The leader's stake in change

by Ian Wells

'Personal agenda' has always been a dirty phrase in corporate life. Yet business leaders have found that bringing their own personal goals out into the open is one of the most important factors in achieving major organisational change.

Take the CEO whose company was building large scale electrical engineering systems, structured around projects taking typically between six months and two years. A critical problem was developing as the behaviour of senior executives continued to cut across the principles of a pilot programme intended to explore new ways of working on an important multi-million dollar installation. The need for genuine cross-functional co-operation was being frustrated.

Following several sticky disagreements it was clear that everyone had become more entrenched in their functional silos. Late in the day, however, a fresh approach was proposed. Each team member was invited to post on a flipchart his or her personal aspirations of what the change could achieve for the business and for themselves.

What the group found amazing was the extent to which their personal and business goals were in line. The process of personal disclosure continued informally long into the evening as these individuals, who had worked together for so many years, got to know each other at a personal rather than just a business level. This was just one intervention in a long coaching and leadership development process but it had a huge impact in achieving successful change in a very difficult environment.

Taboo topic

Conventional wisdom has it that anyone trying to achieve a corporate turnaround should focus exclusively on the goals of stakeholders (stockholders, customers, employees etc). But based on my experience working on scores of projects I believe it is not only perfectly legitimate, it is actually desirable for leaders to consider issues such as their own career 'uplift' or the industry recognition they hope to win in the process.

If they don't have something of value to gain for themselves they may not be willing to pay the high personal price that accompanies change. The initiative could fail as a result.

Personal goals, of course, are rarely seen as a legitimate boardroom topic. It is generally a taboo subject. Chief executives and other directors feel too embarrassed to own up to what they really want out of corporate life and feel uncomfortable about opening up in front of colleagues. The result is usually an excellent business case for change but insufficient resolve at the top.

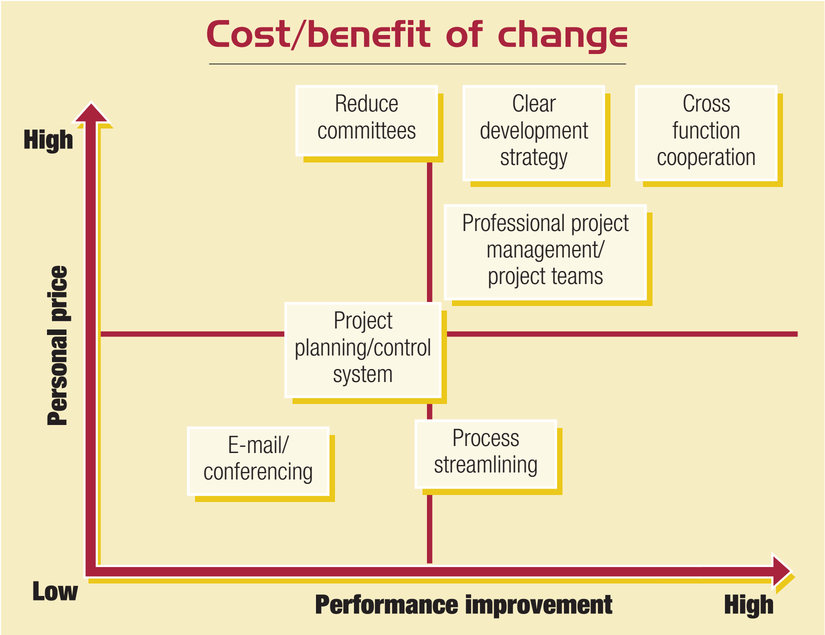
These unspoken personal goals rarely block progress in the early stages of a change programme when the business case seems paramount – only later when the personal price becomes clear. Almost always it is private rather than open resistance. For example progress was halted for several months when the manufacturing director of an international consumer goods manufacturer quietly but effectively resisted a re-engineering exercise which threatened his power base.

In this case his CEO did not confront the issue. Notwithstanding the strong commercial arguments he found the personal price of creating conflict with a colleague and the risks of losing control in manufacturing too unpalatable.

The exhibit below – extracted from a recent study of re-engineering in the pharmaceutical industry – plots the cost/benefit relationship of the various types of change commonly associated with reducing new drug development time. However, the cost is not the conventional financial cost of the change but the personal price likely to be paid by leaders in the business. Implementing a clear development strategy, for example, could be personally expensive because it means calling into question cherished research projects.

The results of the study indicate that it was the personal cost of change rather than the financial cost that determined whether a change was implemented or not. Leaders almost always succeeded in making easy changes which carried a low personal price tag, such as introducing e-mail to speed document handling and process streamlining. However in every case the changes which offered the biggest performance improvement required breaking functional barriers and usually changing the decision-making power structure (in exhibit below).

Leadership resistance is fundamentally the same as that of employees further down. However, there are differences which make the leader's personal stake in change higher and leadership resistance especially hard to manage.



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Leadership resolve in change

Wider stakeholder goals
‡ What change would stakeholders of this business welcome as:
– owners?
– customers?
– employees?

Industry perspective
‡ What pressures threaten
– trends, discontinuities
– changing boundaries
‡ What possibilities exist
– customer benefits?
– costs?
– technology?
– ?

Resolve
‡ What transformation will the leadership team put itself at stake for?
‡ What will be the costs and benefits to the organisation and its leaders?

Organisation perspective
‡ How is this organisation performing
– strengths?
– weaknesses?
‡ What are the possibilities for transforming performance?

Personal goals
‡ How will you earn your place in your company's corporate history?
– personal goals?
– possibilities to realise them in your company?

- Leaders typically put huge amounts of time and energy into the business, so change is particularly apt to threaten life goals such as achievement recognition and close relationships. For those further down the hierarchy opportunities to realise life goals outside work through family, friends and leisure are more significant.
- Leaders fear failure more deeply than other employees. They fear being seen to struggle personally with change by their employees, boardroom colleagues and even family.
- Leaders find it especially difficult to own up to their fears. For example, what looked like wilful avoidance of change by the manufacturing director of that international consumer goods company turned out to be a strongly rooted private fear of coping with new ways of working which did not surface for several months. Similar concerns emerged much more freely further down the structure.

In any change programme our personal goal is to minimise price and maximise benefits. Change goals – what is important to you about this change – are driven by deeper life goals. Thus someone strongly motivated by power and recognition will be concerned about and resist change that threatens their position and status; on the other hand someone more strongly motivated by a need for affection and close working relationships is more likely to resist change that will lead to conflict with others. A leader's underlying motivation can often be seen clearly in change resistance. For example, the board of a large manufacturer watered down cost-cutting proposals because the CEO's need for affection, trust and close relationships made the personal price of more radical action too high. If that CEO had been driven instead by achievement, power and recognition far deeper cuts were likely.

'The meetings brought to the surface the clash between personal goals and the proposed strategy. Each MD had a personal motivation for autonomy.'

The company avoided conflict but not a subsequent takeover. Leadership resistance is created when personal price, or what scares you about this change, outweighs what excites you about this change (personal benefit).

By asking people to select and talk about their most and least important life goals it is possible to see how underlying motivation drives attitudes to change at work. Of course no one is ever absolutely open about their personal motivation in change – but even a little openness can go a long way.

There are two basic levels of dealing with personal goals: first working one to one with individuals; second, working in leadership teams.

Working with individuals

Work with individuals splits again into two broad types. Firstly, coaching the CEO to engage the topic personally and then with others in the leadership team; secondly, acting as the agent of the CEO to obtain individual perspectives from the rest of the team on his/her behalf.

Example one.

The leadership team of a large successful company was in the early stages of a strategy renewal programme. As proposals were developed the high cost of change became clear in terms of personal and organisational disruption and members of the leadership team were beginning to ask themselves whether the change was worth it. After all, their backs were not against the wall.

The CEO could see from these early signs that leadership resistance was likely to strengthen, especially as implementation came closer. The CEO received coaching in understanding personal goals for change first of himself and then, through discussion, of others in the leadership team. It helped encourage the CEO and his colleagues to think beyond the areas taught by business schools as the legitimate domains of the CEO and to ask the question 'What do I really want for myself from the long hours I put into this business?'

For most, these discussions helped build resolve, chiefly by strengthening the link for them between the change and the career building experience and reputation that would come with its successful implementation. In the case of two individuals – one in the late stage of his career, one affected by deeper personal reasons – the approach did not work and the answer was to give them a reduced role. In this way the CEO headed off potentially blocking resistance among his team at the same time as building resolve for change among those who could see a personal opportunity.

Example two

In this example of a multi-national high-tech company the aim was to build a consensus for a new strategy which would require widespread change. One obvious problem was a perceived loss of autonomy among country managing directors. At the beginning of each meeting a clear contract of confidentiality was made which limited reporting back to the CEO only what the MDs felt comfortable with and nothing more. The meetings soon brought to the surface the big clash between their personal goals and the proposed strategy. Each MD had a strong underlying personal motivation for autonomy.

Surprisingly, at the end of each meeting, none of the MDs wanted anything they had said withheld in the report back. That is generally true of such meetings. Once started, people are usually very keen to talk about what they want out of life and then, having got it into the open, feel more relaxed than one would expect about having their views reported.

The work was valuable if not comforting because it became clear to the CEO very early in the programme that he could not count on the support of the existing MDs – in the end most of them left. The process of surfacing personal motivation had at least succeeded in speeding an inevitable process and releasing busy talented people to pursue new goals.

Working with teams

In the examples above all of the work was one to one and the issues were never discussed in open forum. Dealing with personal goals in teams is more difficult but the disclosure of deeply personal issues can be powerful in creating mutual trust and understanding.

An example of working with teams was described at the beginning of this article. The electrical engineering manufacturer in question was, like many others, a place where the notion of 'personal disclosure' was deeply counter cultural. It is just such organisations that have most to gain by this approach. The disclosure process worked partly because it was made to feel natural and because of the trust which had been built up. Even more important, though, was the fact that each of those senior executives had felt enough of the pain of continuing to work in the old combative way to be prepared to risk trying a new approach.

Why wait six months, though, to see what kind of leadership resistance emerges? Dealing with personal goals before the pain has started to develop can be even more beneficial – though at such an early stage care is required to ensure that the process feels natural and that there is a sufficient business case to justify the personal price of opening up in front of each other

Conclusion

Merely getting personal goals on the table does not guarantee success – but experience has taught that it is not necessary to deal with them in the context of change programmes in some mysterious or overly complicated way. Yes, the process is sensitive and requires careful handling and guidance in some cases. But it boils down to three simple pieces of advice:

- Acknowledge the legitimacy and importance of personal goals when you lead change.
- Be prepared to discuss and explore their implications with colleagues in a constructive way.
- Find and implement ways of harnessing the positive forces for change and managing resistance once you have understood it.

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By Evelyne Léonard

Organisational change is an old but important question in the field of management and organisational thinking. How can management change the organisation? By which processes can management transform a company in order to make it more efficient, more responsive, more flexible, and so on?

We have known for some time that in 'real life' it is wrong to equate organisational objectives and individual interests – or to assume that they will spontaneously converge.

Ian Wells makes an interesting and original contribution on these questions by looking at the role of leaders.

In the literature on change management leaders are often characterised as 'neutral pilots', strongly committed to the change project's objectives, devoting most of their energy to its implementation, and fighting workers' unwillingness and resistance.

From a different perspective, Wells usefully highlights the fact that leaders have their own objectives, and that these are not necessarily similar to organisational goals.

Like anyone else working for a company, leaders have their own personal strategy. To put it simply, their rationality is a 'bounded rationality', in the sense that any person's access to information and capacity to process that information is limited,

In my opinion...

everyone has a subjective perception of organisational reality, and in most situations, decision-makers adopt satisfying rather than optimal solutions.

Leaders' strategy depends on their specific goals and on the perception they have of the opportunities and constraints that face them. If, for instance, they perceive that a change project potentially threatens their position, they will try to reduce the threats by safeguarding the situation.

Wells clearly shows that 'resistance to change' is not specific to the shopfloor employees. He then goes on to explore how leaders' reluctance can be overcome.

His answer is that allowing them to speak about their own personal goals reduces their resistance and, consequently, facilitates the change process. But though he provides examples of companies where such openness has been encouraged he does not really explain why speaking about personal objectives resolves the contradiction.

It seems that Wells' approach is based on the idealistic assumption that in itself expression can resolve not only the tensions within individuals but the organisational dilemma as well. Yet, can we really imagine in a situation where they feel threatened by a new project that people are going to explain frankly and freely what they feel and fear?

Underlying Wells' thesis is the traditional view of the organisation divided into formal aspects on the one hand and informal processes on the other. This distinction was first made by Roethlisberger and Dickson (1939) after the well-known study conducted by Mayo at Western Electric. According to their distinction, the formal organisation is composed of official, explicit, most often written rules defined according to a rational search for efficiency and economic performance. The informal organisation, consisting of unofficial, partly secret processes, is 'deeply rooted in sentiment and feeling'.

As Wells describes it there is a fundamental contrast between the rationality of the change project, considered as necessary, useful to performance, not susceptible to challenge. Personal objectives, by contrast, are driven by subjective, irrational, even selfish preoccupations.

Against such a perspective the solution seems logical: the consultant, defending the necessity and rationality of the change project can, with the appropriate tools, 'clarify a leader's personal resolve for change'. Accordingly, one can modify the leader's subjective view of change, while leaving the change programme itself untouched.

I have two major difficulties, however, with this approach.

First, the underlying distinction between individual sentiments and the rationality and necessity of the change programme can be criticised. Personal objectives can also be driven by efficiency, and still be different from the objectives of the change project, particularly if there are divergent views of efficiency or performance criteria inside the company. At the same time change projects often contain at least some goals which are inspired more by say emotion than sheer rationality, for example the common desire to improve a corporate image to show that 'we are dynamic', to appear 'up-to-date' by introducing new structures and systems. Wells says nothing on the content and characteristics of the change programme itself, which is assumed to be useful and inevitable notwithstanding leaders' perhaps understandable misgivings.

Secondly, one can surely question the genesis of situations described by Wells. If company leaders themselves only weakly support a 'major change' project, where does this project come from in the first place? Is it really a company project? Or has it perhaps been imposed by someone outside the company? In other words, is it worth undertaking major change if even company leaders resist it?

It is certainly important to 'deal with personal goals in change', but only where the change makes sense. Successful companies, as Crozier (1989) notes, refuse 'ready-to-wear' techniques and ideology to undertake change based on a common philosophy and experimentation, in which collective learning within the organisation is crucial.

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Further reading

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