

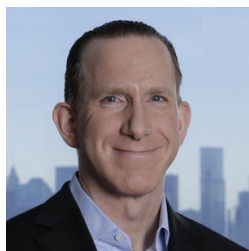


Three Questions (and nine answers) for Faster Business Transformation



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Why transformations stall, and
the three questions that
restart them



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“In order to compete in this highly competitive marketplace, we need to fundamentally transform our company,” the CEO says in an all-hands meeting. “We must be more agile. We must be more innovative. We need to delight our customers. This transformation journey will be challenging but it will lead us to a much brighter future.” His remarks swell to a crescendo, “That journey starts today and its success depends on you!”

The CEO’s comments are met by applause, smiles and genuine interest. His organization seems to understand the need for change and, with some apprehension, support the journey he has described. He smiles to himself. *They get it and they’re going to lead us there.* Two years later the transformation has stalled, the stock price is plunging and the board fires the CEO.

We’ve seen variants of that scenario at too many companies over the past 20 years, where the combi-

nation of the right strategy and positive intentions yields small changes or less. In most of those failures, we found that the organization had not asked and answered three fundamental questions about how to succeed in the transformed company:

1. Do people know what to do?
2. Do they know how to do it?
3. Do they want to do it?

Getting to an emphatic “yes” on these three questions is the magic ingredient to drive faster transformation. Let’s unpack each of them and discuss how to use them to accelerate your organization through and to a successful transformation.

1. Do people know what to do?

It’s still uncommon to find organizations where employees are clear about the company’s strategy, their role in it and specifically what they should do to support it. This lack of alignment is especially damaging in transforming organizations where the pace of change depends on how quickly and completely employees shift their behaviors and performance. Great alignment will accelerate your transformation and these three elements are key:

Give them a few, big, aligned goals

Even in organizations that aren’t transforming, corporate priorities aren’t effectively cascaded, goals aren’t well set and behavior models don’t tell employees the few most performance-driving behaviors. Each of these things, done well, is scientifically proven to guide employees in your desired direction.

Accelerating change through great goals means:

- **Few:** Every employee has 3 goals (or fewer) and those goals focus them on the factors that drive the transformation (see [The Secret to Setting Great Goals](#)).
- **Aligned:** Every leader’s goals, down to three layers below the CEO, are squarely aligned to the specific items that will drive or solidify the transformation. Pet projects and less critical items can wait.
- **Big:** Everyone is challenged to perform at a higher level than they have in the past to accelerate the transformation. These are specific, quantifiable, big goals – increase quality to higher levels, complete projects more quickly, generate higher sales.

Provide frequent, specific feedback

You’ve asked your employees to take a journey to an unfamiliar destination, so they might not always know if they’re on shortest route or moving at the right speed. This, plus the fact that some of them reluctantly joined the journey, makes coaching and feedback even more important.

Whether you’re in transformation or steady-state, the science is clear that more frequent, relevant feedback promotes higher, more aligned performance.¹ The classic study is decades old, and thousands since have produced similar and more situation-specific findings. Some managers will be naturally great at feedback and others will need structure and incentive to prod them along. For structure, we’re big fans of our [2+2 Coaching process](#) that radically simplifies coaching and feedback to a powerful 15-minute conversa-

tion. Every manager in your company is capable of doing 2+2 today.

We recommend “embarrassment-based accountability” (see our [Accountability Ladder](#)) as a light-touch but powerful way to encourage feedback. If you’re using 2+2 feedback (or any other approach), tell each employee what their manager’s responsibility is in the process – the conversation content, timing, etc. Empower the employees to ask the manager for the feedback conversation if it doesn’t happen naturally.

Use thorough, specific, repeated executive communications

One of our large, global clients recently showed us the executive communications material they designed to support a major business transformation. We knew that there would be radical shifts in the culture and how talent would be managed. Their executive communications were so generic that a reasonable employee would assume that there were a few bumps ahead but nothing significant to worry about.

Executive communication about your transformation should be direct and specific – our company is here, we’re going here, for this reason, at this pace and this is what we need

from you. It should explain what behaviors and performance are expected. It should make accountability explicit by describing the good things that will happen to people who behave and perform in those new ways (and what will happen if they don’t).

If every employee hears these messages every month while your company is transforming and for a few years after that, they’ll understand them and start to believe that you’re serious about them.

If you execute these three actions, you’ve taken the critical first step to accelerate your journey – your employees know what to do. But, it’s not helpful to have clear direction if you don’t have the capability to achieve it. That’s why the second question to accelerate transformation is:

2. Do they know how to do it?

The faster your employees acquire and demonstrate the new skills and behaviors needed to win in your transformed organization, the faster and more successful that transformation will be. You want to crisply define the few capabilities and behaviors that matter most and understand the gap between that ideal and where your organization currently stands.

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Crisply define & integrate the few key behaviors

Transformations are often accompanied by a new leadership competency model that does its best to explain, in multi-level and bulleted form, how leaders need to behave in the transformed organization. While the intentions of that effort are laudable, the results are negligible as the complexity overwhelms your ability to communicate what really matters.

If you want to accelerate your transformation, your employees need to understand the three most powerful behaviors that will move the organization forward. Those need to be stated in plain language that's phrased how your organization speaks, not how an HR consulting firm would present a competency model. For example:

- Deliver technology that thrills our customers and leaves our competitors in the dust
- Build better teams faster
- Find and eliminate every cost that doesn't add value

Your three key behaviors need to be reinforced at every turn – from experiencing them in HR processes to hearing executives regularly speak them to seeing them on the walls of every building in your company. They need to see leaders who exhibit these behaviors

praised and promoted and those who don't languish as average or below average performers.

Measure and understand the gaps

It's nice when your employees know the few behaviors that matter most. But, you only increase performance when they demonstrate those behaviors. If you're serious about changing behaviors to support your transformation, you'll want to understand the gap between today's behaviors and the ideal state and work to close that gap as quickly as possible.

You can measure the gaps informally or formally – self-assessments, manager assessments or using some combination of tools. We believe that self-assessments are wildly inaccurate,² that manager-only assessments provide an incomplete view and that most assessment tools are needlessly complex and don't provide practical advice.

Your goal is to have every employee understand which of the few key behaviors they need to show more of, or less of, and exactly how their coworkers would like them to change. This individual level measure should roll up to the team, group and business unit levels with reports that simply summarize how the group compares to the ideal behavior

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and the types of changes recommended to close the gaps.

We like our [OPTM360](#) as a way to provide feedforward on key transformational behaviors.

Align key managers to your strategy

We've found that a well-designed executive learning program can accelerate how quickly your top three layers fully understand and embrace the transformation journey. The power of this approach comes both from their shared experience and from a deep-dive into their individual capabilities.

Those sessions should be held as quickly as possible after the transformation is announced. They're a true accelerator – not a “nice to have.”

Our generic starting point for a highly interactive, 2 – 3-day meeting design is:

- **The external threat:** Discussions by CEO and Wall Street analysts about what's driving the change. This includes fully-transparent assessments of the current strategy and the company's ability to execute it.
- **The transformation plan:** Senior team member present a holistic vision and detailed strategic plan. The attendees wrestle through the approach and how they plan to change their groups to respond.
- **How leaders must lead:** Leaders hear the three key behaviors that will differentiate who succeeds in and after the transformation. They explore the challenges of making these behaviors real and agree to organizational action plans to make the changes they've outlined.

- **What leaders must improve:** Each leader receives an assessment of their capabilities against those three behaviors and other transformational factors. They create individual action plans that will be monitored by their manager.

If you've executed against questions 1 & 2, you will have fully informed employees with the right skills and behaviors to make the transformation succeed. Congratulations, you're now at the starting line.

You need to provide everyone at your company with compelling reasons to take the challenging and uncomfortable steps forward into transformation. Your next question is:

3. Do they want to do it?

If the goal of transformation was to make employees happy – better pay, more enjoyable work, entertaining co-workers – there wouldn't be much need to manage change. The reason we need to actively manage transformation is because we're typically asking employees to move to a less comfortable state. They may have new (or fewer) colleagues, different performance and behavior expectations and new standards for delivering work.

If your employees don't want to perform these new challenges, it won't matter how well they understand their goals and the behaviors you want them to achieve. Getting them to want to do it means that you will:

Align their efforts with rewards

We don't believe that pay incentives behaviors for most people, but it can certainly align their efforts with the outcomes you seek. If they are clear that they'll be rewarded for the

performance and behavior standards that you've set, they'll have a strong reason to engage with the new strategy.

A few compensation changes that we've seen reinforce transformation success include:

- Align both merit increases and bonus pay to individual's key goals and performance-driving behaviors. Their entire compensation increase is based on performance against what matters most in the transformation.
- Reward only the few performance-driving behaviors. State that other "good citizen" and values-driving behaviors are expected and part of their regular pay. Make behaviors worth at least 25% of their overall performance assessment (the relative emphasis, not necessarily using a formula).
- Remove the "day job" from consideration in performance management evaluations. It's assumed that employees will perform at a high level against their job spec and they'll be fairly compensated for that in their base pay. Performance Management is to assess and reward achievement against larger goals.

Redesign jobs to increase engagement and impact

Great jobs engage employees all on their own. Almost 40 years ago, Professors Richard Hack-

man and Gary Oldham told us this in their classic book *Work Redesign* that describes how to make jobs naturally motivating.³ They found that jobs are more motivating when they offer more skill variety, task identity, task significance, autonomy and feedback. Those findings still provide a strong guide to ensure people want to do the work in the transformed organization.

High performers and high potentials seek out larger, more challenging and more developmental jobs. The transformation process provides a great opportunity to review how jobs are designed and to apply the job design principles above to create big, juicy, engaging opportunities. The goal of job redesign is to make jobs more enriching by increasing the five factors above.

Smartly transformed organizations have fewer people in bigger jobs making more money and enjoying their larger challenges.

Leaders create purpose and direction

The "why we're changing" message must be made relevant for every individual employee and your managers are the vehicle to do this. Managers need to help employees to understand, through individual and group conversations, how the answers to questions #1 and #2 apply to them. They must discuss:

- How the work of the team must change
- Which behaviors will matter most

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- How the manager will help each individual succeed
 - The benefits of transformation success and the penalties of failure

Managers should have all of the typical communication tools available to support their efforts – scripts, Q&A guides, individual coaching. They must understand the sustained effort required to successfully embed the changes.

The managers should get feedback on their efforts from a 3-question survey given to all employees once a quarter during the transformation. Those three questions mirror what we've discussed here: Has your manager communicated what you need to do to support the transformation? Has your manager discussed with you what skills and/or behaviors you need to apply to support the transformation? Is your job designed/structured in a way

that allows you to fully contribute to our transformation?

Stay Cool on The Transformation Journey

Transformations are painful, disruptive and scary. We shouldn't expect that they'll proceed smoothly or that most employees will gladly volunteer for the journey.

The most productive attitude towards them is reflected in a quote my colleague Jim Shanley uses to describe the transformation process. Jim says, "Transformations are a journey through fire. You can decide if you want to crawl through that fire, walk through it or run through it."

The three questions we discuss here are designed to help you move through that fire quickly enough that you feel the heat but avoid getting burned.

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