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# Creating a passion for change – the art of intelligent leadership

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## Abstract

All organisations are having to adapt to an apparently increasing level of change. In many cases they have met this challenge with difficulty. This article presents some of the drivers of change that have combined to produce a multivariate set which has led to a number of organisational and individual responses. A set of seven core leadership competencies is presented and these were used to create a semi-structured change strategy elicitation questionnaire. Some 25 individuals who had successfully implemented corporate change from senior leadership positions were interviewed using this questionnaire, and a set of five consistent factors emerged from the research.

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People love change, they just don't like to be changed.

## Introduction

In the past decade, the world of work for most people has changed out of all recognition. In the 1990s we have seen the end of the cold war between East and West, the emergence of the worldwide Web, the explosion in communication by e-mails, a proliferation of mobile voice communications and, at the same time, a reduction in the cost of international air travel. All these changes have meant that we have become part of a global village with potential customers and competitors almost anywhere in the world. The political, economic, social and technological changes of the past decade have been unprecedented and have tested our ability to cope with change as never before. So how has this almost exponential level of change affected people? How has it affected organisations? What can leaders actually do to help individuals cope with this apparently unending level of change?

## The drivers of change

It is traditional in many change programmes to consider change from the viewpoint of four PEST factors: political, economic, social and technological change. However, the past decade has tended to produce a slightly altered perception of these factors in terms of what factors tend to impact on organisations. In *Intelligent Leadership: Creating a Passion for Change* (Hooper and Potter, 2000), five prime drivers of change were identified:

- (1) people in terms of expectations and idea generation;
- (2) a greatly increased amount of information available to all;
- (3) an increased ability to communicate;
- (4) the impact of technology; and
- (5) globalisation and global competition.

The major challenge is not with any one of these individual drivers. The problem is that, taken together, they produce a multivariate, highly dynamic and unstable set of factors which impact on business organisations at every level, from strategic marketing to the recruitment of front-line staff. In terms of market position, no longer is it enough to take into account competitors in one's own country

or even one's own continent. We now all face competition from every part of the globe. And competition is not only related to products and services. In terms of recruitment, organisations are increasingly having to compete for high quality workers because individual expectations of what employers should provide are constantly rising.

So what impact is this highly volatile set of change drivers having on our organisations and just how do we address the challenge of multivariate change? Many authors have written on this subject, and one consistent factor that seems to be emerging is that organisations need to develop the ability to sense changes in their environment, adapt their strategic and operational approaches to those changes and then engage the hearts and minds of the workforce to grasp the challenges presented.

We have seen a significant development in the amount of knowledge about management processes, management psychology and organisational systems generally in the past few decades. However, many of our organisations seem to be finding it increasingly difficult to operate their organisations successfully, as evidenced by increasing levels of employee stress within the organisation. The most important area for most organisations is how to lead and manage the organisation in times of increasingly rapid change. That unprecedented level of change is causing a variety of responses on the part of almost every business organisation.

### **The impact of multivariate change factors on organisations**

Almost every organisation is focusing on added value – how to gain more output from less resources. In the past decade we have seen the impact of this trend in terms of flattening structures, downsizing and outsourcing, all of which could be summed up by the terms “rightsizing” and “rightsourcing”. What seems to have been happening is that we have been addressing the issue of change by working towards our organisations becoming responsive to their stakeholders, friendly to deal with, creating high quality results and being innovative in the way they go about their business. Inevitably this has meant that people have had to change the way they do their work. Their

comfort zones have been challenged in many cases, resulting sometimes in confusion, sometimes in stress-related illness.

Organisations seem to fall into a number of categories in terms of their self-perception. Some organisations seemed to grow increasingly complacent in the early 1900s, a classic example being IBM who experienced one of the biggest financial losses in business history. Having been the role model in the 1980s for many organisations, IBM simply became overly contented with its market position and suddenly found itself overtaken by Compaq, who appeared to be a relatively unknown competitor. There are other examples of this “contentment” syndrome. Marks and Spencer, for example, has been struggling to maintain its customers in the late 1990s, largely because of an inflexibility about the way it has been managed.

However, excessive contentment is not the only problem faced by organisations as regards change. There is often a considerable amount of denial, and a tendency to ignore change in the hope that it will go away. This has affected many of our large organisations which have simply not kept aware of changes in the marketplace and changes in customer expectations. Undoubtedly, the British Motor Industry was guilty of denial in the 1970s and 1980s when the Japanese vehicle producers gained a significant part of the market, largely due to high quality products which exceeded the customers' expectations at a price the customer could afford.

Not all organisations, however, have been guilty of contentment or denial. Some have actually grasped the idea of change, particularly in their organisational culture. The problem is, however, that they have embarked on a process without clear goals, without a clear understanding on the part of everyone in the organisation and without the hearts and minds of the workforce behind them. They have, in essence, entered a state of confusion. What is needed here is leadership, particularly strong leadership, in terms of focusing peoples' energy into specific goals and outcomes.

Perhaps what all organisations are searching for is a state of renewal whereby they review where they are now, decide where they intend going in the future and then creating strategies and plans to take them there. It is this state that the effective change leader is trying to create. In writing *Intelligent*

*Leadership: Creating a Passion for Change* (Hooper and Potter, 2000), the authors interviewed 25 business leaders who had managed to lead their organisations into the renewal phase. Five key areas of leadership activity were identified and these are discussed later in this article. Before reviewing these factors, however, we need to set the scene with regard to two basic issues: core leadership competencies and how individuals respond to change.

### Core leadership competencies

In *The Business of Leadership* (Hooper and Potter, 1997) seven core leadership competencies were identified based on a review of many leadership models, corporate leadership values and the experiences of both of the authors. These seven core competencies were as follows:

- (1) setting a clear direction;
- (2) setting a good example;
- (3) effective communication;
- (4) creating emotional alignment;
- (5) bringing the best out of people;
- (6) acting as a change agent; and
- (7) decisions and action in times of crisis or uncertainty.

These issues were probed using a semi-structured change strategy elicitation questionnaire (see Figure 1) in an interview setting.

### How individuals respond to change

It has been argued by many observers that human beings often settle into comfort zones in terms of their working practices. If those practices are challenged then resistance to change may result. However, resistance to change is not a simple issue. It is part of a complete psychological seven-stage adaptation sequence. Effective change leaders seem to be aware of this sequence and to use it to their advantage. The stages of the adaptation sequence are as follows:

- (1) *Discovery* – I've heard a rumour ... is it true?
- (2) *Denial* – it doesn't affect me.
- (3) *Passive resistance* – I won't do anything to assist the change.
- (4) *Active resistance* – I'll actively sabotage the change.
- (5) *Exploration* – let's try small steps into the new way of working.

**Figure 1** The change strategy elicitation questionnaire

### Effective Change Leadership Questionnaire

1. What is the most important personal quality that must be displayed by an effective Change Leader?
2. What is the major organisational change in which you have been involved?
3. What helped that change take place effectively?
4. What hindered the implementation of that change?
5. Do you believe that people tend to resist change?
6. What do you believe are the main reasons why people tend to resist change?
7. What is the most important thing to consider when starting a programme to create organisational change?
8. Will leading change tend to be a different process in the future compared to the past?
9. Do you believe that the rate of change is accelerating?
10. What are the main reasons behind your answer to question 9?
11. Is managing and leading change in the present world different from how it has been in the past?
12. How can managers and leaders implement change so that the effects of stress on themselves and others are minimised?
13. How would you go about minimising the effects of negative beliefs on the part of individuals involved in a change programme?
14. Is 'change leadership' different from 'change management'?
15. In your opinion, what is the key to effective change leadership?

(6) *Commitment* – this is great, let's have more.

(7) *Broadcast* – let me tell you about this great new process.

The key to effective change leadership is to handle the transition between the active resistance phase and the exploration phase. Effective change leaders effect this transition by focusing on building confidence, competence and self-esteem by giving the individual the opportunity to experience success at the new ways of working as soon as possible. The classic example of this successful transition is the introduction of new technology, particularly information and communication systems. Introducing the individual to the new system in small, bite-sized chunks in which they can experience total success is vital. These small steps then start to mount up to create a critical mass of positive experiences and hence confidence in the new system.

## Putting it all together

So what was the result of taking into account the seven core competencies and the individual and corporate reactions to change? Five key factors were identified which are vital if effective change is to take place which will win the hearts and minds of all those involved.

### Create understanding

In any change programme, it is vital that everyone involved knows and understands the reasons behind the change. As was pointed out at the start of this article, “people love change, they just don’t like to be changed”. So often the news of the change and the reasons behind it are spread by rumour and speculation. This is often where the real problems of resistance to change begin. Armed with only speculative and usually inaccurate information, people tend to draw their own conclusions which can be widely off the mark. So major changes are often kept secret and only board members and senior management are kept in the picture on a “need to know” basis. However, such secrets always seem to leak out either in casual conversation or through poor information security procedures and soon become public knowledge. Worse still is when the people in the company read about the change in their local newspaper, usually with no accurate background information on the reasons for the change. What is needed is a process whereby everyone is informed about the reasons for the change so that understanding is created throughout the organisation at all levels, from the shopfloor to the boardroom.

### Communicate effectively

It is not enough to circulate global e-mails or post notices around the offices and plant. There has to be a significant amount of face-to-face communication so that people at the front line feel they are involved and that their opinions are taken into account about how new structures, processes and procedures are implemented. In almost every organisation people complain that “communication” is

poor. However, it is usually the case that too much “communication” takes place.

Everyone is deluged with e-mails, faxes and memos. We often seem to be drowning in information overload. What is needed is for people to “communicate” and that involves face-to-face contact sessions, dialogue and the opportunity for people to meet and discuss key issues. As our ability to communicate grows we must not lose sight of the fact that human beings are emotional animals. We must not allow human contact, briefing sessions, management by walking around and focus groups to be replaced by global e-mails, video conferencing and electronic messaging. People need the stimulation of human communication, particularly in times of challenge and uncertainty.

### Release the potential in your people

Human beings are capable of vastly more in the way of performance than most of us believe. Any organisation contains an incredible amount of human talent, most of which lays dormant in the organisational setting only to be released when the individual engages in their hobby and leisure pursuits. Throughout the world there must be millions of individuals who have been branded “mediocre” at work but who go home to build their own houses and yachts and who play starring roles in amateur dramatics and voluntary organisations. What we need in our organisations is ways of unlocking this human potential and engaging peoples’ brains rather than stifling their attempts at being creative in how they go about their work.

There are many ways we can unlock human potential at work. Firstly, we need to redefine the role of manager from boss to coach. Although many organisations have pursued this route in recent years, there is still too much “command and control” leadership and management style and not enough competence development, alignment and empowerment. Very few people go to work with the intention of producing bad work. What happens in practice is that they become dispirited because their suggestions on improvement are either ignored or ridiculed. As a result, they often cease to engage their brains and only do what they are told to do at a level to ensure survival, not excellence. This is an appalling waste. What managers at all

levels need to do is to work constantly on building self-esteem, awarding praise where it is deserved and encourage their people to make suggestions on improvements throughout the business. In so many cases, it is the front line who know the real problems of the business and it is usually those people who hold the key to the solution.

### Set a good personal example

Organisations still abound with people who say one thing and do another. For example many values statements say things like “our people are our most important asset”. Yet when cashflow falters, the market subsides and business slows down, the first response of many companies is to cut the headcount. It is clear that in these organisations people are seen as a cost and an expense rather than an investment and a source of added value. We have to walk the talk and support our rhetoric with behaviour that demonstrates our beliefs. If we want our people to turn up on time and work productively, we have to be seen to be doing likewise. In fact we need to exceed the performance levels we require of our people. If we want people to develop punctuality we not only need to be punctual ourselves but be five minutes early. We need to establish our expectations and then exceed those expectations ourselves. The same process is true for personal organisation. People copy the behaviour they see in their managers. If our desk is a mess, it sets the example for everyone else to follow. If we want people to communicate effectively we need to communicate effectively, particularly in terms of listening skills. The key to this factor is to identify what it is we want our people to display in terms of behaviour and then display those behaviours ourselves to a higher standard than we expect from others.

### Pace yourself

Leadership, particularly in times of change and uncertainty, takes energy. Even the most battle-hardened soldier eventually succumbs

to combat stress and the same is true for the organisational leader. Adapting to high levels of change absorbs tremendous amounts of energy and this has been known since the 1960s when research was carried out into the health problems of individuals experiencing excessive amounts of change in their work and personal lives. No one can avoid change. However, it is important to pace oneself and not try to embrace such a level of change that the adaptation process is pushed too far. In most change scenarios, not every element of the change has to be imposed at the same time. It is usually possible to phase changes to take place over a period of time to allow adaptation to take place and for people to adjust to the new ways of doing things. People need time to adapt and build both self-confidence and self-esteem. As a leader, it is important to be aware of how stress affects people in the workplace and that applies to everybody, including the leader. The first signs of stress are usually sleep problems, irritability and a tendency towards tunnel vision in terms of decision making. If these problems start to become regular, then it is time to pause, take stock and perhaps take a holiday.

Change is exciting. We all need new challenges and those challenges can make life truly worthwhile. However, change is often mismanaged. By paying attention to the five factors of creating understanding, communicating effectively, releasing the potential in your people, setting a good example and pacing yourself, it is possible to create an organisation which truly “thrives on change”.

### References

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