

Executive Insight >> Thought Leaders

Vision, Opportunity and Tenacity

A Case Study in Transformational Change

One of the challenges that many organizations face today is the prospect of orchestrating major transformational change in order to equip themselves to face the challenges and leverage the opportunities of the new millennium.

"It's all very well", express many executives, "to read about the organization of the future, and all of the characteristics that should be in place — but how to we get there? How do we transition from the conceptual to the practical and make change happen?"

One study of organizational change identifies three informal processes that influence formal transformation - vision, opportunity and tenacity.

This issue of Executive Insight provides a case study of one unit of a major multinational that underwent such a process and indeed found that these three factors played a major role in the transformation.

The corporation is a worldwide leader in power transmission and distribution; automation; oil, gas, and petrochemicals; building technologies; and in financial services. The unit specializes in industrial construction and automation.

The parent company had just completed a six-month benchmarking study of best practices which cumulated in the development of an actionable organizational change methodology that was piloted in the unit. Charlesmore participated in this study group as well as helped design and lead the implementation process at the unit level.

Vision came from recognizing that there is a better way to operate the business. It also came from having a keen sense of the future. As the change process gained momentum, and increasing numbers of employees began to engage and participate, a "desired state" began to shape that represented the confluence of executive opinion and employee aspiration. This became the future that all other actions were designed to reach.

Opportunity came from timing and context. An increasingly competitive marketplace; a series of acquisitions which had left no-unifying culture and distrustful sub-units; some earlier downsizing; several changes at executive level; a few waves of flavor-of-the month consultants; high levels of employee turnover; all compounding to low levels of employee morale and unacceptable levels of business performance.

The time was not just ready for change; change was essential for survival.

And finally tenacity. The remainder of the case study will walk you through the steps that were taken, culminating two years later in significantly improved business performance and employee commitment levels. But tenacity underpins the entire story. Tenacity to fight resistance, tenacity to design and implement new initiatives simultaneously on multiple fronts. Tenacity to keep pushing through a range of pain-barriers, until trust began to be restored and light emerged at the end of the tunnel.

The process started with an assessment — an employee survey that once completed and analyzed led to focus group feedback sessions throughout the company to try to understand what the survey results were really saying.

While this is always important when such tools are deployed, here it was particularly vital because only 52% of employees responded to the initial survey — despite the imploring of the management team for employees to participate. Encouragingly, some 69% of employees participated in the feedback sessions.

The survey showed high levels of overall commitment to the company, but low levels of confidence in company management, supervision, poor morale, little link between pay and performance and concerns with overall quality and customer focus. “Send help”, commented one respondent.

The feedback process helped to “read between the lines” of the survey, and define both cause and effect, and prioritize critical issues. A cross-functional, multi-level transition team was formed to help shape and champion improvement initiatives. This group met monthly over an eighteen month period to help develop the change agenda and to review progress. They acted as a conduit back to their organizational work groups. The company CEO attended every meeting, role-modeling expected behaviors and championing change.

Seven different improvement tracks began to emerge; Leadership behavior, communication, organization development, reward and recognition, recruitment and selection, quality of work life and community relations.

Here are some of outputs that resulted:

Leadership Behavior

A set of leadership principles were crafted, designed to shape actions and behavior.

Intensive leadership training commenced at all levels of management and supervision; new roles and competencies were defined; new expectations set.

360° leadership assessments were commenced, specifically designed around the new roles and competencies, and centered on providing feedback for individual development purposes.

Communication

Communication officers were appointed in each work area with responsibilities to act as points of contact for the dissemination of intra-company information.

Communication centers were established at strategic locations in company facilities to act as hubs for information and company collateral. On-line access was set up through the company's intranet.

Sequenced communication meetings were established, from town-hall through to work groups. Good meeting disciples were employed. Employees were actively involved in setting agendas, managing the meeting process and sharing the platform with company executives.

Intranet groupware facilitated the open sharing of knowledge, departmental calendars and individual schedules.

Organization Development

Training \$s were allocated in departmental budgets sufficient to provide an average of 20 days of training per employee, per year.

Personal development workshops were held to allow employees to determine how to balance life and career responsibilities and aspirations.

A set of employee principles were crafted, designed to shape actions and behavior.

Intensive training throughout the company commenced centered on new roles, competencies and expectations. Additional training included a range of skill-enhancing and behavioral programs.

A new performance development process was designed and implemented; oriented more to the future than the prior appraisal process which focused purely on the past, concentrating on work priorities, performance standards and goals and professional development. It also integrated with a re-vamped pay process.

Core competencies for key functionalities were defined and a certification process roadmap established to help guide employees to new and required levels of competency.

Reward & Recognition

The pay process was redesigned to facilitate reward for value and contribution. Skill Bands replaced job grades. Progression centered on the acquisition and application of skills and knowledge.

Overtime practices (which crept too high in the organization, and were inconsistent in application) were restructured. Pay levels and programs were adjusted accordingly, representing one of the toughest transitions of all.

An all-employee gainsharing plan was introduced based upon company business performance.

Key point-of-leverage incentives were introduced in sales and project management.

A series of formal and informal recognition processes were introduced.

Recruitment and Selection

The entire recruitment and selection process was redesigned to improve candidate quality and decision making, shrink time, reduce cost and improve candidate-handling practices.

The sourcing, short-listing and administration of candidates was outsourced to a specialist staffing company.

All interviewers were trained in behavioral interviewing techniques.

Peer interviewing became standard.

A revised employee referral program provided both financial inducement and sound process.

All positions were now posted internally, in parallel to external search commencement; wherever appropriate internal candidates were given preference.

Quality of Work Life

Fitness centers were built in each facility.

Day care and elder care support programs were developed.

Flexible work arrangements were introduced including flextime, telecommuting, variable work weeks and job sharing.

An Employee Assistance Program was introduced for the first time.

Diversity and sexual harassment awareness programs helped shape an increasingly respectful workplace.

Community Relations

A Neighborhood Activity Council was set up in each location, comprised of volunteers.

A modest budget was provided for activities, and meetings took place in work time.

A range of initiatives were sponsored including food and toys drives, youth support activities, charity walks, urban renewal programs and school outreach programs.

Outcomes

Over the course of a two-year period a number of outcomes started to emerge:

- Levels of trust, employee engagement, and intra-organizational cooperation increased significantly.
- A unified culture and common operating principals transcended locations and workgroups.
- Employee skill levels increased, and organizational capabilities strengthened.
- Business performance improved. The unit returned to profitability for the first time in three years.
- The company achieved preferred-supplier status with major customers as a direct result of the improved quality and reliability of their products and services.
- Employees received gainsharing payouts in reward for the improved business performance.
- Employee turnover dropped, and in the next two employee surveys, satisfaction levels began to increase significantly. 85% of the employee population participated in the next year survey, with levels of employee commitment reaching 79% favorable.

Is this the end of the story? Clearly not. The unit was subsequently merged together with several others and now forms part of the largest business segment of the corporation.

Some of the practices survived the transition. Others did not. Some are currently being examined as platform processes for the entire segment. Such is the way with change. If only things would stay the same...

Nonetheless, we hope that this case study shows that transformational change is not just a series of neat, sequential steps — it's almost a smorgasbord of interrelated and directionally correct initiatives and activities that compound over time to form a new culture, with enhanced competencies, revitalized spirit and stronger business performance.

There is no magic elixir, no golden bullet. Just vision to know what's possible, the courage to seize the opportunity to act and the tenacity to not give up.

Stick-to-it-iveness someone once called it.



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