

Why Do Organizations Need Change Leaders?

The rate of change is not going to slow down anytime soon. If anything, competition in most industries will probably speed up even more in the next few decades.

—John Kotter

The future workplace is now—is your organization ready?

Are you ready?

We need change leaders now because the fast pace of change has made it an imperative. Why?

Because fast change means there is a need for people to adapt quickly. The truth is that change involves human beings who must be willing to move away from the familiar and move toward the unknown and embrace it.

The art of change leadership is to understand the fundamental of change from a human point of view. When we as change leaders consistently use strategies to improve our own approach to change and then share those strategies with those we lead, *then* we can effectively create sustainable organizational change. That's the goal of this book, to provide the human (feelings, thoughts, and behaviors) and the structural (steps to be taken)

strategies as well as the behaviors (action/execution) that will drive transformation in our fast paced world.

In the past 10 years, there have been massive changes. The Conference Board surveyed 1,020 global chief executive officers (CEOs) in 2014 and asked them to rank their top business challenges. *Human capital*, *customer relationships*, *innovation*, *operational excellence*, and *corporate brand and reputation* emerged as the top five challenges. Although these challenges may have been similar a decade ago, at the core of these challenges is the underlying theme—the need to change the solutions. The solutions to the top five challenges are not the same that would have been applied even a year or so ago. The challenges require new solutions, which in turn requires change.

Human capital is the biggest issue keeping many CEOs up at night—it used to be that employees would find a career in an industry, remain in that industry for 20-some years, and then retire. My, how things have changed! Now, employers are faced with the reality of changing employee attitudes about work and life. The increase of technological innovation has created greater access for employees to educate themselves, to seek out other opportunities, and to seek more meaningful and impactful work. Generations of workers are finding that there is value in working smarter not harder and having fun at work. The changes needed to master the human capital challenge include having change leaders who can drive transformation in the fast paced and fast changing workplace reality. Imagine organizations that have recognized the need to build the future workplace today and to prepare their leaders for ongoing and rapid change. Imagine organizations having leaders who are able to inspire, share knowledge, and provide resources to their teams while creating a work environment that is open, creative,

collaborative, and focused on transformational experiences for the employees and the clients.

The leadership skills that have been used for the past decade are not the skills that are going to create next level growth or expansion for organizations. We need change leaders with upgraded operating systems to inspire and create new approaches, new processes, and new ways of connecting to create an organization with happy employees.

Customers have become right-now consumers who want what they want and they want it *now*—not yesterday! Amazon Prime and its two-day delivery is still not fast enough for some of the drone-loving customers who want their deliveries *today*. Years ago the customer could wait. I remember a situation when I worked in banking: I was right out of high school and was promoted from bank teller to side-counter customer service. This was in the 1980s when customer service was not a “thing” and a customer came to the side counter and I jumped up ready to serve him. My co-worker who had been in customer service for years yanked me back down and said, “Don’t get up so quickly or the customers will always expect us to jump.” I was in my teens at the time and remember thinking how silly that was. Fast forward to today and the customer IS king or queen and drives all solutions from the business perspective and also from the individual consumer perspective. In fact, I find that customer expectation of stellar service has gone up so high that there is a pervasive culture of never satisfied customers out there. So what does that mean for organizations? It means that the continued and increasing demands from customers are creating the need for adaptable and customized solutions. The ability to provide creative and innovative customer care requires a change of mind-set around what constitutes good

service and a change in customer delivery processes. We need change leaders to transform customer processes.

Innovation is something that keeps many CEOs up at night as he or she struggles with staying one step ahead of the competition. An innovative culture requires teams of people to be thinking in new ways that are continually focused on creative solutions. Leaders and employees who may have been working in a culture in which new ideas were not valued are finding the new economy and new workplace demands creativity and innovation mindsets. The approaches, strategies, and processes all need to change in order to shift to a culture of innovation. We need change leaders to focus and create environments and structures that support innovation and creativity. Organizational executives need to value new ideas and create opportunities for employees to share ideas, to openly spend time creating, and to be rewarded for innovative product ideas, customer service improvement ideas, employee engagement ideas, and more. Many organizations are establishing forums and labs for innovation; for example AT&T and the AT&T Foundry™ innovation centers are fast-paced and collaborative environments. AT&T and technology providers work in the AT&T Foundry to deliver applications and services to customers more quickly than ever before.

The AT&T Foundry works in projects combining business, design, and technical resources. Since its launch in 2011, the AT&T Foundry has started more than 200 projects and deployed dozens of new products and services. Projects focus on areas of significant business or technology interest and typically involve external start-ups, innovators, entrepreneurs, academics, and inventors. Projects are organized in short sprints designed to determine success or failure quickly.

Another area that is undergoing massive change approaches is the operational excellence of the organization overall. Many organizations have policies and procedures that were established decades ago and that may or may not have relevance to today's business reality. When our team conducts organizational assessments with our consulting clients one of the questions asked is, "What are the policies and procedures you have in place that are not serving your actual objectives?" A company may state that their objective is for absolute customer satisfaction and yet the operations and processes hinder that same objective.

For example a company that has been in business for over 30 years or more may have had a policy to give absolutely no refunds to the customer, and today that same company has a direct competitor who does provide refunds for the same product. Does the policy need to change? That may seem like a stupid question and yet there are many organizations in which the operations and methods have not been changed, updated, or modified to meet the current customer or employee reality. We need change leaders in operations to lead operational excellence and to help drive transformation in the organization.

The corporate brand and reputation focus from the survey mentioned earlier is a key area for company success in the next few years. It used to be that you could manage brand and reputation by "spinning" content to ensure the best possible image was put forward. Now with social media and outspoken customers a brand slipup can go viral in seconds. Larger corporations have had social media staff for the past five years focus on brand and reputation management by focusing on Twitter feeds, YouTube video comments, and more. In addition, individuals within companies are recognizing the need and value to have a personal brand to promote skills for new jobs, for promotion

opportunities, and more. I read recently that new parents are buying URLs for their babies either prior to birth or right after birth to ensure brand protection. The need for rapid adaptation to the brand and reputation challenge is an imperative. We need leaders of change to lead everyone within the company to be brand advocates, to leverage all channels of strategic brand promotion, and to see the interconnection of company brand with each individual's representation of the brand.

A NEED FOR BREAKTHROUGH TRANSFORMATION

All the items discussed here provide insight into the areas that CEOs will be focused on in the next few years. However, there are new trends that are shaping the future of work and that have to be factored in when looking at driving transformation in the workplace.

The trends that are impacting business today are increasing technological innovation, Generation Y impact on the workplace, and cloud computing.

Technological Innovation

Let's look at the impact of technological innovation: 10 years ago if someone told you that you would share most of your life both private and personal for the world to read, watch, and hear, you would have said they were nuts. We now live in a 24/7 information-packed reality where we can find out virtually anything we want about anyone at any time. Who would have thought that we would be living more public lives, building online communities, sharing photos, videos, and personal stories, communicating, collaborating, and accessing information all through the use of technology? It is the impact

of technology that is radically changing the way we live and work, and organizations must be adapting to the technological revolution that is upon us. The need for organizations and their leaders to guide the change of technological transformation is absolutely essential. Eric Qualman, the creator of *Social Media Revolution* videos, states a statistic that in the next few years we will not have a Fortune 500; rather, we will have a Fortune 100. That is, the rapidity with which technology is impacting business and the ability of businesses to respond will determine whether the company will still be relevant in the next few years.

The organizations that are focused on technological transformation are well positioned to be successful and relevant. Often when I speak to groups of traditional organizations (those who have been in business for over 30 years or more) I notice that there is an obvious opportunity for many of these companies. The obvious opportunity is to get everyone in the company on board with the technological solutions that can be utilized. I was facilitating an executive retreat with a company that had been in the telephone business for over 20 years and now wanted to rebrand to let its customers know that they were now a technology company. When we were going through the SWOT (strengths, weaknesses, opportunities, threats) analysis with the executive team, the vice president of sales stated that she did not need to know the technology because her team had full knowledge of it. I stopped and looked directly at the VP of sales and then the CEO and said nothing. I waited for the CEO to say something to the VP and then I said, "Let me get this straight. You are rebranding to be a technology firm and yet *you* don't need to know the new technology?" The room was silent. Then I went on to say, "In the past it is true that a leader did not need to know the technicalities of the work that the team members did, but in today's reality the leaders

must know as much as they possibly can about the technology in order to have relevance with the team.” The CEO had been accepting the approach of the VP of sales because he was not willing to engage in a dialogue with her about how she needed to step up and be more proactive in her role and to learn as much as she could about the technology. This company had a need for breakthrough transformation in order to achieve the objective of being a technology firm rather than a telephone firm. The attitudes and the behaviors of the executives needed to fundamentally change in order to transform and drive business forward. I am happy to say that as a result of that two-day retreat, the company went on with the rebrand and a new commitment to training and upgrading of leadership skills to ensure the focus remained on transformation and making positive change.

Generation Y

The Generation Y impact is a profound change that I identified and that I have helped clients with over the past five years. When I wrote my book, *101 Ways to Make Generations X, Y and Zoomers Happy at Work* in 2010 it was as a result of clients telling me that they were being majorly challenged by this new younger demographic who was in the workforce.

By 2020, Generation Ys are expected to make up around 50 percent of the workforce; by 2025 this number is projected to be 75 percent. Yes Generation Ys bring new approaches, innovations, unique values, and ways of working, *and* they are going to be the dominant demographic in the workplace, which means what they want will rule. This is a generation that has technological intelligence and innateness and that is focused on working smarter with the use of technology rather than *harder* (aka longer hours).

Many Generation Ys will live at home until the average age of 35; they are willing to live at home longer until they find a company that they truly want to work for. Gen Y are either staying home longer until they find work they love or they are working at what they want but it doesn't quite pay enough for them to move out. The implication for organizations is that they must shift from creating an environment in which they assume people *need* to work to one in which people *want* to work.

We need to transform the workplace and the culture to include the viewpoints and ideas of Generation Y and to be engaging for all of the generations. Generation Ys are not the reason companies need to transform; the reason for the transformation imperative is technology, and Generation Y happens to be the generation infiltrating the workplace that has been born with technology as a part of their life since birth. Generation X or Baby Boomer parents taught Generation Ys to do what they love, to ask for what they want, and that life is too short to be in one job for life. Because of this, Generation Ys show up at work and want the workplace to segue to their lives; they want it to be fun, to be collegial, to be creative, and to have the ability to enjoy life while having a career. The art of change leadership includes the ability to adapt to the Generation Y influence and to incorporate their ideas as well as their creative solutions for driving transformation forward.

Cloud Computing

The other trend that is impacting the need for transformation is cloud computing. Big data, the cloud, robots, real time, video, collaboration tools, and open-source platforms are changing everything. The cloud puts the power of technology in the hands of employees. Robotics is forcing us to rethink the jobs that humans can and should do. Recently, I was a

keynote speaker for the American Manufacturing Excellence conference on finding and keeping good people, and robotics was a big item of focus because many mundane and repetitive tasks in the manufacturing industry are being replaced with robotics. Interestingly a 2015 statistic by Fortune 500 magazine says that 82% of CEOs of the biggest companies plan to employ more people two years from now than they do today even with robotics entering the workplace. The change of bringing on robotics is in response to one of the biggest challenges for many traditional industries, namely finding talented new people, and many Generation Ys are happy to do jobs that involve technology such as operating robots and not so happy doing jobs of repetitive labor (the jobs that robots do).

Big data is also giving us insights into the metrics of how we work and how customers interact with us. Collaboration tools give us the ability to connect people and information together anywhere, anytime, and on any device. Data collection as a focus has shifted into data action—leveraging information from data mining to improve customer deliverables and business results.

Business agility has become the primary advantage being delivered by the cloud, says a new survey by Harvard Business Review Analytic Services of 527 *Harvard Business Review* (HBR) readers in large and midsize organizations. Business agility is the main objective for adopting cloud computing, with nearly a third of respondents (32 percent) saying it was their primary reason for pursuing the cloud. This was followed by increased innovation (14 percent), lower costs (14 percent), and the ability to scale up and down in response to variations in business demand (13 percent). So you can see the need for breakthrough transformation in this fast-paced and changing world. The human requirement is for all of us to master the art

of change leadership. This requires the ability to be responsive and quickly adaptive to change and to have the mental agility and the emotional agility to lead people to the exciting future of business that lies ahead.

THE INCREASING NEED FOR INNOVATION AND SPEED

In addition to the need for breakthrough and transformation, there is the ongoing reality of the speed of change and the need for rapid innovation. In the example of the AT&T Foundry a structure was created to focus on innovation as a main driver for the business. There is an opportunity for an organization of any size to create its own innovation hub. There are innovation hubs available for start-up companies, but what if existing companies created their own innovation hubs similar to AT&T's. An example of an innovation incubator is Innovation HUB—Florida Innovation HUB at the University of Florida. The mission of the Innovation HUB is as follows:

The Florida Innovation Hub was created to serve as catalyst for start-up companies whose technologies emanated from laboratories at the University of Florida and throughout the state. Our mission is to provide them with the infrastructure, logistics, and resources needed to get up and running effectively and efficiently. In doing so, the Innovation Hub hopes to help those companies and others bring research discoveries to the marketplace, creating additional jobs for Floridians.

The Florida Innovation HUB is modeled after successful entrepreneurial-focused commercialization centers. According to the National Business Incubation Association (NBIA),

companies that graduate from a business incubator create jobs, revitalize neighborhoods and commercialize new technologies, thus strengthening local, regional, and national economies. Historically, NBIA member incubators have reported that 87 percent of all firms that have graduated from their incubators are still in business.

What is great about innovation centers such as the Florida HUB is that it provides a format for continual research and innovation. Many organizations say they want to be innovative and speedy and yet they have not created a format or environment for both of these things to be focused on. We need future focused change leaders who will not only question whether they have processes aligned with what the company and executives say they want to create but who will actually lead the change to create the solutions and the infrastructures to ensure that innovation is a consistent focus. The manufacturing industry has recognized the need for innovation hubs; in 2014, three Manufacturing Innovation Institutes were announced, each geared toward a particular field of manufacturing development and funded in a similar fashion. At North Carolina State University at Raleigh, an innovation hub known as the Next Generation Power Electronics National Manufacturing Innovation Institute was launched in January 2014 and tasked with improving energy efficiency. N.C. State and its partners will tackle the broad challenge by advancing the technology and production of special power-oriented semiconductors to improve efficiency in applications ranging from electronic devices to electric vehicles.

Innovation today is not innovation of the past. In the past, innovation was led by the senior leaders who would then report back to the employees about the innovations that were going to take place. Today, innovation requires open-source. Think Tesla

and this excerpt from a June 12, 2014 blog post from Elon Musk on the philosophy of sharing for the sake of innovation:

Excerpt from *All Our Patents Belong to You*

Elon Musk, CEO, June 12, 2014

If we clear a path to the creation of compelling electric vehicles, but then lay intellectual property landmines behind us to inhibit others, we are acting in a manner contrary to that goal. Tesla will not initiate patent lawsuits against anyone who, in good faith, wants to use our technology.

Elon Musk is an example of a change leader who is focused on the bigger picture of innovation and speed; his overwhelming objective is to have more electric cars a reality sooner than later.

So what if we applied Tesla's approach to innovation in our companies today? Innovation as a collaborative approach not only solves the transformation dilemma, it also creates greater engagement for all employees within the company. In order to create speedy innovation, it takes more than a few people; it takes a village. Steve Jobs acknowledged that he had creative vision and he was quick to state that he had a team of talented developers and creators that worked together and in a dynamic way that encouraged sharing ideas, challenging the ideas in a healthy way, and then sharing the innovation as quickly as they could to the market.

In fact, it is speedy innovation that keeps Apple as one of the world's top performing organizations. No sooner do they release a new version of the iPhone, they are consistently and constantly creating new products with new features that are right on target with the consumer needs. In fact, one of Apple's many successful business approaches is anticipating what the customer wants before he or she even knows they want it.

Innovation and speed is not limited to technology. You and I both know that technology needs humans to operate it (well, at least so far!). As change leaders who drive transformation, we as humans need to increase our speed of thinking, of linking unknown things together, of connecting with each other in helpful and productive ways, and in adding value to employees and customers. How? There will be more about that later on in the chapters that follow.

WHO IS RESPONSIBLE FOR LEADING CHANGE?

I know it's an obvious question, and yet is it?

You may already inherently know that *you* are responsible for leading change, you are the one reading this book, you are the one who is a leader either with the title or without the title in your workplace. It is my philosophy that *everyone* is a leader! Being a leader of change is very different than being a reactor to change. One drives success forward, the other resists the fast pace of change and slows down progress. Do me a favor and right now pick up a pen or use your personal device with a writing app and write your name using your opposite hand. Now, if you are ambidextrous, you have an advantage, but most of us are not. Notice that the writing is not as legible, smooth, or pretty as when you write with your dominant hand? Why?

Because we use our dominant hand to write, writing with our dominant hand has become an unconscious competency we just do. This is how many people respond to change: he or she has a way of reacting to change and that way either creates progress or it hinders it.

If you were to practice writing with your nondominant hand for about 30 to 90 days, you would be able to write more

competently with your opposite hand and you would be able to increase your skill set to write with either hand you chose to use. The same is true for change.

If you focus on being more responsive, flexible, open, and creative for a minimum of 30 days you will begin to create a new level of unconscious competency.

So if *you* are responsible for being a leader of change, what is it going to take for you to be a master leader of change?

First, it takes desire; do you *want* to be more responsive, more creative, more engaging, and create more dynamic results?

Next, it takes commitment; are you willing to do what it takes to create the next level of flexibility and adaptability knowing that it will create more excitement and energy for yourself as well as for those you influence?

Last, it takes a calling; do you know that your legacy, the reason you are here is to make a lasting impact with how you show up and with how you inspire and motivate others to navigate these times of fast-paced change?

If you answered yes to these three questions, then you have answered what Joseph Campbell calls the heroes' journey: the desire to be a master of change leadership and to make an even bigger impact on the world than you already have.

The other answer to who is responsible for change leadership is *everyone*.

As a change leadership expert, I have found that, for many people, change is hard. Many people say they want to change and they make an effort and then inevitably they fall back to the previous way of doing things.

Psychologically change can be overwhelming. This is because we are wired for fight or flight. These reactions are helpful when we are in a life or death situation but not so helpful when we want to navigate change with speed and innovation!

Depending on personality and the amount of change someone has had in his or her life and work they may view change as a threat or as an opportunity. As a leader of change, the art of change leadership is to better understand how people can succeed at it and to inspire them to move with it.

I often tell my clients and audiences that, to be a successful leader today, we must all become better psychologists to better understand why people might be resistant to a specific direction and to understand to a deeper level how to shift them to be a part of the change.

Leaders must also better understand behavioral economics—the study of how human thought and behavior affect decisions provides us with clues for why creating lasting change is so difficult. Factors such as status quo bias (a preference for keeping things the same) and loss aversion (the tendency to prefer avoiding pain more strongly than acquiring progress) interact to stack the odds against employees acting very differently for very long.

Gallup conducted a study of effective change management using the Change Management Index, and found that managers in the top quartile engaged 77 percent of their employees on average. Managers in the bottom quartile engaged only 1 percent of their employees on average, and 54 percent of their employees were actively disengaged. Even when an organization's leaders advocate for change, when more than half of the employees on a given team do not participate, it's difficult to make that change happen.

Talented managers who engage their teams and assist their employees to see how their work connects to the vision for the future are key to every successful change approach. Talented managers deliver daily focus to keep employees moving in the change direction rather than waiting for annual performance

reviews to help them correct their course. In these times of fast change, we use technology to be a part of our tools for keeping everyone focused on the new change direction. A great example of this is real-time performance tools that recognize and reward people for the activities we want to establish as the new norm. Companies like www.work.com and <https://www.7geese.com/welcome/> provide instant feedback through texting, e-mail or group messaging to employees when they are exhibiting the actions aligned with the desired behaviors that are aligned with the change direction of the company. Tools like this increase the speed of feedback as well as reinforcing desired behaviors by those in the company.

SO WHY DO ORGANIZATIONS NEED CHANGE LEADERS?

We need change leaders because we are living and working in times of major transformation. We must have change leaders because change leaders are transformers helping to drive innovation forward. We need change leaders because change is challenging and we need change leaders to model how to thrive and innovate and create positive outcomes.

In the next chapter, we consider why you and why now, which will include a few quizzes and self-assessment tools to help you get clear on your strengths as a change leader and your areas for development. There will also be an opportunity to practice what you learn and to set a personal plan for 30, 60, and 90 days so that you can further enhance your unconscious competency as a change leader.

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