Transforming Your Organization

Global Organizational Development White Paper Series

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Contrary to Conventional Wisdom, Cultures can be Transformed

Senior leadership teams can and do evolve new mindsets. Individuals, teams and entire organizations adapt, grow, and prepare for future challenges. They learn to change what they do and how they do it. As a result, they have grown "bigger minds for solving bigger problems."

Organizations seeking to adapt during turbulent times – like now – cannot force change through purely technical approaches such as restructuring and reengineering. They need a new kind of leadership capability to reframe dilemmas, reinterpret options, and reform operations – and to do so continuously.

But organizational culture change is not for the faint of heart or the quick-change artist. Serious change demands serious people. Are you up for it?

Why Transform?

Companies have no choice but to change. The world is moving and shifting fast; executives know it. Trying to cope, they are applying their best thinking to the structures, systems and processes they need to compete. Conventional wisdom says that the right business structures will provide the efficiencies, innovation and agility that organizations need to succeed and sustain.

Behind closed doors, however, senior leaders and CEOs are speaking a different truth.

Increasingly, they are questioning the incessant reorganizing, reengineering, and restructuring in the name of efficiency. Strategies and plans that should work instead fall apart, yielding (yet again) less-than-expected results. Operational decisions that once were clear-cut are becoming more complicated and ambiguous.

Worse, many top managers and teams struggle to agree on outcomes, or even common ground for moving forward. Skilled individual leaders with impressive track records fail to collaborate. They don't know how to work together to understand difficult challenges, much less to resolve them. Instead, they continue to be constrained, operating in silos and defaulting to traditional boundaries and turf battles.

The ability to integrate systems, collaborate with partners, and coordinate across the supply chain remains elusive. Innovation is haphazard or thwarted. Customer-focused strategies are uncoordinated and implementation is uneven.

In short, organizations are stuck. Frustrated executives work harder and longer. People at every level are overwhelmed, guarded and cynical.

What's Going On?

Insufficient leadership ability is part of the problem. You'll note we say "leadership" – not just a reference to the individual leader. The shift in focus from development of the individual heroic leader, to the unfolding, emergent realization of leadership as a collective activity is intentional – and very, very important.

A recent CCL study found that the four most important skills/capabilities needed by organizations in the future – leading people, strategic planning, inspiring commitment and managing change – are among the weakest competencies for today's individual leaders.

At the same time, the nature of effective leadership is changing. CCL's changing nature of leadership research showed that approaches focusing on flexibility, collaboration, crossing boundaries and collective leadership are increasingly more important than the basics of making the numbers.

These findings suggest that organizations should continue to seek more of a balance between developing leaders through individual competencies and fostering the collective capabilities of teams, groups, networks and organizational leadership.

The common thread among these studies is a powerful one: choosing the right leadership culture is the difference between success and failure.

Different leadership cultures serve different purposes. A hierarchy of culture exists – and each advancing culture is increasingly capable of dealing with greater and greater complexity in leading and gaining the commitment of others, effecting strategy and being successful in organization change.

As companies face change, they need to invest intentionally in a leadership culture that will match the unfolding challenge. The beliefs that drive leadership behaviors need to align with the operational business strategy.

Without that alignment, painful gaps appear in the individual leadership skill set and in the organization's collective leadership capability.

In contrast, when executives change their leadership culture, they are rewarded with significant, sustainable outcomes, including:

- An accelerating ability to implement emerging, successive business strategies.
- Greater speed and flexibility, allowing the organization to move faster in response to change and challenge.
- New, stronger core organizational capabilities.
- Achievement of bottom-line results.
- Improved ability to create shared direction, alignment and commitment throughout the organization.
- Growth of not only individual capabilities, but waves of individuals all growing capabilities in a leadership collective.
- The development of talent and culture while implementing the business strategy.
- Genuine organizational innovation for not only products, but also the organizational systems required to sustain innovation.
- Effective cross-boundary work and the collaboration required for dealing with complexity and change.
- Increased engagement within the top leadership team that links through leadership down into employees throughout the organization.
- A re-humanized workplace, balancing technical and operational expertise with beliefs and experience.
- Leadership and organizational transformation.

The Lessons of Our Experience

The history of change management teaches us that a simple recipe does not work. Change remains very difficult. Our experience with clients has helped us identify themes and patterns, tools and models that help leaders and organizations to change their culture. But the fact remains: anyone touting a quick-fix transformation formula doesn't know what he's up against. Change leadership isn't simple because:

1. **Bigger minds are needed to keep pace with rapidly changing reality. Reality is leaping** ahead of our collective development. We need new thinking and new ways of working together in order to keep up. Most organizations are behind in developing what they need to move up the hierarchy of culture. It takes an even greater stretch to thrive in the face of change.

2. **Change requires new mindsets, not just new skills. Organizations have become savvy** developers of individual leader competencies. In doing so, they have over-relied on the human resource function to manage change through individual skill development. Executives have not considered the need to advance both individual and collective leadership mindsets.

3. **Hidden assumptions and beliefs must be unearthed. Unexamined beliefs control an** organization and prevent any meaningful change. Years of valuing hierarchy, status, authority and control – even if unstated – can lead to assumptions and behaviors that are out of date, unnecessary, unhelpful, and at odds with stated goals and strategic direction.

4. **Organizational change requires leaders to change. Change the culture – change yourself.** That's the new reality. Senior executives who move the needle toward organizational transformation also experience significant personal transformation. That commitment to personal change is a fundamental part of their readiness to take on the leadership and management challenges of change for a sustainable future.

5. **It takes a new kind of hard work. Stop calling them "soft" skills. Developing new beliefs** and mind-sets is hard, and the leadership practices they generate will permanently alter the way leadership is experienced and accomplished. Developing a new mindset is much harder than managing spreadsheets and the next restructuring. If it was easy, everyone would be doing it.