

# The harsh realities and unpopular decisions transformation leaders face

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# Transformation is a unique form of organisational change that requires an exceptional leadership mindset and routine acts of courage to be successful.

While transformation continues to define and shape strategy and change agendas, the reality is that it is one of the toughest undertakings a leader can face. There are several harsh realities and for many leaders it is unfamiliar territory.

The demanding tensions between wide-ranging stakeholders means you will inevitably disappoint some along the way. Executives seeking popularity should not apply.

This article outlines the harsh realities and unpopular decisions transformation leaders face. It serves not to deter leaders but rather to set expectations and strengthen one's resolve as a transformation leader.

## What is Transformation?

Transformation is not a single change or event. It is not incremental. It is a set of major changes for customers, citizens and employees where the impact goes wide and deep. The time horizon is multi-year through rhythmic business cycles and transition states. The change is more than just technology and digital disruption; and for many, transformation is a once-in-a-generation leap – to survive, to reinvent and to grow. While to some transformations seem 'long and drawn out', they actually run at a relentless pace and with a sense of urgency every day.

In many cases these underlying transformative business models are underpinned by modern technologies, systemic process improvements, new, flexible and agile ways of working, and the scaling of digital customer channels inherent in digital transformation. But these things alone don't define a transformation.

And while developing new business models is risky and challenging in itself, many transformation initiatives require the existing business model to co-exist. For example, Australia's Big-Four banks have launched new digital business and operating models but maintain branches and call centres (the old model) to retain existing customers and revenue streams.

Similarly, subscription television provider Foxtel launched new, lower cost streaming services Kayo and Binge, while retaining its existing, high margin, cable-connected, IQ-box service. The NSW public service has pursued digital transformation with Service NSW, integrating various government services online, while traditional service outlets remain in place.

In each case, one business becomes multiple, adding to oversight, governance and general management complexity. This is by far one of, if not the most difficult and risk-riddled challenges for any transformation.

All of these transformation examples required leaders and employees to think differently. To switch the business model mindset from 'products to be sold' to clarifying the evolving 'customer need to be met' which demands new products and/or ways of distributing them. In this way, customer-centricity must dominate transformation and not disappoint.

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## The Transformation Leadership Challenge

Given the scale and complexity, a true transformation takes years, with each year comprising a series of transition steps toward the greater goal. Aside from the obvious management practices of careful analysis, governance and project management, they require vision, conviction and resilience from leaders and all employees to see them through.

In fact, an untold ingredient for transformation success is the strength of leaders to hold their nerve, through constant resistance and the high-risk demands before them.

This is why most true transformation efforts fail. While many transformations are announced, most fizzle out or are scoped down to a portfolio of incremental changes, without the required business, operating model and culture shifts. While announced as such, no transformation actually occurs.

To achieve success, transformation leaders must embrace the harsh realities and make the unpopular decisions. This involves choices that trigger push-back from stakeholders, demanding that everyone carry risk, make sacrifices and dig deep to push through the challenge ahead.

The need for popularity can be a leader's downfall. Seeking popularity means giving in to the masses who cling to the status quo. The safe option is to say: "well we tried, but no one wanted it." But the risk of not succeeding can be greater than the pain of trying, so transformation leaders must be fit and ready to make unpopular decisions.

Failing to transform in the hyper competitive digital world of the 2020s, may also mean you're heading for a turnaround situation – a harder, more stressful challenge with less capital available and therefore lesser chance of success.

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## The Harsh Realities and Unpopular Decisions

### 1

#### **You won't win every heart and mind**

As change is a challenging process, people need to know the outcome is worth the effort.

To make this happen, employees need to feel inspired and motivated (tapping emotion) to push through the process and convinced that it is realistic and achievable (tapping their rational minds).

Ideally, you'll have an enduring CEO who is committed to the purpose, the case for change and is extremely close to the program, connecting and communicating daily to orient everyone to 'true north'. They adapt often and commit to see the change through to the end.

But even the best leaders won't convince everyone. By nature of personality, individual circumstances or other extraneous factors, some just won't buy in.

Leaders should empathise. Transformative changes are disruptive and emotionally traumatic. So openly acknowledging that not everyone is up for it can help build trust while confirming the reality at hand.

Accept employee turnover but aim to minimise it. Make it easy by creating 'off-ramps' – a supportive process to make transitions easy and dignified, even if they don't like the overall situation.

### 2

#### **You will face-off with the powerful force that is employee culture**

Transformation requires cultural shifts – changes to employee beliefs and habits that dictate how things are done. While we don't condone a combative approach to managing employee culture, it can feel like this at times, as your threat to the status quo triggers fear and resistance.

More often than not, the problem is that the target culture has not been explained well to employees. Big words are thrown around like "we need to be more innovative and agile" or "we need to move at pace." Meanwhile employees are left wondering how these buzzwords translate into what they need to do differently day-to-day.

Therefore, a comprehensive culture change program is pivotal to transformation. If you're a transformation leader or CEO, talk to your people first and often throughout the journey. Co-create the desired culture needed to enable transformation. Take the time and do it up front. Link it to purpose, values, brand and customer experience.

The other thing leaders will face into is temporary cultural resistance. This is inevitable but will be fleeting if approached with conviction.

An executive client of ours once casually embraced the transformation mindset when they said with a wry smile, after launching a transformation program: "My people hate me this week, but I know we made the right decision."

Success depends on leaders holding their nerve and proceeding through push-back and resistance. Transforming is hard.

## The Harsh Realities and Unpopular Decisions

### 3

#### **Making decisions is not enough. Selling decisions is essential.**

Some find selling difficult. They feel like they are being manipulative. When they think of sales, they think of a used car salesman or an unpleasant retail experience.

However, sales, change management and leadership are the driving forces of organisations and they have plenty in common. They are all about influencing others to buy into a different concept or outcome and they all intersect in great transformation leaders. Executives must lead and sell the transformation while putting structured change management foundations in place.

Adopting a positive attitude to selling decisions is important. Making frequent, tough decisions inflicts a cognitive load with decision fatigue risking self-regulation and the quality of your choices.

On top of this, if you see decision-selling as a chore, your cognitive load may become unbearable. Conversely, if you see it as a positive, enjoyable activity that generates support that makes your job easier, this attitude will lighten the load.



You will not keep every stakeholder onboard and happy throughout.  
**Tough, unpopular decisions mean pleasing some at the cost of others.**

### 4

#### **The pre-transformation leadership team is probably not the transformation leadership team**

There are several reasons why executive leadership changes are often necessary to drive transformation:

- i. **Inability to change mindset and behaviour:**  
Successful executives tend to rely on tried and trusted approaches to business. That's what got them there. But old mindsets and practices don't create new outcomes. While some executive leaders can make the switch, many are challenged to adopt and role-model new ways of thinking and habits that support transformation goals.
- ii. **Burn out or lack of commitment:**  
Long-serving executives could be considering a career transition to boards, other firms or other endeavours. For some, the thought of sticking out an intense five-year transformation is unappealing and they will parachute out early.  
  
Similarly, an executive on the brink of burnout, which is common, won't be energised for the transformation ahead.
- iii. **Fresh blood rejuvenates:**  
Importing outside leadership talent introduces a sense of urgency, energy and willingness to support innovation. They are unscathed by the past and they carry no emotional baggage, meaning no attachment to the existing state of affairs.

Transformation leaders, including the CEO and others in the guiding coalition, should make an accurate assessment of the top team and senior leaders more widely, to determine if they are ready, willing and able to support the transformation or not. They should do this early and ongoingly.

## The Harsh Realities and Unpopular Decisions

### **5** Transformation is a lengthy road of constant execution

Transformation success demands a relentless focus on delivery. There is no pause button. The business must run while changing and continue to co-exist between old and new, while running and changing even more.

It is a marathon but it is also a marathon of many sprints. Let's not pretend it is anything else. But there will be turning points, where support outstrips resistance. The project's 'push' switches to the business' 'pull' as they see the benefits on offer.

You will notice managers once challenged with the change turning into change leaders and joining the wider guiding coalition. The whole vibe and energy of the program will alter and now it is less about driving support and more about maintaining energy and focus to complete it (so don't get complacent).

The decision to transform requires leaders to embrace the exhilarating journey as much as the outcome, so they stay engaged throughout.

Despite the ubiquity of the term, true transformation attempts are rare. Successes are rarer.

Few leadership teams are equipped with the transformational leadership capabilities they need on day one. Many risks can be mitigated by building your team's transformational leadership capability early and ongoing while putting the right change management foundations in place to address every single aspect of the change ahead.

**Talk to Blue Seed for advice on where to start, how to get strong foundations established or how to breathe new life into your in-flight transformation.**



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