

Introduction to The Change Catalyst

2018 Business Book of the Year



88% of change initiatives fail.

According to a 2016 Bain & Company survey of 250 large companies¹, only 12% of change projects achieve or exceed their projected outcomes. A further 38% produce less than half of their expected results. The final 50% “settle for a significant dilution of results”. In other words, 7 out of 8 change initiatives fail.

A similar proportion of mergers and acquisitions fail. A comparable proportion of corporate strategies fail. A similar number of large IT projects fail.

While there may be some debate about the percentages, Bain isn't the only consultancy to arrive at a similar conclusion. A 2008 McKinseys survey estimated that 2/3 of change projects fail. John Kotter, in his seminal book, “Leading Change” (1996) estimated the number to be around 70%.

Several studies by several consultancies over several decades have all deduced that change is so difficult to achieve, and so fraught with obstacles, that organisations usually end up abandoning change programs altogether or settling for significantly watered-down outcomes; wasting vast sums of money doing the former and foregoing opportunities for increased revenue, profit and shareholder value doing the latter.

Only one in eight change initiatives deliver the results they set out to achieve. Why?

There are many reasons and they are all intertwined. But from my many decades of experience assisting organisations large and small to instigate change, I have come to the conclusion that the reasons why change projects, programs or initiatives fail can be grouped into ten key categories. This top ten is outlined in detail in Part 1 of the book.

The key reason that infuses every other is the fact we humans don't like change. When it comes to change, especially in the workplace, we have an innate desire to cling on to the status quo. We find change extraordinarily difficult; even when it is good change. We fear that the new world may not

¹ ‘The What, Who and How of Delivering Results’ published February 2016.

be any better than today. We fear that accepting change will be tantamount to being blamed for the way we currently work. We fear that we may try and fail.

Therefore, we need help; we need someone to help take the fear away. To be encouraged to change, we need both the ‘carrot’ of a better tomorrow and the ‘stick’ of negative consequences if we were to stay with the status quo. Sometimes we require a “burning platform”² to force us to take the leap into a new world; other times the motivation needs to be far more subtle, but it must be just as compelling.

However, rational motivation alone is not sufficient; we humans need to be motivated *emotionally* if we are to embrace any sort of change. Our pride, our ego, our sense of self-worth, our heart, our gut; these are the areas that need to be motivated if we are to successfully proceed down a new path. When it comes to engaging people in change, logic alone is simply not enough ... and rarely do change programs expend anywhere near enough time or energy providing a positive emotional reason to embrace the new world or addressing the emotional barriers to change.

You need look no further than the disastrous campaign to Remain in the EU by the then Prime Minister, David Cameron, and Chancellor, George Osborne, during last year’s UK referendum. These two highly intelligent men and their teams of advisers completely ignored the fact that it is our emotions that drive our decision-making. They tried to convince people to vote ‘Remain’ through a mixture of logic, statistics and fear. They also completely lacked empathy; failing to understand that, for a large proportion of Britons, the ‘platform was already ablaze’ - too many voters felt they had nothing to lose by voting to leave the EU. These voters had been left behind by globalisation and the free movement of people across the EU and had spent eight long years reaching into their own pockets to pay for the failure of the global banking system in 2008. They needed a positive emotional reason to vote for the status quo – and none was forthcoming. Another school-boy error from the Remain camp was complacency (a common cancer that scuppers many change initiatives as we discuss later in the book). Cameron and Co didn’t seriously consider that the UK voters would actually vote to leave - either because they honestly didn’t understand what life was like for a large proportion of their constituents or they simply assumed that ‘fear of the unknown’ would win the day. Either way, their complacency was palpable.

In direct contrast, the ‘Leave’ camp, spearheaded by the opportunistic Boris Johnson, appealed directly to the emotions of many millions of voters with a brilliant slogan, “Vote Leave Take Control”, a catchy “Brexit” name and, most important of all, the promise of a better tomorrow outside of the EU. It worked. The UK voted to leave the European Union by 52% to 48%³. A key reason for the win is that the Leave campaign spoke directly to voters’ emotions. They acknowledged that people were already unhappy with the status quo and fearful for their future livelihoods and the future of their communities if things kept heading in the current direction. The Leave campaign also spoke directly to a significant proportion of the population’s latent fear of foreigners but, more powerfully, it spoke to people’s pride in their country. Boris Johnson and co gave the electorate the belief that Britain

² A phrase coined by change consultant and author, Daryl Connor, in 1998 as he watched a news report about people jumping from a burning oil rig in the North Sea.

³ It is interesting to note that 28% of registered voters failed to vote in the UK referendum. 17.4m voted to leave, 16.1m voted to Remain and 12.9m registered voters failed to vote. The UK is now in the process of exiting the EU because of the wishes of just 38% of registered voters.

could stand on its own; they appealed to the nationalistic emotion that, to borrow Donald Trump's superficial but nevertheless catchy slogan, Britain could be 'Great' again.

Donald Trump made none of Cameron's mistakes. He may have made plenty of others during his divisive and ultimately successful election campaign, but unlike Cameron he did not suffer from complacency, he was long on emotion and he knew that a significant proportion of the population was crying out for change – any change. Trump voters could be divided into three camps: 'The Tribals' who always vote Republican and don't have to waste one moment thinking about it. Every political party has them. 'The ABHs' (Anyone But Hillary) who loathe and distrust anything Clinton. This is a surprisingly populous group. The third group is 'The Victims'; the victims of globalisation. Like their British counterparts, these Americans have been left behind by globalisation and felt that they literally had nothing to lose. They had been continually ignored for decades by political elites of all persuasions and were ready to vote for almost anyone that they hoped could help them – as long as their surname wasn't Clinton or Bush. Hence an outsider, anti-politician has become the 45th President of the United States.

The intensity of this desire for change - any change - was so strong that the fact that Trump was not one of the political establishment outweighed all of his negatives. The fact he was a billionaire that manufactured his products in cheap-labour countries overseas rather than American factories didn't matter. The fact his Atlantic City gambling business filed for bankruptcy twice, with \$1.8bn in debt⁴ the first time and \$500m the second time around was of no consequence. His refusal to publish his tax return was dismissed as irrelevant. The fact he showed himself to be a vengeful bully was seen as him being tough. His misogyny was ignored. His pledge to build a wall across the Mexican border and to stop Muslims coming into the country wasn't seen as racist and islamophobic, it was seen as protecting American lives and American jobs. Denying the science of climate change was not seen as pro-ignorance and profoundly dangerous for future generations of humans and countless other species of life on this planet; it was seen as anti-elitist and pro-industry.

The desire for change was that strong. And only Donald Trump and Bernie Sanders recognised it.

But back to the world of business ... a 2004 study of some 50,000 employees by the US-based Corporate Executive Council showed that, when it comes to engaging employees, emotional commitment is four times more powerful than rational commitment. Four times. To convince people to change we have to appeal to their emotions.

In business, as in life, there is a 'right' reason and a 'real' reason for just about everything. This is especially pertinent when it comes to change. The 'right' reason for the change will be the one that is widely communicated. But lurking in the shadows will almost always be a 'real' reason that is not made public. When it comes to finding your people's emotional triggers, you will need to unearth the 'real' reasons behind their resistance and the 'real' things that will genuinely motivate them. This book has been designed to help you do precisely that.

⁴ 'The Truth About the Rise and Fall of Donald Trump's Atlantic City Empire'. Dan McQuade August 16, 2015. <http://www.phillymag.com/news/2015/08/16/donald-trump-atlantic-city-empire/>

This book starts with **Part Zero**: a discussion of the inevitability of change – highlighting some of the incredible changes we have already managed to cope with and previewing just a little of the tsunami of change that will soon be crashing down upon us.

The book is then it is divided into four key parts.

Part One explores why 88% of change initiatives fail. If we are to have any chance of improving these odds, we must fully understand why 7 out of 8 change initiatives do not deliver. Another reason for starting with what could be considered to be a negative viewpoint is that we learn far more from our failures than we do from our successes.

Part Two switches into proactive mode and answers the key question on every Change Leader's lips: ***"How can I ensure that my change initiative is one of the eight that succeeds?"***

The short answer to this question is – appoint a Change Catalyst: someone who is obsessed with the delivery of the outcomes the company requires – in a manner that is in tune with your corporate culture.

A Change Catalyst is different from a project manager. In fact, the roles are complementary. A Change Catalyst's strength lies on his/her focus on outcomes. A project manager's strength lies in his/her focus on process. You need both. The Change Catalyst is the ying to the project manager's yang. A Change Catalyst is a business person - senior enough to command the respect, confidence and total support of the leadership. A good Change Catalyst is completely aligned with the interests of the shareholders.

My advice is: find this person, trust this person and, most importantly of all, give them all the 'air cover' they need to deliver.

Your Change Catalyst will be your secret weapon to deliver any change initiative big or small. He or she will be the special ingredient to enable your organisation to not only set a powerful strategy but also execute it; to transform that key area of your business that is vital to your future success; to help your people embrace change, own it and deliver it.

The life of a Change Catalyst can be a roller coaster of a ride with ups preceding downs and wins preceding losses at a frightening pace. But it is certainly never dull. It requires passion, enthusiasm, self-motivation and an optimistic, 'can do' attitude. Emotional intelligence and empathy are mandatory, as the Change Catalyst will need to help people to embrace new ways of doing things and this cannot be done without a good understanding of how and why they currently work – and what genuinely motivates them. But the most important trait in any Change Catalyst is a burning desire to make a difference; to improve the way the organisation works; to give the organisation and the people within it a better future.

Your Change Catalyst will ensure that the other nine ingredients for successful change are also present - complete clarity regarding what we are trying to achieve and why; detailed understanding of the implications of the change; laser-like focus on the outcomes; a change process that includes a 'pause for reflection'; clear governance and thorough planning; genuine engagement and communications; finding the emotional triggers; a strong, committed, aligned and unwavering

leadership team; and the development of a change-ready culture. Part Two dedicates a chapter to each one.

Part Three of the book discusses the thorny issue of culture change, which I liken to “teaching people to walk in the rain”.

In this section, we also explore the relatively new concept of ‘Cultural Intelligence’, the challenges of instigating change in a different culture, and the importance of starting any cultural transformation with understanding the way your organisation currently works – and why and how the culture has evolved.

Part Four is where we get down to the business of planning and implementing sustainable change.

Every successful change starts with strategy, which is why the first three chapters of Part Four are dedicated to setting a vision, mission and/or purpose; understanding values and exploring what a good strategy looks like. We also discuss strategy execution, as even the most expensive and innovative strategy is a complete waste of time unless it can be executed. And the execution of your strategy will depend upon your greatest asset - your people. So we also explore how to design an organisation capable of delivering (and how Organisation Design is so much more than structure), how to overcome corporate complacency, what good leadership looks like, building extraordinary leadership teams and managing and developing your people.

Then we explore some pertinent case studies of three real-life Change Catalysts, an example of successful change and an example of spectacular failure, quite literally on a global scale. We round the section off with The Change Toolbox that contains the main tools, models and methodologies that I have found most useful over the years. I hope you do, too.

We end our exploration with a concise summary of the entire book.

Many dozens of anecdotes and examples from organisations around the world are sprinkled liberally throughout the following pages; stories of outrageous success, of soul-searching failure and innumerable shades of grey in between. Some of the company names have been anonymised for reasons of confidentiality, but every single case-study and anecdote contained in these pages, however difficult to believe a few of them may be, is wonderfully genuine.

Change is inevitable. Successful change isn't.

With the approaches outlined in this book and the appointment of a Change Catalyst, you will be able to help your people embrace the future and ensure that your next strategy, M&A or change initiative will be among the one in eight that enjoys outrageous success.

Campbell Macpherson