



Cracking the Code of Effective Transformation

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An old Italian proverb states, “Between saying and doing is half the ocean”—and so it is with organizational change. As global business rapidly evolves, organizations must regularly pivot and adapt to the changing environment. However, leaders managing these organizations are often left searching for the secret ingredient of successful transformation. Even when implementing go-forward strategy, leaders tend to achieve only temporary results that crumble with time or leadership transition. Worse, leaders may implement new strategic changes that even spark counterproductive outcomes.

Consensus among organizational researchers is that roughly 70 percent of all change initiatives fail.¹ Imagine investing significant funds, time and effort for just a 30-percent success rate! As transformation consultants, we have discovered that the primary reason for initiative failure is, in fact, embedded within the organization itself and therefore has no easy fix. What prevents even the best new ideas from gaining long-term traction? Organizational culture.

Why Culture is King

By culture, we are referring to how the organization operates collectively—how people think, how they make decisions both formally and informally, how they assess performance, and how they achieve objectives. And, of course, we are referring to the way people respond to new ideas and changes to the firm’s direction.

Harvard change management professor John Kotter aptly characterizes the importance of culture: “In the final analysis, change sticks when it becomes ‘the way we do things around here,’ and when it seeps into the bloodstream of the corporate body. Until new behaviors are rooted in social norms and shared values, they are subject to degradation as soon as the pressure for change is removed.”³

Change expert Peter Drucker is credited with summarizing simply: “Culture eats strategy for lunch.”

Our own experience at Cicero corroborates Kotter’s and Drucker’s insights. For instance, in open conversations with our clients’ employees, we often hear them express: “Look, we were here before the leader arrived with this new ideas . . . and we’ll be here long after he/she is gone.” Given that 70 percent of change initiatives fail, these employees are generally right!

Successfully transforming an organization’s culture may seem like an obvious component of any change initiative, yet many

leaders underestimate the role of culture in achieving desired organizational outcomes. To help leaders successfully navigate between saying and doing, we have developed a process for addressing core issues and impacting culture at a deep level. The overarching goal is to shift the organizational culture toward a new way of achieving desired outcomes.

How Culture is Transformed

It seems logical to begin the transformation process with a performance improvement objective, doesn’t it? Envision a leader who diligently compares performance with benchmarks and then targets a difference needed in output. Working with middle managers, he or she sets new goals and individual performance metrics, gives a few speeches about why the new goals are important, and then disseminates new directives.

What this well-meaning leader doesn’t recognize is the depth of change that needs to occur to move the organization from point A to point B. Every organization has a unique underlying culture that must shift for strategy to be implemented long term. Thus, setting a strict performance focus generally returns shallow and unimpressive results.

A more effective framework for successfully transforming an organization is Cicero’s Performance Transformation Process[®]—a proven approach based on leading academic research and years of empirical testing, refinement, and improvement. This process supports leaders step by step in making consistent and thoughtful cultural changes toward their desired transformational objectives.

We’re offering the Cicero Performance Transformation Process[®] here not because it is the only answer, but because it is hands down the most effective method that we have seen for sparking deep cultural evolution within an organization that enables lasting transformation. Leaders are welcome to use the steps we provide here as outlined, or integrate these concepts with their other initiatives.

6 Steps for Performance Transformation

To illustrate how cultural change is crucial to each step of the transformation process, we’ll provide here a high-level overview of 6-step Cicero Performance Transformation Process[®]. These steps walk leaders logically through analyzing the current situation, refining, implementing, measuring, and reflecting. Used many times over, these steps can be very effective in creating cycles of improvement.

For a visual summary, please refer to Figure 1 below. A more in-depth review of this process can be found in our three-part series called *Transforming Performance*, which is available on the Cicero Group website.²

Step 1: Analyze Performance

The first step in any transformation initiative is to thoroughly tap into the current environment of the organization. This starts with understanding the employees’ daily work environment, duties and capabilities, and unique areas for development.

Two data types are essential in painting a picture of the organization: qualitative and quantitative. The initial data-gathering phase utilizes qualitative methodologies such as stakeholder interviews, job shadowing, and time allocation analysis. This information sheds light on how employee behavior is specifically affecting organizational performance.

Then, the quantitative data-gathering phase focuses on traditional performance metrics, percentages, and raw numerical information.

Marrying qualitative employee data with quantitative performance analysis is the foundational step in understanding the real structural needs of an organization. We find repeatedly find that this data-gathering phase provides a wealth of knowledge that can reveal previously-unknown truths about how culture has an impact on current organizational outcomes.

Step 2: Refine Strategy

In order to most effectively refine strategy, senior organizational leadership should analyze and interpret the data gathered in Step 1. Benchmarks and best practices will help contextualize this strategic planning discussion.

This phase of the analysis highlights a variety of key cultural components. Organizational leaders must create a vision for incorporating the following aspects of high-performing cultures:

- **Dissent tolerance.** Is there room for differing opinions in the organization? Do employees feel that they can respectfully disagree with leadership on some policies?
- **Blame-free environment.** Are employees afraid of being blamed for their mistakes? Does the organization

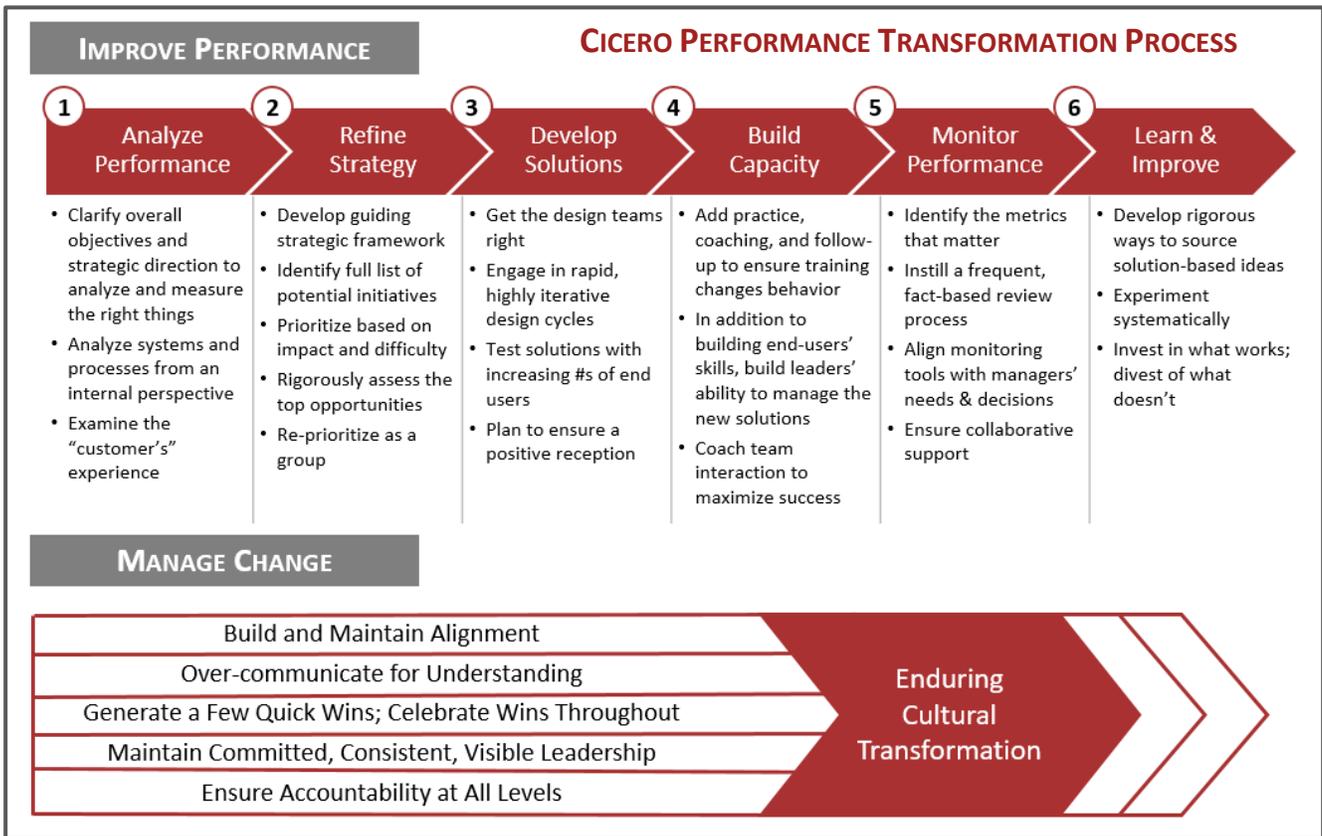


Figure 1: Cicero Performance Transformation Process

consistently look for a scapegoat when something goes wrong?

- **Depth of understanding.** Do managers go beyond skin-deep explanations and help employees truly understand?
- **Failure tolerance.** Can the organization continue at the same level of performance even when one component (or more) temporarily fails?

An effective transformation platform not only enables the organization to solve current operational problems, but also provides a toolkit for addressing change management initiatives on an ongoing basis. This toolkit must reach beyond attitudinal shifts toward tangible processes that enable practical adaptation to change.

This phase of transformation culminates in the creation of a roadmap that capitalizes on core strengths, leverages existing resources, and supports lasting cultural changes necessary to achieve strategic objectives. In building this roadmap, leaders’ overarching goal should be to increase capacity and build internal capabilities that enable a long-term organizational shift.

Step 3: Develop Solutions

With input and buy-in from senior leadership, organizational leaders must tailor a change management solution to the challenges of implementation. To be frank, this stage is where most transformation efforts fail.

In order to mitigate this risk of failure, leaders should engage a high-quality team to carry out the transformation effort. The essentials of team building are familiar to leaders of organizations, so we won’t cover them in depth here. Suffice it to say that this team should be built of influential, hard-working members who buy into the need for transformation and who can support their colleagues in making fundamental—and challenging—shifts in mindset and in behavior.

To help develop solutions, this team will engage in rapid, highly-iterative design cycles, test solutions with end users over time, and plan to ensure a positive reception. Team members are key in building and maintaining alignment throughout the transformation process. They help saturate the company with communication regarding implementation, and they celebrate wins throughout.

With this responsibility also comes the chance for deep growth as team members take on greater leadership among their peers. Because sustaining changes over time in an organization requires peers and colleagues to pull together in

support of each other and in support of the new policies, this importance of this team cannot be overstated. In our experience, the members of this team have a big impact in supporting their organization through cultural evolution.

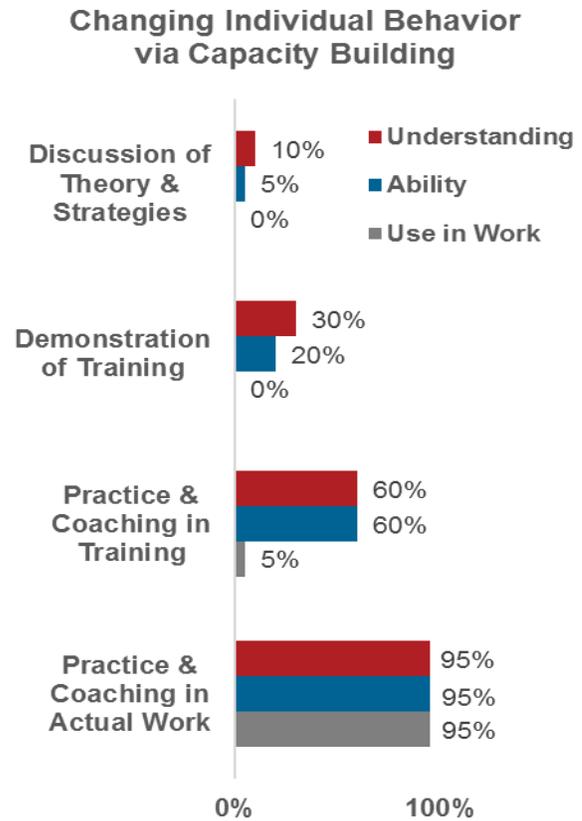


Figure 2: Changing Behavior via Capacity Building

Step 4: Build Capacity

Organizational change does not come from sending out memos, gathering people to talk about the problem, or even hosting classroom training sessions. Research into transformation efforts in the education sector has shown that the most efficient way to change behavior is via practice and coaching in an actual work setting (see Figure 2).⁴

Coaching boosts not only a person’s understanding of and ability with regard to new behavior, but it also dramatically boosts their capability to apply new theories and techniques in their actual work. By saying “dramatically,” we’re talking about the difference between 5 percent and 95 percent.

Coaching in actual work builds capacity far beyond what simple discussion, demonstration, and practice in training can create. There is no substitute for directly coaching employees through the process of implementing changes in their work environment.

Step 5: Monitor Performance

In addition to coaching employees on the job, leaders should review and measure capabilities to ensure that principles of cultural change are being absorbed and utilized regularly.

Leaders must identify the metrics that matter and instill a frequent, fact-based review process. This will help align monitoring tools with managers' needs and decisions and ensure accountability at all levels.

Without monitoring, leaders can feel like they are shooting in the dark, adjusting aspects here and there and hoping to see desired impact. By carefully monitoring performance, leaders are able to identify strengths and the weaknesses, and to envision ongoing transformational change and needed cultural adjustments.

Step 6: Learn & Improve

It's important to regularly check in and see how well the implementation is working. In order to sustain cultural change, leaders need reliable feedback mechanisms for continual refinement of new approaches.

Feedback enables leaders to make adjustments in real time, shifting from less-effective to more-effective approaches and tailoring their implementation ever closer to the needs of the organization. Leaders can experiment systematically, investing further in what works and letting go rapidly of what doesn't work.

When agents of change can see the extent to which their work is aligned with change initiatives, they are equipped with the information they need to continuously improve.

Partnership with Change Experts

To realize substantial transformational benefits that far outweigh the costs of implementation, leaders often employ outside expertise. Change management experts are armed with a proven toolkit for organizational change.

Because organizational leaders are so deeply entrenched in the current culture, they often struggle to objectively implement transformational initiatives. Partnering with an outside change management expert endows organizational leaders with an objective view of the current culture. By providing a clear and logical framework, an outside expert can effectively embed meaningful change deep into organizational culture.

CASE STUDY

Cicero Performance Transformation Process® NATIONAL ENVIRONMENTAL SERVICES PROVIDER

SCOPE

Cicero worked with a sales organization of 3,000 employees generating \$8 billion in annual revenue throughout 150 business units nationwide.

MANDATE

Standardize and elevate employees' sales techniques to (a) focus on customer needs and objectives, (b) identify the customer's segment and tailor the approach accordingly, and (c) generate increased sales volume *and* average price.

RESULTS

A 5-percent increase in average sales volume and a 6-percent increase in average sales price, resulting in \$250 million additional revenue for the company.

APPROACH

Cicero helped the organization adjust cultural elements of their sales process to achieve desired improvements. To understand the current state of the sales culture and practices, Cicero conducted extensive analysis into existing strategies and methods for client acquisition.

Working closely with the client, Cicero helped develop new sales strategies, tools, and processes based on insights from extensive research. This innovative solution included a training and implementation plan focused on transforming the language, goals, and sales approach of each representative.

To help the organization implement lasting cultural change nationwide, Cicero did the following:

- Developed, piloted, and continuously refined a series of engaging, day-long training sessions for front-line employees
- Provided analytical reviews, new tools and strategies, feedback from senior coaches, and assignments
- Ensured greater front-line mastery and ownership by training local leaders to conduct training for their own teams
- Provided training materials, skill building sessions, and technique modeling for local leaders
- Delivered one-on-one coaching in the field with each sales rep between training sessions to ensure they were applying the new skills
- Provided weekly coaching for local leaders to help them guide their team members
- Implemented a training certification process to ensure concepts and skills were absorbed and practiced

A consultant may be able to ignite the engine of cultural change, but only personnel inside the organization can drive a full-throttle cultural transformation. The highest-functioning partnerships focus on building capacity within the organization, not relying on indefinite external support. Therefore, it's important to clearly articulate how and when the consultant will exit the partnership. Without this formal exit plan, organizations sometimes fall into the trap of adverse dependency on the consultant, which is the antithesis of successful change management.

Although the exact timing of the consultant's exit may be unclear, definitive milestones should be established during the initial planning phase of the partnership. These dictate the cadence by which the consultant loosens the reins on the transformation process. A consultant exit plan is designed to enable the organization to gradually embrace change, and weave transformational efforts into the fabric of the culture.

Conclusion

Organizational transformation endures when it is accepted and adopted company-wide. The work of changing culture involves redefining shared language, expectations, capabilities, and results. Leaders support employees in embracing the new ideas and behaviors that are critical to success. Transformation initiatives that establish deep cultural shifts within an organization gain long-term traction.

Organizations that succeed in transformation realize that change at a cultural level ultimately becomes the defining characteristic of their success. The benefits of initiatives far outweigh the costs when organizations plan for, and focus on, making a lasting cultural impact. By making the necessary and thorough cultural changes to drive critical outcomes, leaders and employees alike can realize their strategic potential.

Cicero Group is a premier data-driven strategy consulting firm with a strong performance transformation practice. Cicero integrates inductive problem solving with insightful data analytics to guide business strategy.

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References

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