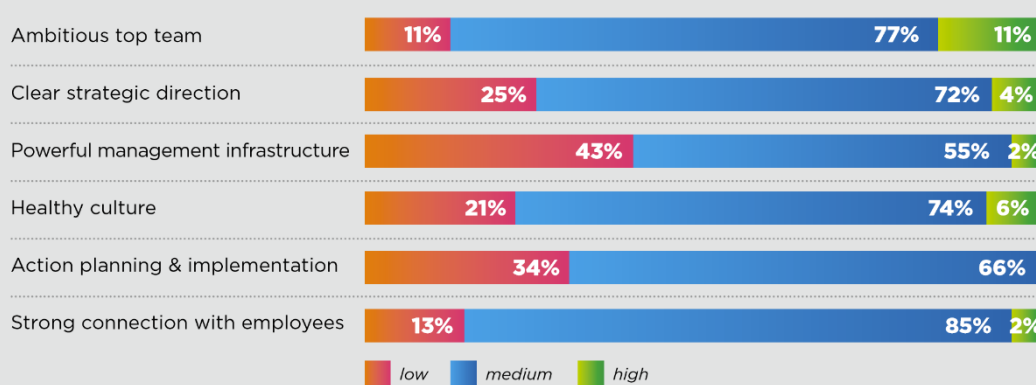
The results of our research showed that overwhelmingly, companies with highly charged batteries had higher change effectiveness scores. The more batteries that were fully charged, the more likely executives were to rate the transformation a success.

FIGURE 1: NUMBER OF BATTERIES CHARGED AND CHANGE SUCCESS

Number of batteries charges	Number of observations	% of respondents reporting 'moderate success'	% of respondents reporting 'great success'
0-2	43	30%	0
3-4	29	69%	7%
5-6	39	95%	26%

N=111

FIGURE 2: ENERGY LEVELS PER CHANGE BATTERY



Change failure rates ranged from 30-58%, depending on the change effectiveness measure. This is far lower than the traditional estimate of 70% failure that transformation management literature suggests – but it's worth noting that while 30% of transformation programs don't fail, only a few organisations report overall success. Most organisations had "low positive" battery scores – suggesting that while they did well in some areas, they weren't completely satisfied with how they performed in others.

6 HOW CAN YOU CHARGE YOUR BATTERIES?

The first step of any effective transformation program is identifying how much energy you have in each battery. Before you start implementing transformation initiatives, make sure you understand where your organisation generates positive energy – and if there are any “short circuits” that could reduce your energy levels. Each battery comprises a number of factors to help you identify whether it will boost energy for your transformation program – or drain it.

6.1 AMBITIOUS TOP TEAM

The strength and energy of your organisation starts in the c-suite – and without the support of senior leaders, transformation is almost impossible. So how can you make sure your top team battery is firing on all cylinders?



LEAVE EGOS AT THE DOOR: To run your organisation effectively, everyone in your leadership team needs to be a role model for the rest of your organisation. There’s no room for big egos or power struggles.

TAKE TIME TO BUILD A TEAM AT THE TOP: Leaders often struggle to work together. But one person can’t make change happen – it takes a cohesive team with everyone working towards the same objectives.

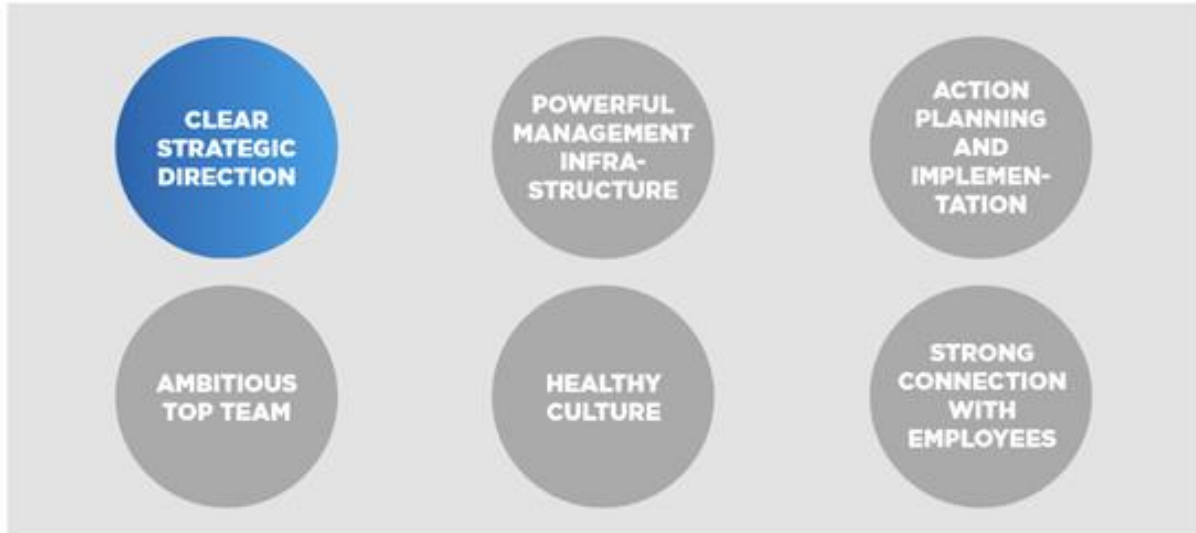
PUSH TO IMPROVE: Energised leaders should always be looking for the next challenge or opportunity to improve. They need to be convinced of the need to change and need to drive change from the top – otherwise it won’t happen.

BUILD INFLUENCE AND CONNECTIONS: Get support from key stakeholders – such as shareholders, unions and the board – to get things moving. Build the networks and connections you need to make transformation happen.

SET ENERGISING ASPIRATIONS: You may set specific goals to achieve through change – like increasing profits or minimising costs. But you also need aspirations that will inspire your people and shape your organisation’s future. Financial goals don’t inspire!

6.2 CLEAR STRATEGIC DIRECTION

Too often, the what and why of transformation programs is undefined – which leads to confusion and a lack of focus. But a fully charged strategy battery provides a clear direction to your transformation initiatives.



DEEP INSIGHT: Before you can start to change, you need to understand why you need to. If you jump in and tackle the wrong issue, you'll just confuse your teams. Detailed analysis into why and what you need to change should underpin any strategy.

FUTURE PLANNING: In today's turbulent business environment, planning for today is no longer enough. You need to scan the periphery – and identify potential newcomers who may disrupt your industry.

AN OVERARCHING BUSINESS STRATEGY: Rather than individual strategies for each area of the organisation, you need an overall strategy that provides direction for the whole company. All company projects should fit in your strategic framework.

KNOWING WHAT NOT TO DO: Companies that lack a strategic focus often jump from one management fad to another – often without much success. An important part of defining your strategic focus is choosing what not to do.

EXPERIMENTATION AND FLEXIBILITY: In today's fast-changing world, organisations need to experiment with new business models and build a portfolio of growth initiatives that challenge the status quo.

6.3 POWERFUL MANAGEMENT INFRASTRUCTURE

Any transformation program should take your organisation's structures, systems and processes into account. Many transformation initiatives fail because the right systems and processes aren't in place – or because they aren't aligned with the organisation's strategic direction.



SEE THE BIGGER PICTURE: Many managers get stuck into the day-to-day actions of running a business. They firefight and move from challenge to challenge – but they aren't working to an overarching plan. To make their changes stick, they need to step back, see the bigger picture and tackle challenges systematically.

TRANSLATE STRATEGY INTO ACTIONS: All of your actions should be aligned with your organisation's strategic direction. Without a strategy map, departments will just work on their own thing – and may end up with conflicting projects.

YOU CAN'T DO IT ALL AT ONCE: Prioritising projects – and giving them the resources they need – is essential. Otherwise, you become overwhelmed and “management by decibels” decides what gets done and what goes on the back burner. This leads to a perception that leaders don't know what they want or where they're going.

GET MEANINGFUL DATA: Don't overload teams with reporting data. Instead, be selective about what you measure – and use your findings to influence and guide the next stages of your change programme.

LEARN FROM YOUR MISTAKES AND SHARE INSIGHTS: There's no point in reinventing the wheel. Make sure knowledge is shared and easily accessible across your organisation. Document the results of transformation – both positive and negative – so you can improve and refine without making the same mistakes again.

6.4 A HEALTHY CULTURE

Your organisation's culture can make or break a transformation program. So how can you make sure your culture generates energy for change – rather than drains it?



LIVE AND BREATHE YOUR COMPANY VALUES: In many organisations, values are framed on the wall, but they aren't translated into concrete behaviour or actions. But when your values live in your organisation, people take pride in their work – and in what their organisation wants to achieve.

RAISE THE BAR: In a conformance-driven culture, teams are happy with the status quo – and leaders don't push them to improve. Whereas in a performance-oriented culture, ambitious teams are continually raising the bar and helping their organisation to consistently improve.

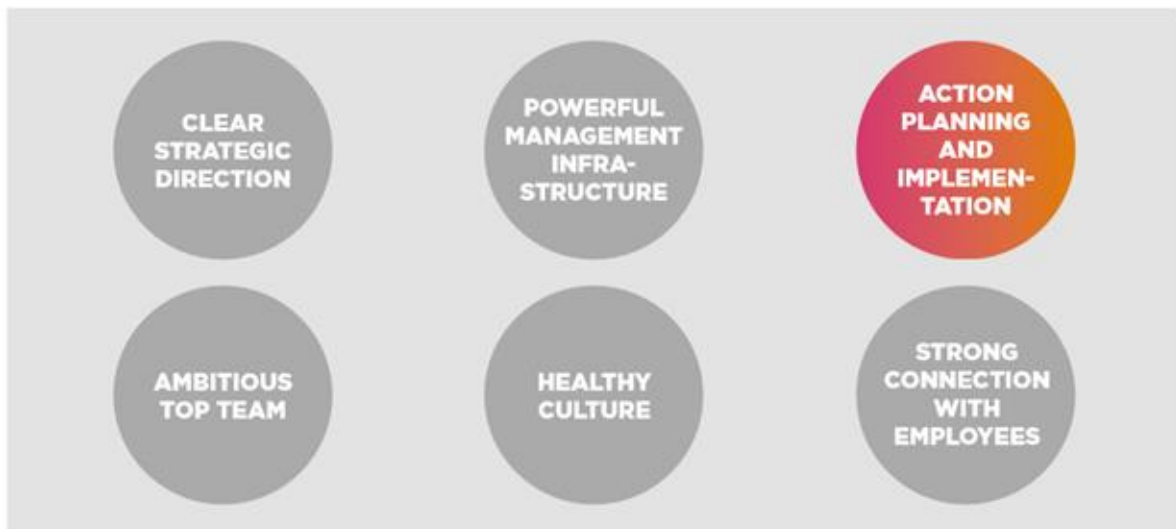
ONE COMPANY: In a siloed organisation, individual goals often come at the expense of the company as a whole. Managers focus on their own goals and fail to see the bigger picture. A collaborative culture focuses on "we" – supporting each other and working towards the same overarching objectives.

PROMOTE POSITIVITY: A toxic, fear-driven culture sucks the energy out of your people. It stops them from making suggestions and getting involved. An uplifting, encouraging culture has the opposite effect. Teams feel energised and motivated to make change happen.

BE PREPARED TO TAKE RISKS: When you refuse to take risks, you limit your ability to respond to new threats and challenges. When you seek out opportunities – and know that it's OK to fail – you can learn what works and build it into your organisation's processes. You become more agile – and equipped to cope with disruption.

6.5 ACTION PLANNING AND IMPLEMENTATION

Having a clear strategy is the first part of transformation. Next you need to plan how to go about making it happen. To get your action planning and implementation battery charged, you need to build robust process and project management skills into your organisation.



START WITH THE END IN MIND: A good start is half the work. That is not selling a long list of activities and solutions. Refer to day-to-day issues to drive the need for change. But define an inspiring end-state to mobilise your teams for a journey of hope. Let top management take the lead on the why, who and when of projects.

GIVE PEOPLE SMART MANDATES: Too often, people are made responsible for a project without any reflection on needs or constraints. Give people what they need if you want them to be successful: time, resources, tools, budgets. Use clear project charters that bond top managers and project managers.

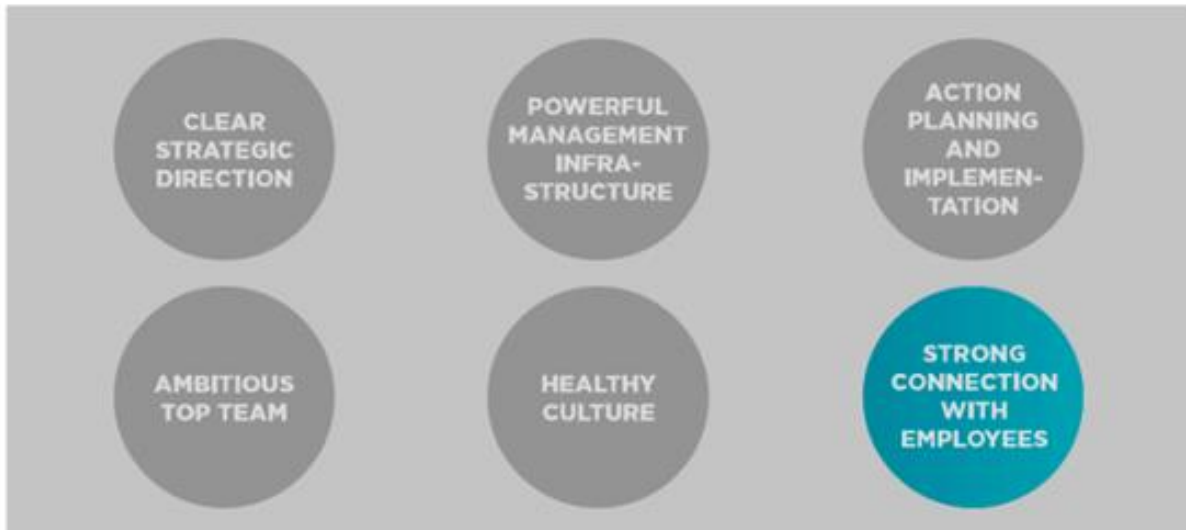
BRING THE RIGHT PEOPLE TOGETHER: Low-energy organisations depend on heroes who excel in crisis management. Smart organisations use the intelligence and energy of a well-trained team. Bring a team together for a fixed time period to get fast, productive results.

BALANCE DATA ANALYSIS WITH EXPERIMENTATION: Plans based on assumptions won't give you reliable products – or accurate estimates of timings and budgets. Use a structured, data-based approach to get to the root cause of issues. But use creativity and experimentation to build robust solutions.

MAKE CHANGE SUSTAINABLE: The best organisations deem a project successful when it's maintained and improved time after time again – not just when they hit the target. Their teams continuously tackle new challenges and work towards their next objective – laying the foundation for repeated success.

6.6 STRONG CONNECTION WITH EMPLOYEES

The route to making change happen in your organisation might seem straight forward on paper. But organisations are made up of people – and asking people to change isn't always easy. Some are enthusiastic – others resist. But when you build a strong connection with your teams, you can turn resistance into positive energy.



COMMUNICATE TO CONNECT: People aren't motivated to change just because their employer wants to. They need to understand their role in the transformation – and what it means for them.

WINNING HEARTS AND MINDS: Be understanding in your communication to teams. Support each person and encourage them to think about their individual career goals.

PRACTICE WHAT YOU PREACH: When there's a disconnect between what management says and what actually happens, cynicism begins to creep in and teams start to lose energy. On the flip side, when people see initiatives being put into practice, they start to believe in the change and get involved.

CREATE STABILITY AND MANAGE RESISTANCE: To create new habits, you need patient but determined resistance management. Be sensitive to people's resistance to change – but don't tolerate refusal to change.

REINFORCE CHANGE: Don't limit rewards to the high performers. To get everyone in your organisation to embrace and participate in the transformation, you need to keep track and discuss progress. Share successes and identify best practices – it keeps people energised and fired up.

7 ANALYSE YOUR CHANGE PATHOLOGY

Our research shows that every battery of change is linked with successful transformation. But it also proves you're more likely to make sustained transformation happen if you address several batteries at once. In today's business world, transformation is inescapable – you need to be able to charge all of your batteries at the same time. An effective transformation program addresses the root causes of an organisation's problems – and you can use the batteries of change model to get a clear overview of what your challenges are. A successful transformation program should infuse positive energy to all six batteries. However, only 35% of the companies we surveyed were energised and healthy – suggesting that most organisations don't reach the ideal state of six fully-charged batteries that allow you to deal with transformation effectively.

WHERE COULD YOU BE LOSING ENERGY?

Our research highlighted a number of different pathologies:

DELIRIOUS ORGANISATIONS (17% OF OUR SAMPLE): These organisations have emotional batteries generating energy – but rational batteries that drain it. Rather than stick to a long-term strategy, they chase opportunity after opportunity. Overly entrepreneurial organisations are “delirious”.

AUTISTIC ORGANISATIONS (4% OF OUR SAMPLE): The opposite of delirious, these organisations have well-established systems and processes – and transformation is planned and well-structured. But there's little attention given to the emotional aspects of transformation – which limits its success.

PARALYSED ORGANISATIONS (6% OF OUR SAMPLE): These organisations have an energised top team and clear strategy – but struggle to put it into action.

CHRONICALLY-ILL ORGANISATIONS (30% OF OUR SAMPLE): These companies are struggling – losing energy in both their rational and emotional batteries. Changing a chronically ill organisation takes substantial time, resources and effort.

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