



**VALUE PARTNERSHIP**

*Expert guides* through organisation critical challenges

# Leading Change in Uncertain Times

*Where is your business on the maturity path?*

Research report



## Foreword

We are very grateful to all of those who took part in our latest research: Leading change in uncertain times. Are you ready? Is your organisation ready? Our research is based upon 68 organisations, many of them household names, ranging widely in size and sector. We would like to thank the senior leaders with whom we conducted in-depth interviews, the organisations that took part in focus groups and those who completed our online survey. Their candour and willingness to openly share their experience has been invaluable in enabling us to explore the uncertainties that their businesses were facing, and how their organisations are approaching change and developing their change leadership capabilities.

While the [first article](#) focused on key lessons from our change leadership research, this report focuses upon the importance of understanding prevailing mindset and culture of your organisation – start from where you are. Where is your business on the maturity path?



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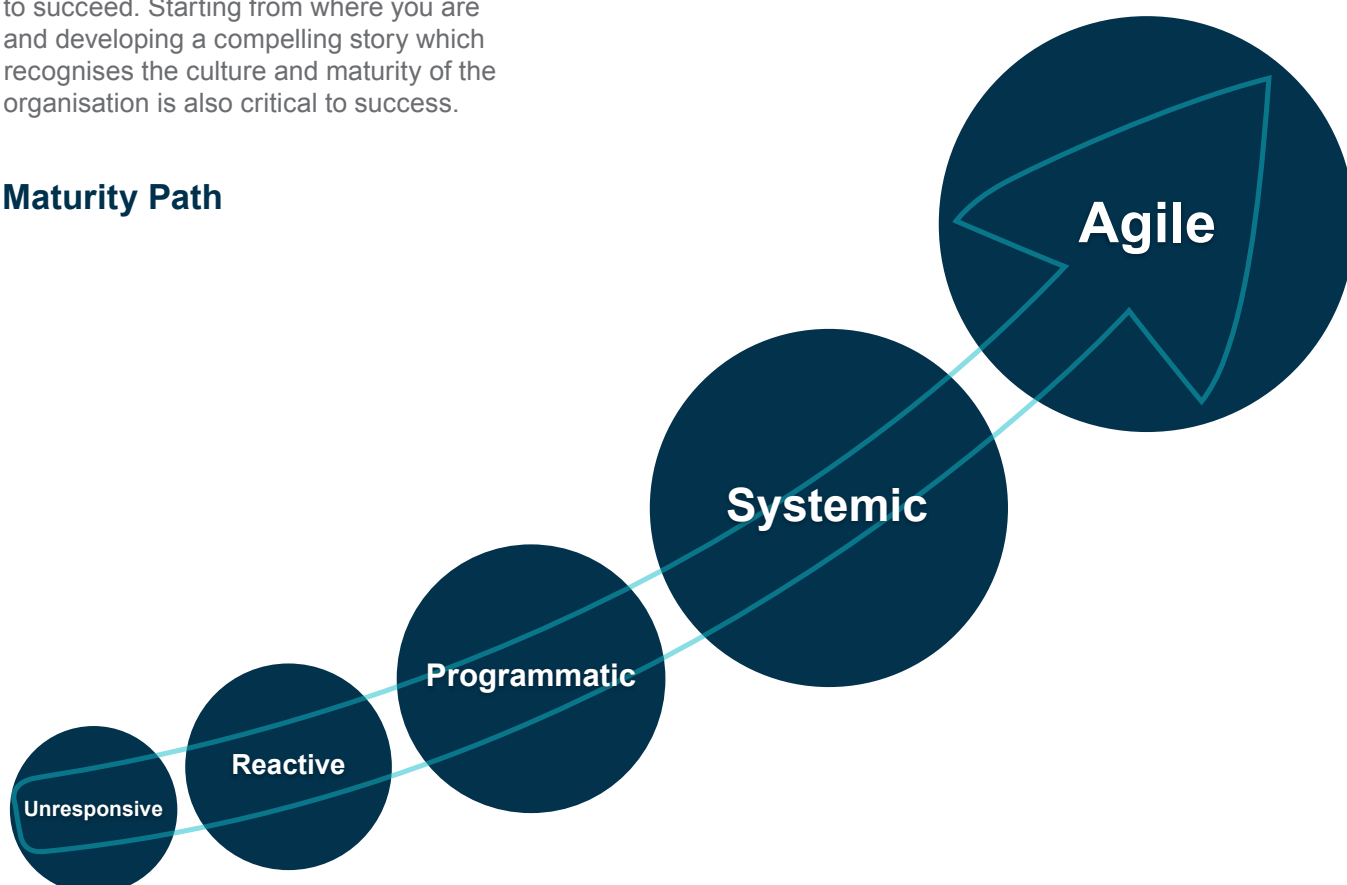
## Change leadership capability

Research consistently shows that over 60% of major business change programmes fail to achieve their objectives. And yet the literature on managing change – and the tools to do it – is not in short supply! Why then is the failure rate so high?

Value Partnership recently carried out extensive research with business leaders in a wide range of organisations. We explored the business-critical challenges they face and how they are approaching leading change in their business. Speed, employee engagement and clear strategic focus were all essential ingredients for success. But we also found that businesses were inclined to copy “best practice tools and approaches” without fully understanding the maturity and capability required for them to succeed. Starting from where you are and developing a compelling story which recognises the culture and maturity of the organisation is also critical to success.

No one formula provides a solution – but reading case studies of successful company transformations might suggest that there is one. Our research and experience with clients show that there is a broad maturity path. Businesses that know where they are on that path and shape their approach accordingly are more likely to achieve their goals. Take an honest look at where your organisation is on the maturity path. What does this mean for designing and leading your business change strategy?

## Maturity Path



## Maturity Indicators

	Unresponsive	Reactive	Programmatic	Systemic	Agile
Mindset in a phrase	"We are doing ok"	"We need to respond to this crisis now"	"We need a change Programme"	"We need to understand the system"	"This is how we do things"
Typical Time Horizon	When needed	This week	Programme timeline	Now and in the business planning horizon	Now and in the long term
Analytical focus	Maintenance	Crisis and Risk Management	Profit Improvement Plans	Business purpose and root cause	Customer and employee climate - speed and responsiveness
Typical Maturity Transition Drivers	Internal or external environment shock	Realisation that quick wins and fixes don't solve root causes	Understanding what it takes to embed and sustain changes in medium term	Building change capability in one domain is insufficient	Leaders with a finger on the pulse of the organisation and customer

At one end, organisations are in a dominant, sheltered or even blind position. Why do we need to change the way we do things? Progress often requires the stimulus of a major shock – internal or external. At the other end are more agile and responsive businesses that focus on achieving stakeholder goals. Experience shows that it is easier to drop back a level than it is to advance.

Recognising where you are on the maturity path helps leaders shape their tactics and approach. You have to be tuned in to the organisation's culture and the best way to get things done and not simply focus on the easier-to-measure indicators of market share, profitability and return on capital employed. Understanding where you are can even make the difference between the organisation's continued existence -and its demise.

Businesses in a dominant market position can fail to recognise or respond quickly enough to emerging competition. But history shows that market domination and generous margins are rarely sustainable in a free market. Leaders in a business at this end of the scale need to work hard to create a sense of urgency. Kodak is a well-documented illustration. In the 1970s it was a global brand with 90% of film and 85% of camera sales in the US. Ironically, it was a pioneer of digital technology but failed to invest in it because of the dominance of its analogue business. Result: they have substantially retreated from markets they used to dominate.

Similarly, a UK government-owned digital information business was a market leader - a well-known brand with a global reputation, creating a substantial return for taxpayers. But central government politics and a top management that

focused mainly on technical excellence have meant the organisation was not fully exploiting commercial markets. More agile commercial competitors are starting to occupy these markets.

Around the middle of the maturity path, organisations have learnt to take a more programmatic and consistent approach. They consider how to engage all their employees. The risks at this stage of maturity include: driving programmes too strongly from the centre and failing to invest in developing local touch and feel; a focus on the symptoms rather than root causes of the business challenge; and an overload of change programme initiatives which have a declining impact at the workplace.

One profitable global telecoms company seems to have learnt these lessons and progressed to the next level of maturity. Despite significant historic investment in new systems, workshops and rousing events, they realised that their divisional change programmes had often failed to solve the business issue. The company responded by devolving more responsibility for business strategy to business units. The centre focused more on overall direction, developing common systems and building capability to lead strategy and business change locally. In focusing in this way, the business shifted from the programmatic to a more systemic approach to leading change. The shorthand strap-line they developed for this approach was: **Build-Change-Grow**. This approach was better suited to the fast-moving world of telecoms.

Moving along the maturity path is a journey. And our experience with a wide range of businesses suggests that organisations cannot skip stages along this path. Success comes from understanding where you are and investing in the capabilities to lead business change at the next stage. But businesses often need an internal or external catalyst to make the shift between levels.

A large local subsidiary of an international high technology engineering business had developed over 20 years through many local acquisitions. They characterised their leadership behaviour as reactive – level 2 on the maturity path. Their typical response

was fire fighting, assigning significant resources at short notice to achieve quick fixes. Stakeholders approved of this approach; indeed, they seemed to thrive on it. It took a new CEO to realise that this was not the way to achieve sustainable growth. It required a more systematic, business-wide programme that involved all employees – a shift to the next level of maturity. He recognised that the challenge for the business was to transform behaviour and mindset as much as to improve operational efficiency and profitability.

So what are the key questions we should ask ourselves as we lead change in uncertain times?

- What is our business purpose and what are the core challenges we are seeking to address?
- What does success look like and how will we know when we have got there?
- Where is our business on the organisational maturity path and what capabilities do we need to build to succeed at the current or next stage?
- Have we conducted an honest review of our culture and the mindset of our leaders and employees?
- Does our business plan consider where we are now as well as where we would like to be?
- How should these insights shape our approach to leadership and the design of the change implementation plan?
- Where do we need to focus effort?

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