

CHRISTOPHER CAPPY

ROBERT ANTHONY

LEADING SUCCESSFUL CHANGE INITIATIVES

Christopher Cappy is president of Pilot Consulting Corporation, a firm specializing in the implementation of strategic objectives for corporations worldwide. He has extensive experience at General Electric with its Work-Out process and Management Development Institute, and at IBM with its ACT change initiative. His work is grounded in action learning methodologies and high-performance team protocols. Robert Anthony is a management consultant associated with Pilot Consulting. He has extensive experience improving operations using GE Work-Out and the Pacific Gas & Electric Action Forum processes. He has led business reengineering, continuous improvement, and organizational change initiatives for clients spanning the globe. He holds an M.B.A. from the Harvard Business School and an A. B. in philosophy from Occidental College.

In the speed-hungry world of business, the ability to accelerate significant measurable change across a large, complex organization has become more prized than ever. In every industry sector, the most competitive and most innovative organizations have created aggressive "processes of engagement" and incorporated them into their leadership systems. Though the form may vary, these processes drive large groups of the right people to confront and resolve the most challenging issues. The best simultaneously get results, drive cultural change, and build internal capability. For the most successful, the change process becomes a tool, a reusable asset spread throughout the organization, at last delivering on the often made but underfulfilled promise that "better, faster" ways will win in the marketplace.

Central to advancing on the business challenge du jour is the ability to resolve conflict at organizational boundaries. Resolving conflicts between work groups or functions, on the one hand, and management levels on the other, has long been recognized as a special challenge for corporate managers and organization development professionals. Over the past decade we have seen the focus of this challenge shift away from attempts to build smoother working relationships and decrease the cost of transactions between groups to much bolder and more systemic initiatives that fundamentally change work process and structures. This trend is driven primarily by competitive demands for relentlessly better productivity, innovation and performance improvements. In many cases corporatewide initiatives attempt to bridge the gulf between a company's ambitious goals and its current management processes and capabilities. Some notable successes, described later in more detail, have espoused and aggressively pursued the "breaking down of boundaries" as a primary tactic of their initiatives. Also, the examples support increasing evidence that corporatewide efforts to improve competitiveness need not always be patient and incremental, that in effect business, behavioral, and organizational change can occur simultaneously from the common experience in engaging the toughest business challenges.

Change Initiatives and Change Acceleration

Corporatewide change initiatives have certain characteristics in common. Usually, an initiative provides an umbrella under which a variety of change-related activities, such as reengineering, quality improvement, continuous improvement (incremental problem solving), or accelerated problem solving, will occur. Typically rolled out with much hope and fanfare, the initiative addresses some pressing problem that dictates a need for change, a vision for the anticipated results of the change process, and some degree of specification about what the change activities should look like. Initiatives of this sort have sprung up across the corporate landscape, often beginning as an important priority for the companies who take them on.

These change initiatives, in our experience, are subject to some predictable pitfalls. Initiatives aimed at "doing things differently" can be swamped by short-term performance pressures. Often leaders are unprepared to do the many things required of them to execute the desired vision successfully. Also, an initiative may be greeted with cynicism due to failure of previous attempts at change or lack of follow-up on once promising change activities. Few change initiatives live up to their intended promises.

One reason is that change initiatives are being attempted in contexts where the boundaries between groups in an organization have become rigid, bureaucratic, and ineffective, characterized by unhelpful stereotypes. The organization may place too much emphasis on individual and functional goals and too little on marketplace realities; it may have employees who lack an understanding of how their work fits in with the work of the company or corporate cultures that favor dictatorial management styles, paternalism, or entitlements. It is precisely where these conditions exist, along with their inevitable outcomes, that "boundary busting" becomes a crucial goal that should pervade every aspect of a change initiative. In such cases aggressive approaches using accelerated problem solving are most effective.

Accelerated problem solving is a highly focused approach for creating and implementing in a matter of months needed changes that might ordinarily take years to accomplish or might never take place at all. The approach marries both the human and technical aspects of improving performance in the context of a corporate wide initiative. The umbrella framework, we have learned, is important because interdependence in most business systems mandates that all parts of the system need to be brought along at once. Similarly, leaders and managers in organizations will typically change the way they operate only when they are confident that other people are changing too. Thus one part of the trick in accelerating change is fashioning an overall initiative that is powerful enough to survive competing forces and can take root throughout a large organization. With this comes an overarching message about the "new way" that is behaviorally descriptive, simple, and purposeful. The other part is making sure that the right things consistently get done.

At a most practical level, doing the "right" things means taking on a company's thorniest, most pressing problems in a quick, collaborative manner, tapping its best internal resources. It means addressing problems of strategic and tactical importance with strong, dynamic cross-functional teams, providing resources almost instantly to implement high-stakes action plans over a short time period, and relentlessly monitoring

the process and its results in terms of real time and money. Although accelerating change requires workshop-oriented "events," real change occurs through implementation of a series of projects commonly defined by stretch goals, thoroughly documented action plans, and designated accountability for results. The immediate benefit of this approach is that positive movement occurs on the issues under scrutiny.

The focus and speed delivered via this approach typically translates into significant business results. The collateral prize is that the participating organizations gain valuable experience in working across boundaries, which helps set the tone for all other work, thus substantially demonstrating "new ways of working together." This is in fact behavioral change.

The kinds of issues attacked in this way range widely. Although the change acceleration methodology is not overly complex (this is one of its strengths), implementing it well takes courage, discipline, and skill. It is a very powerful tool when correctly targeted and supported because it unleashes the full force of an organization against its most important challenges.

Propositions for Accelerating Change

A number of propositions underpin much of our work in the area of change acceleration and are key assumptions of the examples we shall cite.

Proposition 1: Nothing produces change like change.

All too often, change initiatives are long on talk and short on action. Although the pace of change can seldom be adequately prescribed or predicted, the best way to make change occur is to set stretch goals and work to make them happen. Exhortations from management, training in the use of change tools, and analysis of problems, as they exist do more to reinforce the status quo than to produce organizational renewal and different business outcomes. True change requires an imagination of what is possible that extends beyond the firsthand experience of many in an organization. Active experimentation with new formulas can turn new possibilities into realities. Where successful, a bias for action breeds confidence and momentum, which stimulates further action. Even if actions are unsuccessful, lessons learned can become the foundation for future success.

Proposition 2: Speed is key.

Change to strategies, structures, processes, and behaviors need to happen fast in corporate environments characterized by inertia between levels and functions, if it is to happen at all.

People in an organization lose interest in a change effort that is talked about but not fully implemented after about ninety days. If a problem is so large that significant action to solve it cannot be taken within this time frame, it should be left until a time when the change initiative has begun to take effect and the organization has a greater reserve of problem-solving skills to fall back on.

To achieve speed consistently, organizations need to enhance their tolerance for solutions that are less than comprehensive, and they need to learn to reduce the time

required to move from concept to decision to action. Both of these skills are counterintuitive in most organizations, which strive always to "get it right," and they tend to stimulate quite a bit of healthy discomfort. Change acceleration initiatives need to incorporate the "80 percent solution" as a rule that counteracts natural tendencies to over refine plans that are fraught with uncertainty. They also need to force the hands of decision makers by confronting them with proposals that have the support and conviction of their most trusted people and by taking away the safety net of closed-door reviews and private resolutions.

Proposition 3: Successful change is driven from many directions at once.

There is much debate about whether change is best driven from the top down or from the bottom up. In our view, all levels of an organization have a role to play, and the roles need to be played on a stage that all can see and understand. The people at the top must demand change, provide real resources and critical decisions that shape the pace and direction of change, and become role models for the company's stated vision. In our experience, however, the top cannot become exclusively accountable for change, or nothing will actually get done. Most change agendas are in fact shaped and implemented in middle and supervisory management. People at these levels often assume that they have less authority than they actually do and that the top is in more control of operations than it is. Unfortunately, statements to the contrary cannot alter this misperception. The best remedy we know of that consistently works to "mobilize the middle" comes about when the change process provides no alternative but for the middle to use its power. We advocate finding ways to spotlight and support the role of the middle and to design a change process that requires the exercise of its authority and influence.

Proposition 4: Lack of leadership, not resistance, is most likely to derail sustained change.

Understanding the nature of resistance and planning to overcome it are important topics to consider when designing a change initiative. The strategy of creating "wins" that demonstrate that change is possible has the dual advantage of isolating cynics and skeptics in an organization and creating a situation where small breakthroughs can be exploited into bigger successes. However, overcoming resistance, real though it may be, is less of an issue in situations that are truly ripe for change. What is more difficult is finding people who are ready to step up to the challenge of mobilizing an organization for change. Over time, a critical mass of such people is required at various levels in an organization if changes are to be sustained. It is for this reason that we advocate priming the pump for change leaders with special roles and training built into the change initiative itself.

Proposition 5: Boundaries make work transactional; transactions can be taken to a higher plane.

Most large, complex organizations are cauldrons of competing interests. Boundaries between groups in organizations exist naturally because the various subunits, by definition, pursue different goals and tasks. This means that relationships

between work groups are transactional, based more or less on leadership and cultural factors. In our experience, it is impractical to expect people to act as if these boundaries did not exist. Rather, we advocate that transactions between groups be taken to a higher plane by infusing them with a common understanding of the big picture, that improvement goals be designed with enhanced accountability for outcomes, and that the process enable groups to learn about one another in a practical way.

Proposition 6; The most substantial change is often unseen by the people experiencing it.

Both business results and behavioral gains are necessary for a company to renew and sustain its competitive position. In our experience, the behavioral capabilities and disciplines gained by way of the change process are often imperceptible to the people directly participating, especially at the beginning. Most eyes are consistently focused on the quantitative results, which keep people from appreciating other equally important behavioral changes. Such changes in a large, complex system can remain subtle until a pattern begins to establish itself via repetition and demonstrated success. Among them are

- An improved ability at all levels to think strategically about business problems, which we refer to as "business literacy"
- A widespread attitude that every problem has a solution, every solution has an action, and every action includes accountability for someone
- An understanding throughout the organization of the many people and interests that have to be aligned to achieve certain outcomes and creation of the relationships to make the alignment possible
- A willingness among leaders, based on positive experience, to make firm decisions publicly, trust the organization across its boundaries, and enable positive change

Cases of Successful Accelerated Change: GE Work-Out and IBM ACT

A number of well-known companies have successfully implemented change acceleration initiatives that are based on propositions like ours. Two major initiatives are General Electric's much-heralded Work-Out process and IBM's less publicized but equally sweeping initiative labeled ACT ("Accelerate Change Together").

GE Work-Out

GE's flagship change initiative spawned the vibrant movement toward change acceleration methodologies. Introduced in 1989 and used on a wide scale for many years, Work-Out was conceived and implemented as a bold and ambitious stroke to transform the behemoth conglomerate into a lean and agile growth machine.

GE's visionary and inspirational new leader, Jack Welch, had taken steps to restructure what he called the "hardware" of the company by shuffling its portfolio of

businesses, and he needed an equally ambitious approach to rewire the "software." Welch became quickly aware that the company's engineering-driven culture was often awash in bureaucratic red tape and hence slower to act and react than he desired. Welch's mantra, and the focus of Work-Out, became "speed, simplicity, and self-confidence." The goal was to create a corporation that could consistently "get there faster, get there first" by simplifying processes in a manner that also engendered strength and confidence in its employees.

Work-Out started small. Each of GE's thirteen business units at the time was encouraged to pilot the process, which was funded centrally at the outset. The early sessions were styled after New England town meetings, with a focus on cutting red tape-consolidating reports, streamlining approvals, eliminating meetings, simplifying procedures. In the Work-Out "town meetings" employees would make suggestions for changes, commit to implementing the changes, and receive decisions on the spot from the senior managers. Although most proposed changes were fairly small in scale, the effect of employee input and implementation and rapid decision making was quite dramatic. Work-Out effectively pulled the rug out from under actions that often bog down improvement initiatives-analysis paralysis, "suggest now, decide later," lack of management accountability, and the like. The program was broadly credited, inside and outside GE, as a major catalyst for the company's now legendary performance-driven culture.

Work-Out went in a variety of directions at GE. In some businesses it became a tool for higher-impact problem solving and a centerpiece for major cost, quality, service, and cycle time initiatives. In other businesses it went nowhere at all-either the process simply didn't take or it was thought to conflict with other initiatives. After a critical mass of GE had been exposed to Work-Out concepts and the organization had become more fluid across boundaries, Work-Out gave way to other tools, such as the formal Change Acceleration Program and the current Six Sigma quality process.

IBM's ACT

ACT is a Lou Gerstner-sponsored initiative deliberately adapted from Work-Out. When Gerstner joined IBM in late 1993, one of his first moves was to leverage the company's scale, reach, and brand strength by creating a global business process with a customer focus. What followed was a sea change in the way the company was organized, how it positioned itself, and how it operated. However, because the company had earlier emphasized a decentralized organizing model, it was unequipped to achieve the kind of integration and change Gerstner's global strategy demanded.

ACT was designed in 1994 to promote "better, faster execution" across the newly conceptualized organization by providing the tools necessary for simultaneous process and behavior change. It became a process for executing against known business challenges, emphasizing aggressive goals, promoting rapid cross-organizational communication and collaboration, offering on-the-spot decision making, and documenting relentless accountability for actions. ACT has developed by fits and starts through a variety of phases marked by funding shifts, executive emphasis, and internal leadership of the process. Although IBM's sustained focus on change activities can be credited to many factors, most important to the company has been designing an

overarching initiative that consistently promotes real business wins and sustains momentum for change.

The cornerstone of ACT has been an intense, highly structured, and dynamic series of "ACT business meetings," evolved from the more refined variants of Work-Out's town meetings. During business meetings, high-level global problem-solving teams grapple with the most pressing problems facing the company, often launching multimillion-dollar change projects. The track record in implementation has been good thanks to the structured nature of the follow-up. As a consequence of more than three hundred ACT business meetings, documented benefits in incremental revenues, cost savings, and savings from cycle time reductions exceeded \$6 billion in ACT'S first four years. Equally important, the process has been a catalyst for enhanced collaboration and coordination across a complex global business. Evaluations have repeatedly shown that participants recognize the value of ACT in bringing about a more responsive and competitive IBM.

Making Change Acceleration Initiatives Work

Work-Out, ACT, and similar programs consistently incorporate, at various points, the attitudes and guidelines regarding change acceleration we have described. They also illustrate several principles for the design and implementation of large-scale change acceleration initiatives. As with all good principles, application of each will vary on a company-by-company basis.

Initiative Design

Principle 1: Establish a loose and organic process that has a central, consistent message.

Whatever path corporate leaders pursue, nothing will work unless a critical mass of people in the organization has accepted and mobilized around the change process. This implies, especially at the outset, that the people responsible for guiding the effort must be attentive to anyone who suggests a direction that might work. It also suggests that the right approach is often to experiment with ideas and tools, such as a particular workshop design or training strategy. At GE, for example, Work-Out, despite some common objectives and principles, looked quite different in the various business units that adopted the process. Even the town meeting took many forms in different organizations.

What is important is that a change process be credible and drive desired business and behavioral outcomes. Less important are the goals serving as the major point of departure for the process, where the process starts and with whom, what issues are taken on, how the process is positioned, and other such considerations. Of course, business leaders and their advisers may have views that are highly relevant to these issues. But if those ideas are forced on other people or if interplay in rolling out an initiative is lacking, the change process is doomed to failure.

Principle 2: Establish a results-driven framework.

There may be a natural tendency to measure progress in change initiative by counting how many people have been involved, how many workshops have been held, or how many issues have been addressed. After all, getting any project going is difficult and indications that an initiative is up and running can provide comfort to the parties responsible for its success. However, it is ultimately the results that come from change activities-and only the results-that will sustain an initiative for any period of time. Business results will earn line management acceptance and commitment, and busy schedules throughout the organization will be cleared to make time to participate in the changes. In other words, results-driven change initiatives hold the promise of specific results, and every intervention occurs only when specific results have been framed and committed to. Progress is then tracked and measured, and future work occurs only when the goals of ongoing activities are being met. For example, IBM maintains an extensive Lotus Notes database to track the results from every ACT business meeting.

Principle 3: Actively demonstrate commitment at the very top.

Corporate change initiatives need to be sponsored and driven by the CEO and ultimately by the entire executive management team. This is partly an offensive strategy for change and partly a defensive strategy. Only the CEO has the credibility to provide the kind of vision and urgency that large-scale change initiatives require. As in the cases of GE and IBM, it is often also the CEO's direct encouragement, and later review, that gets change activities rolling. Change initiatives launched without the full or active support of the CEO almost invariably fail to get off the ground and often end up sacrificed on the altar of the CEO's priorities.

Initiative Rollout and Ongoing Management

Principle 4: Use a "pull" strategy, but carefully orchestrate it for success.

Whether change initiatives are best mandated from the top or rolled out subject to demand in an organization is a subject of much debate. The obvious risk of the first strategy is compliance without commitment; the risk of the second is an ebb and flow of activities based on the vagaries of political factors and perceived business conditions. We believe that change initiatives should be able to stand on their own, although their architects need to take several steps both to prime the pump and to keep the water flowing, as it were. GE and IBM implemented the following actions:

- Conduct multiple pilots of the process in the most promising areas, using handpicked volunteers from the executive ranks as sponsors. At least one early pilot should address a difficult high-profile business problem. Choose exemplary and supportive leaders first.
- Broadly publicize "wins" from the pilots within the organization, emphasizing real changes that occurred. Publicity should make use of the full range of communication tools and resources available.

- Maintain peer pressure in the executive and management ranks to encourage future sponsorship. The CEO and top-level executives can send the message "Use this tool; we're watching."
- Establish corporate funding for initial efforts. Moreover, since the goals of change acceleration initiatives extend beyond local business results, some level of corporate funding should always be available for innovation and unanticipated opportunities.
- Promote activity by educating managers about the change initiative through scheduled staff-meeting-type reviews.
- Carefully build a "brand" for the change process that lets people know exactly what to expect when they sign up to use the tools of the process. Protect the brand's integrity.
- Integrate with other change initiatives already in place. Seek synergy wherever possible.

Principle 5: Create a credible clearinghouse within the organization to promote the initiative and broker its use.

A great deal of coordination is required to make a change initiative work. Suitable targets for change need screening; inside and outside resources need to connect; activities need to be scheduled, tracked, and paid for; and overall learning from the process needs to be harvested, built into future development, and communicated to the initiative's sponsors. The only way to ensure that these critical activities are performed satisfactorily is to formalize responsibility for them. At GE, for example, a full-time project management staff coordinated Work-Out centrally, and each business unit established its own representatives. Similarly, IBM coordinates all change activity through the mechanism of a formal project office. When an initiative's clearinghouse is credible in terms of change ambassadorship and business competence, its very existence becomes a meaningful force for change.

Also, the remarkable utility of information technology tools to support "virtual teaming" and accountability management cannot be overemphasized. IBM's use of products such as Lotus Notes for project management and Team Room for electronic group meetings have significantly enhanced the linking of people at sites around the globe to ensure that rapid response and execution occur.

Intervention Success Factors

Principle 6: Make every intervention work.

Achieving true change is difficult, and people in an organization are generally very quick to judge whether a change initiative has the stuff it needs to meet its goals. It takes strong positive testimony from people who participate in a change process, along with demonstrated results, to move it along. Many wins are required to establish a secure foothold in an organization; a single misstep can cause long-lasting damage. For this reason, each intervention in a change initiative needs to be approached with great

determination and care. These steps, simple to describe but challenging to accomplish, are required to make an accelerated change initiative work.

- Work on the right issues. Only problems that are central to the major thrusts of the organization should be considered, to avoid any perceived gap between the rhetoric and reality of the initiative. Other criteria include these:

Addressable issues must touch a number of levels and departments in an organization.

Positive effects should be achieved within a short time period.

Sponsors of the activity must be able to access the resources needed to resolve the problem, and participants must have the authority needed to carry out the agreed-to action.

The challenge represented in the issue must be generally exciting to people. Excitement might exist because the problem has been around a long time, because it is a major impediment or frustration, or because it is on the critical path toward success in the marketplace and personal rewards in the organization.

- Involve the right people. Typically, a tough business issue demands that the best and brightest in an organization be involved. It is also wise to involve skeptics-not cynics-to challenge the process and become credible champions of the initiative, once they have been won over.

- Structure the intervention for success. Change acceleration initiatives invariably engage people in activities to which they are unaccustomed, at a pace that is challenging and demands a high standard of performance. This will be uncomfortable for some. All major constituents must be given the coaching they need to succeed, and the process as a whole needs bounds so as to limit surprises and ensure that everyone plays the proper role.

A Closing Thought

Reflecting on what we've written, what comes to mind is Gregory Bateson's observation that "the map is not the territory." Our map of propositions and principles is designed to help you identify a particular vehicle for crossing the terrain and determine that vehicle's performance parameters. It is not a map of the particular territory in which you may wish to effect change, which is of course far more complex, intricate, and messy, inhabited by all sorts of very different people. So keep in mind that the work of accelerating change is as much about heart as about principles and propositions.

