

THOUGHT LEADERSHIP

2017

# Leading through upheaval

*How long-term thinking and  
change intelligent leadership  
deliver operating model benefits*

## **The decision to transform an operating model takes leadership courage and commitment and the design process requires thorough analysis and precision.**

Meanwhile, the sensitive, unpredictable phase of implementing the model requires, among many things, high degrees of change intelligence and strategic conviction. Put simply: it is one of the toughest balancing-acts a leader can face.

Moving boxes and lines around an org-chart is a surgical procedure. Leaders and their trusted strategists connect many unique organs (people) with simple connecting blood vessels (process flows) all supported by strong, healthy bones (accountability and reporting lines). And if they get it wrong, the patient may wake up with severe, unplanned side-effects (or worse).

However, when it comes to realising the ultimate value of an operating model change, the design is barely the start.

## **The gauntlet: making it happen**

A new set of hazards emerge during implementation and beyond that negate value-realisation. The risks and sensitivities are many, including:

### ■ **Loss of customer-focus:**

confusion around new roles and responsibilities can be costly distractions from sales and service. Hence revenue and cost-to-serve can suffer during the transition period or longer if clarity isn't gained quickly.

### ■ **Employee livelihoods:**

the loyal team member who's spent 40 years in the company, now has no logical fit within the team. But how will she react? What impact will it have on her family and her mental health? Will she find another job? Leaders have a duty of care.

### ■ **'Survivor' disengagement:**

whether there are redundancies or not, what ultimately matters once the dust settles is that you have a highly-engaged, high-performing workforce, committed to making the model successful. But do they understand the new model and their role in it? Or are they overwhelmed by fear of new bosses, new accountabilities or loss of team culture and identity?

### ■ **Talent loss:**

talented performers drive business unit results and the performance culture, even through change and transition.

However, they aren't immune to fear and frustration. In fact, they usually place demanding expectations on leaders to deliver the right environment for them to perform in. If leaders fail to do so, talent may resign to the competition leaving a revenue-generating and/or customer-servicing gap.

### ■ **Public backlash:**

press will pounce on a corporate lay-off or off-shoring strategy - the perfect chance to get the community hot-under-the-collar with an emotive story. A tarnished brand that causes customer disengagement and revenue loss is a likely, albeit hard to quantify outcome. To mitigate, change drivers must be justified, understandable and well-articulated internally and externally.

# Eyes on the end-state: plan to make it stick

Aside from the many challenges surrounding the potential exit of multiple employees, there are oft-forgotten risks relating to remaining team members. The ‘survivors’ are essentially left to run the business so their engagement and performance will determine whether intended operating model benefits are realised.

What often happens though is planning and implementation measures focus too heavily on making reality simply reflect the new organisation chart. That is, leaders target most of their attention to planning the announcement (getting ready) and HR processes to move people around (making it happen) but neglect to see past the transition to what is most important: making the change stick.

With a change intelligent approach, planning and delivering the change must take place with the ultimate end-state in mind:

**to have a highly engaged, high performing workforce, post-change.**

Blue Seed’s framework for change leadership during operating model implementations (Figure 1 below) outlines the critical change success factors to achieve this.

This simple framework encompasses the leadership principles, mindsets and behaviours as well as the long-term focus required throughout the process. It aims to shift leaders’ focal point from design elements and HR processes to considering how their visible behaviours will influence their team to understand and commit to the new model in the short and long-term.

An underlying theme of the framework is direct communication and engagement with team members. Our view is that as a change leader, you cannot communicate enough context and clarity during the transition, and beyond. Team members don’t go through the operating model design process with leaders, so leaders must bring them up-to-speed quickly on the change drivers, roles and responsibilities and broader change impacts to them.

Before this happens though, all people-leaders must themselves have context and clarity and be fully aligned as a leadership group. This is the most powerful mitigation of the aforementioned risks.

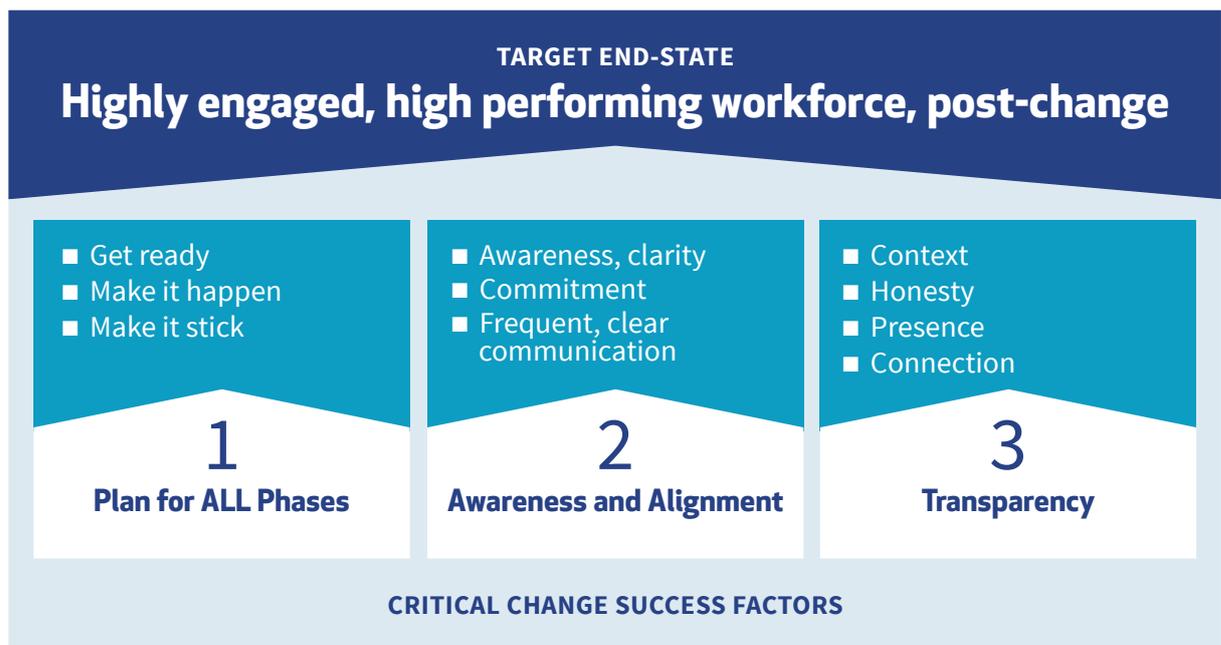


Figure 1. Blue Seed’s Framework for Change Leadership During Operating Model Implementations

## Matching the change approach to context

Change risks, including potential negative human reactions and results, vary depending on the contextual drivers of the change. They also necessitate different change leadership approaches which can be challenging to define and put into practice.

Table 1 below outlines risks and example change leadership approaches that may be

applied. Note, this is not an exhaustive list and outlines basic examples to portray contextual complexity and the need for fit-for-purpose solutions. On any given project, specific nuances of the organisational setting must be taken into account. The change intelligent approach should always be designed following thorough change impact analysis.

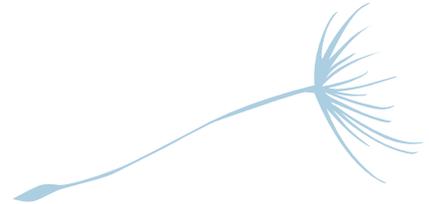
Operating Model Change Driver	Change Risk	Example Change Leadership Approach
Cost reduction	Changes that appear to be driven solely by cost reduction fail to engage and inspire strategic commitment.	Identify, communicate and facilitate the less-obvious benefits to employees such as having more time to do high-value, satisfying work or the opportunity for reward and recognition in a more efficient, higher performing team.  Alternatively, involve them in defining a new and exciting culture in which they can thrive and expand their careers.
Alignment with new or changed customer demands	Segment/brand reshuffles may leave individuals dissatisfied as they relinquish close customer relationships or move into a new team.	Re-frame the change from one of loss, to one of opportunity. For example, for team members that care about career and personal development, explain that their new portfolio/role can facilitate new accomplishments to list on their CV as well as a new network of customers and peers to connect with.  None of which they could achieve without the change.
Merger or acquisition (of organisations or business units)	In the clash of cultures, one invariably risks dominating the other, leaving the minority feeling ostracized, underperforming or unexpectedly departing.	Define and deliver a culture change plan that bonds the merged teams personally and professionally. This may require redefining the vision and strategy, and potentially the brand, to reflect a new organisation and cultural identity that everyone can align to.  Ideally (but rarely) cultural change needs are holistically taken into account and planned for early in the M&A process. A relevant case study is the AOL/Time Warner merger AKA “the worst merger of all time”.
Technology simplification	New technology such as ERP systems create efficient, consistent processing of day-to-day tasks that enable more efficient operating models. However, they often replace locally customised, adaptable (but costly) processes and human beings.  Suddenly team members feel restricted to the ‘one best way.’ They can no longer negotiate with a person and must comply with the system.	Quality training is the starting point for maximising human capability when introducing a new system. Speed-to-system-competence will help team members understand and experience the benefits. However, they also need to understand how it links to the broader processes that connect the operating model organs.  That is, they need to see the forest as well as the trees. This requires clear, consistent messaging, fit-for-purpose support and as much two-way engagement as possible.

Table 1. Operating model change drivers and how they influence change impacts and approach

## Conclusion

There is no one-size-fits-all approach to successfully leading your teams through an operating model change.

The common characteristics of those that succeed however, are change intelligence and a long-term focus balanced with the immediate challenge of developing and maintaining a highly engaged, high performing team post-change.



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He specialises in technology and operating model implementation, advising executives on strategy and techniques to boost strategic commitment and people engagement through this era of continual change.



### About Blue Seed Consulting

Blue Seed is a boutique change advisory, consulting and education firm, specialising in enabling exceptional change leadership and delivery capability.

We're driven every day by our mission to make the world more change capable.

**Bright thinking. Bold approaches.**  
**Safe hands. Seamless execution.**  
**Change intelligent expertise you can rely on.**



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