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Leading and Transforming An Organization

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Today's agenda

- Organization transformation
- Leading change
- Role of psychology

Objectives

- In this module, participants will:
 - Assess the needs and strategic priorities of an organization that lead to transformation.
 - List planning and implementation steps to increase probability of success in organization change.

Core Questions

- This module will answer:
 - What defines organization transformation?
 - Why is it difficult to lead?
 - How can you assess, lead and manage change?
 - What is the role of psychologists in organizations and leadership?

Examples of Transformation

What is an organization that you consider an example of a “transformation”?

Live viewers: Submit your answer now. We'll share results in a moment.

**Organizations often
talk about change,
continuous
improvement,
innovation, and
transformation....**



**Examples of
organizations
viewed as
having
undergone a
transformation**



10 Companies that have successfully transformed something old into something new

Mashable

- Nest
- Nintendo
- Snapchat
- Slack (Chat rooms)
- Polaroid
- Unwelcome Greetings-Hallmark Cards
- Dollar Shave Club – Harry's
- Go Pro
- Netflix
- Adidas

10 Companies that completely reinvented themselves

Money Magazine How stuff works

- Apple
- American Express
- National Geographic
- Wipro
- Western Union
- Nintendo
- Nokia
- Royal Dutch Shell
- Berkshire Hathaway
- IBM

Best and Worst of Business Transformations

Entrepreneur

- Abercrombie and Fitch
- Apple
- Blackwater
- Burberry
- Fortune Brands

The 2017 Transformation 10

HBR

- Amazon
- Netflix
- Priceline
- Apple
- Aetna
- Adobe
- DaVita
- Microsoft
- Danone
- ThyssenKrupp

Other Companies

- Airbnb
- Lyft
- Uber
- Wikipedia

Industries

- Telemedicine
- Healthcare

Question Responses

Where is the overlap of business transformation and people and culture transformation?



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An illustration of seven diverse people (men and women of various ethnicities) standing on a light blue floor. They are interacting with a large, abstract, light blue shape that resembles a stylized 'A' or a large letter. Above them are several floating geometric shapes: a blue teardrop, a yellow square, a red circle, a blue triangle, a yellow circle, a red wavy line, a blue wavy line, and a yellow wavy line. The background is a solid light blue.

Where is the overlap of business transformation and people and culture transformation?

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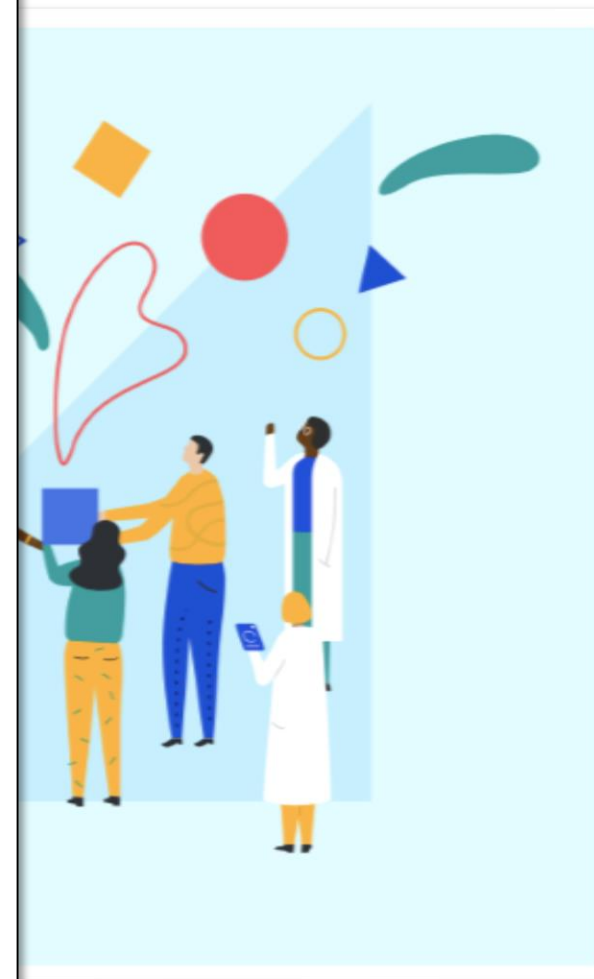
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1. Hilton
2. Salesforce
3. Wegman Food Markets
4. Workday
5. Kimpton Hotels and Restaurants
6. Cisco
7. Edward Jones
8. Ultimate Software
9. Texas Health Resources
10. The Boston Consulting Group
11. Stryker Corporation
12. Publix Supermarkets Inc.
13. American Express
14. Quicken Loans
15. Orrick
16. Baird
17. JM Family Enterprises
18. Kimley-Horn
19. Camden Property Trust
20. Cooley LLP
21. Plante Moran
22. Adobe
23. Veterans United Home Loans
24. Intuit
25. The Cheesecake Factory Inc

...



Poll: Defining Transformation

Organization change is the same as organization transformation?

- A. Agree
- B. Disagree
- C. Depends

Live viewers: Submit your answer now. We'll share results in a moment.

Defining organization transformation

“Transformation is another animal altogether. “

Ashkenas, Ron, *We still don't know the difference between change and transformation*, HBR, Jan 15, 2015

- Different than change management
 - A portfolio of integrated initiatives
 - Reinvent the organization...revise business model
 - Impact people and culture

Poll Responses

WHAT ARE SOME FACTORS THAT TRIGGER
ORGANIZATIONAL TRANSFORMATION?

Drivers for Transformation

- When growth stalls
 - Premium position backfires
 - Innovation management breaks down
 - Core business abandoned prematurely
 - Company lacks a strong talent bench



Eight steps to transforming your organization

John Kotter, *Leading change: Why Transformation efforts fail*. HBR, March-April, 1995

1. Establishing a sense of urgency
2. Forming a powerful guiding coalition
3. Creating a vision
4. Communicating the vision
5. Empowering others to act on the vision
6. Planning for and creating short term wins
7. Consolidating improvements and providing still more change
8. Institutionalizing new approaches

Poll: Successful Transformations

The percentage of successful transformations is approximately....

A. 50%

B. 30%

C. 10%

Live viewers: Submit your answer now. We'll share results in a moment.

IF WE KNOW WHAT TO DO, WHY AREN'T WE
GETTING BETTER RESULTS? WHAT ELSE DO
WE NEED TO BE DOING?

It's the Leadership!

- CCL research: 66% – 75% of change efforts fail
- Typically due to failures in change leadership

Why Do Change Efforts Fail?



What Can Leaders Do About It?

by James Edwin Kee
and Kathryn E. Newcomer

A recent study
of large-scale
transformations in
public and nonprofit
organizations shows
how leaders can
make change
efforts work.

A recent study, published by the Center for Creative Leadership, reported that between 66 and 75 percent of all public and private change initiatives fail—a depressing statistic for those who seek to change an organization. The study identified a resistant organizational culture as the chief culprit.

We recently completed an intensive two-year study of large-scale changes in six public and nonprofit organizations, which focused on the roles leaders play in initiating and implementing change efforts. Our findings suggest that change efforts typically fail as a result of the shortcomings in change leadership, including the following:

Poll Responses

Poll: Leading Change

Change is inevitable. Resistance is guaranteed.

- A. Agree
- B. Disagree
- C. Depends

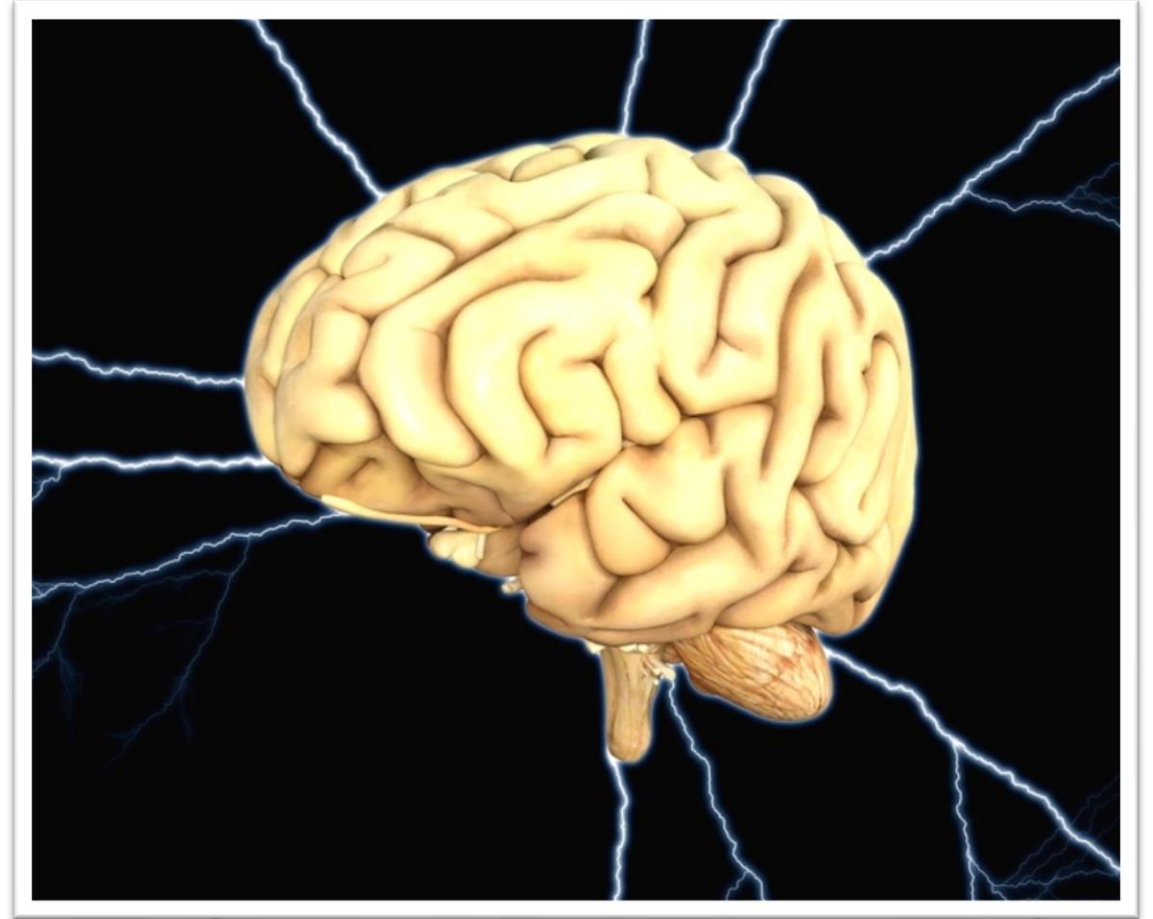
Live viewers: Submit your answer now. We'll share results in a moment.

Resistance - What's the culprit?

The brain craves predictability

Change is unexpected

Triggers a threat response



Poll Responses

Poll: Where are you on the change continuum?

- A. Laggard
- B. Wait and See
- C. Early Adopter

Live viewers: Submit your answer now. We'll share results in a moment.



Laggard



Wait and See



Early Adopter

Poll Responses

The 3 **A**'s of Transformation

Agility: Are we responding and adapting to industry/consumer changes and demands?

Alignment: What type of culture will support our strategy?

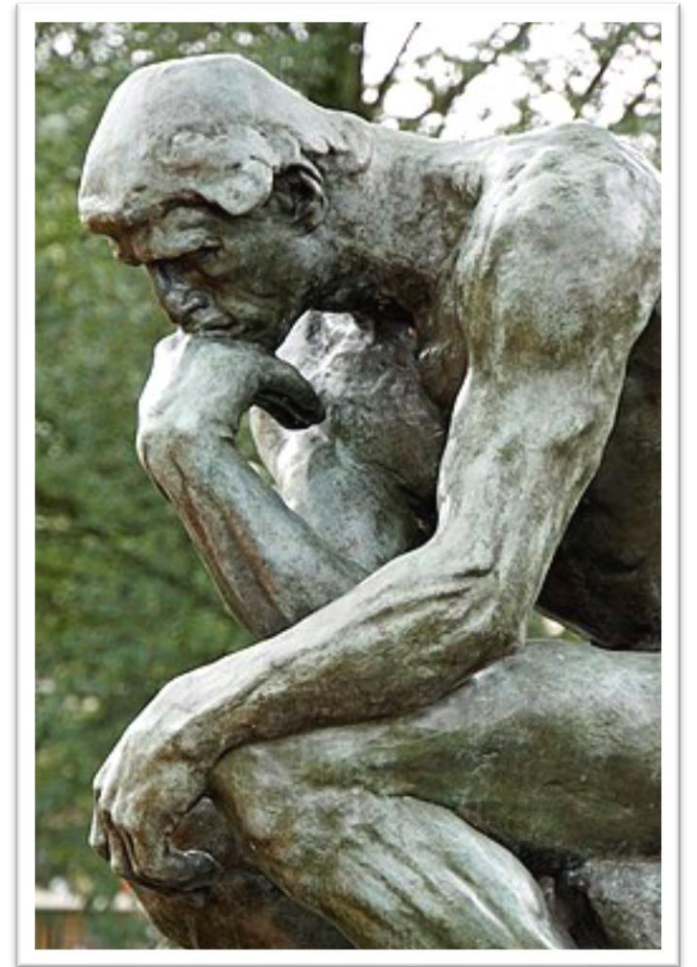
Acceptance: How do we get people's buy-in and commitment?

Agility and Adaptation

Thinking is taxing to our prefrontal cortex (PFC)

We rely on cognitive short-cuts

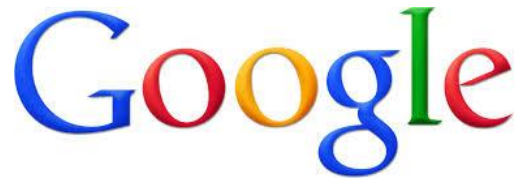
“What you see is all there is” (Daniel Kahneman)



How can psychologists help?

- Challenge assumptions
- Slow down the process
- Get diverse perspectives in the room
- Recognize and address cognitive biases
- Engage in brain-friendly brain-storming

Alignment: Strategy and Culture



Continuous improvement/Learning

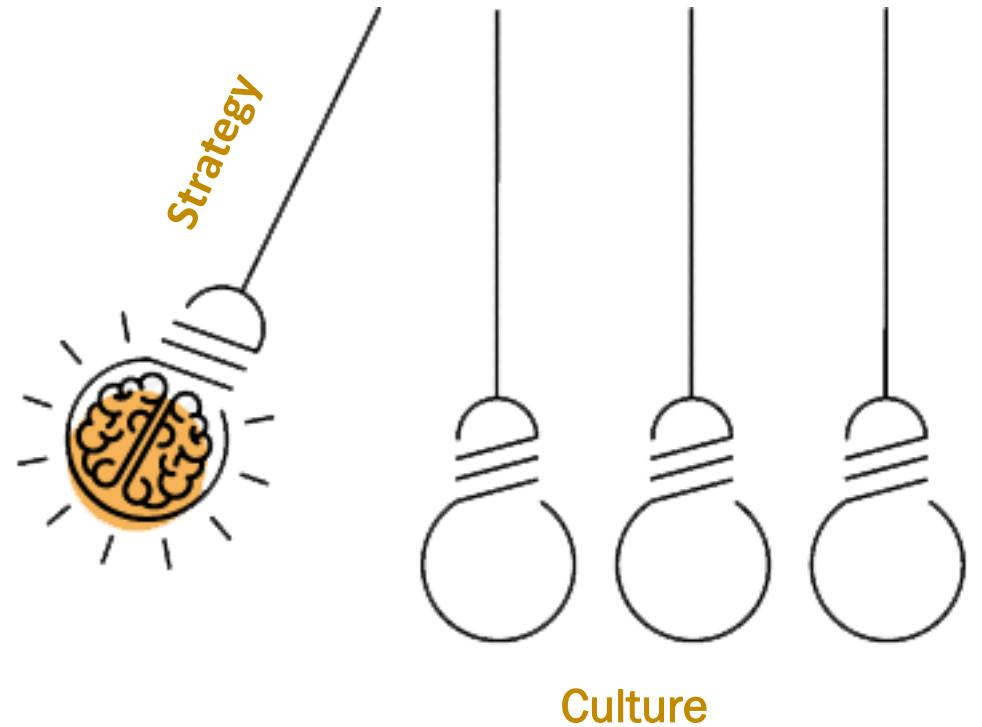


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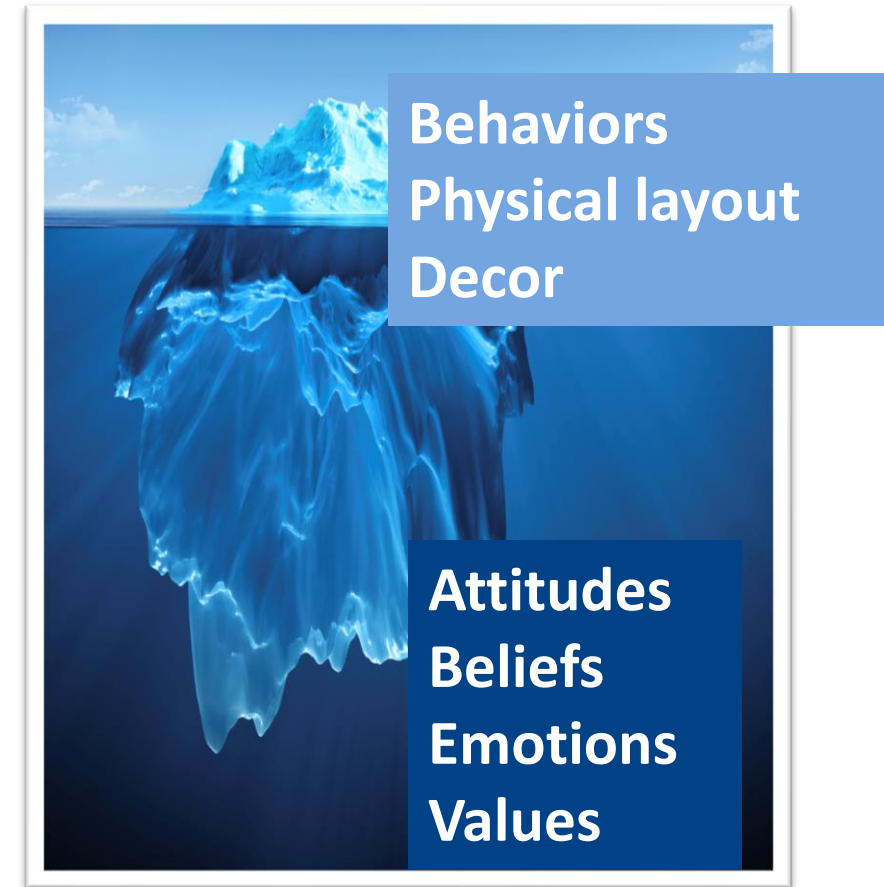
How can psychologists help?

- Assess the culture
- Identify the gaps
- Get below the surface (attitudes, beliefs, assumptions)
- Identify specific behaviors
- Leaders as role models
- Give it time (patience)



How can psychologists help?

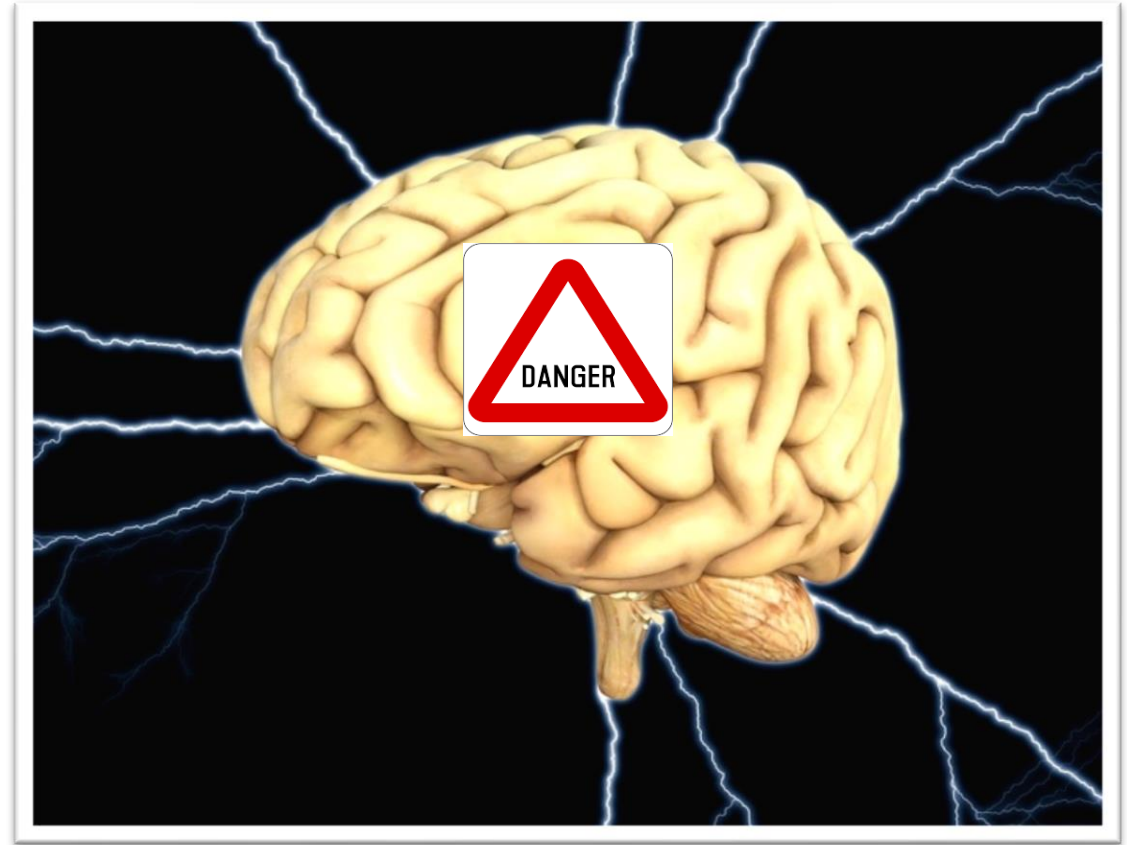
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Acceptance: Gaining Commitment

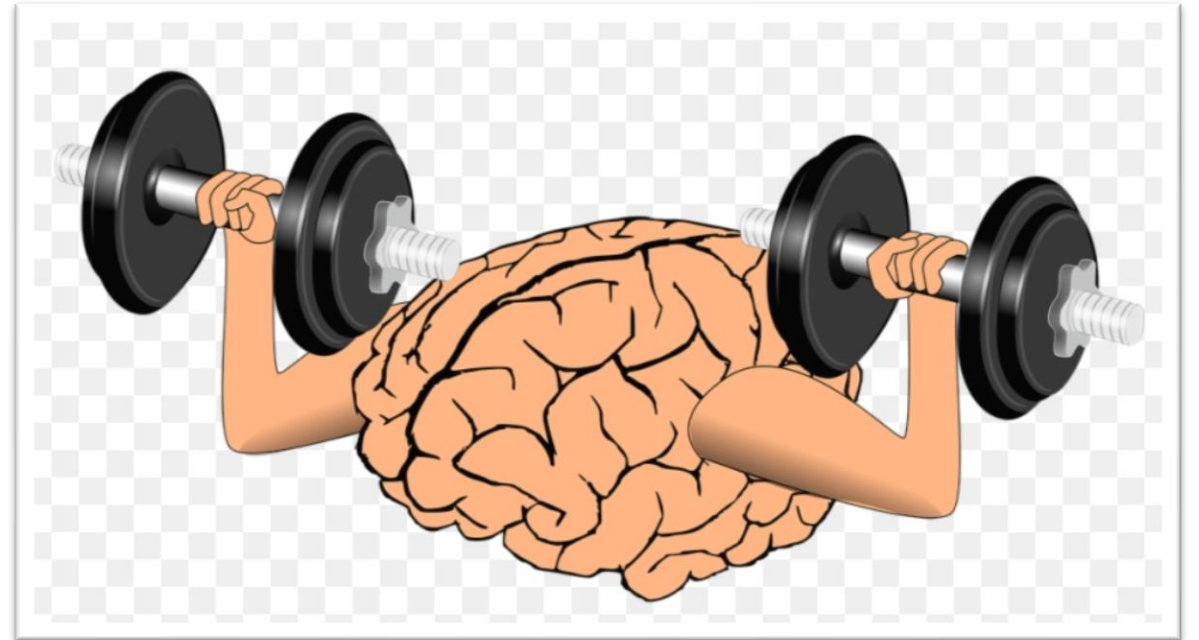
Resistance: What's the culprit?

It's hard-wired in our brain.



Change is energy-intensive

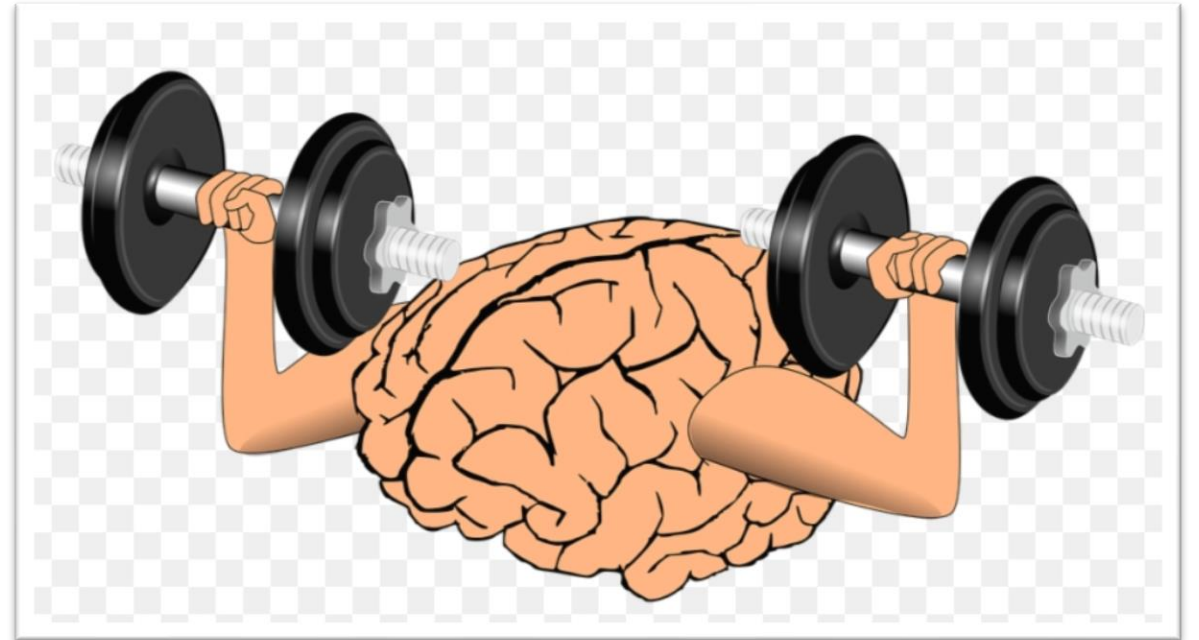
Our brains are inherently lazy and prefer to rely on habits.



Change is energy-intensive

Our brains are inherently lazy and prefer to rely on habits.

Neuroplasticity creates new connections



How can psychologists help?

- Find out what people care about
- Minimize uncertainty
- Allow people to provide input
- Label the emotion(s)
- Stimulate curiosity
- Be patient



WHAT ROLE CAN WE AS PSYCHOLOGISTS PLAY?

A purpose to believe in – Festinger
Reinforcement systems – Skinner
Skills required for change – Kolb
Consistent role models – Spock

McKinsey Quarterly

The psychology of change management

June 2003 | Article

By Emily Lawson and Colin Price



As psychologists we can read more and
share more

What can psychologists do to help?

- Help leaders understand & prepare for the inevitability of “resistance”
- Facilitate self-awareness (where is the leader on the change continuum)
- Ask questions to challenge assumptions and stimulate insight
- Encourage planning, collaboration and patience

**What WILL YOU do NOW to
be more effective supporting
and leading change and
transformation**

Resources and References

- Becker, William J, Cropanzano, R., and Sanfey, Alan, “Organizational neuroscience: Taking organizational theory inside the neural black box”, *Journal of Management* 37 (4), 933-961, 2011
- Dewer, Carolyn and Keller, Scott, “Irrational Side of Change Management”, *McKinsey Quarterly*, April 2009
- Kotter, John, “Leading change: Why transformation efforts fail”, *Harvard Business Review*, Jan 2007
- Rock, David, and Schwartz, Jeffrey, “The Neuroscience of Leadership”, *Strategy + Business Magazine*, May30, 2006, Summer 2006, Issue 43

Practice Today's Lessons

Assume you are a consultant with group of psychologists focused on sustainable transformation in organizations.

The CHRO of a company reported publicly as an example of “transformation” calls with concerns about how they can be one of the few companies that is successful in its transformation. They want you to look at what they have done well and what they may have overlooked or underestimated.

- What framework will you use to assess the situation?
- What can you find in the media that represents something they have done well?
- What areas of concern do you have? How can you gather more information?
- What interventions would you suggest to the CHRO?

Questions & Answers

We will answer a handful of questions today. Some additional questions will be responded to and placed in your Slack Learning Community.

Congratulations! You've reached the tenth and final session in the APA Emerging Leaders in Psychology Academy!

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Thank you!

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