LEADING IN TRANSFORMATIONAL TIMES

The scene of action
CV

- **Professor, ESCP Europe**
  - My field – *Strategic Leadership*

- **Entrepreneur** ([www.bessonpractice.com](http://www.bessonpractice.com)) and Top Executive Coach
  - Supporting TMT in Transformational Situations.
  - With a science-based approach.
1 – WHAT IS TRANSFORMATION
MACRO TRANSFORMATIONAL TRENDS
The emergence of a new world

- Trend 1 – Globalisation
- Trend 2 – Regulation
- Trend 3 – Innovation
- Trend 4 – CSR
- Trend 5 – Digitalisation
- Trend 6 – ….
MACRO TRENDS AT THE MICRO LEVEL

**Testing situations**

- Merging two companies.
- Turning a public administration into a competitive company.
- Making an NGO more effective and efficient.
- Developing a new business model based on services within a very successful product company.
- Implementing an ERP system or a CRM system.
- Implementing a BSC system in the European division of a US company.
- Implementing a « mice accounting » in the Canton of Geneva.
- Becoming global for a french company.
- Becoming global for a french « école de commerce ».
- Becoming customer centric for a pharmaceutical company.
- Constructing a global partnership between a german and an indian companies.
- …..
2 – WHY TRANSFORMATION IS A NEW LEADERSHIP CHALLENGE

Organizing trends
The recent explosion in the number of influential stakeholders and the subsequent increasing in strategic diversity lead to a profound transformation of our socioeconomic systems.

- The stakeholders’ era

The basics of these new business operating principles are increased uncertainty, volatility and instability.

- Build-in obsolescence strategies are at the heart of the new firm political economy.
  - Speed, speed, speed….
Transformation initiatives are:

- Bigger than ever
- More and more risky
- Very common nowadays (vs. exceptional)

Transformation initiatives lie at the heart of strategy management.

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3 – Heroes are edgy

Evolution
Modification
Incremental Change
Continuous Improvement

Innovation

Revolution
Disruptive innovation
Radical Change
Business Transformation

Turnaround
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The CEO’s revolutionary agenda

Please the shareholders
ROCE = 15%

Increase productivity
From 2/3%/year to 5/7%/year

Globalize risk management
Prepare for the next crisis

Develop information integration
Move people, trap knowledge

Speed up innovation
The fear to lag behind

Rebuild the local/global balance
Leverage synergies

Manage stakeholders
Reach out to the company’s constituents

Get out of nationalistic cultures
From exportation of product to HR globalisation

THE OBSESSION
Breakdown the patterns of the old organisation
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4 – Followers are cynical

Vision statement
Balanced Scorecard
ABC/ABM
EVA
360°
TQM
Knowledge management
ERP/CRM
Six Sigma
Reengineering
Merger

They are very creative up there! What’s next?

What was the rate of failure of:

- Reengineering initiatives between 1991/1996 = ?
- ERP initiatives between 1995/2001 = ?
- CRM initiatives 2000 – 2005 = ?
- E-business initiatives 1998/2002 = ?
- Mergers & Acquisitions initiatives = ?
- Moving from a product based Business model to a solution based business model = ?

CONCLUSION 1

The new leadership mandate
The two killer questions

- Do you understand our challenges?
- Are you the right person to deal with these challenges and to engage us into a successful transformation?
TRANSFORMATION
The rules of the leadership game

- Strategy driven
- New core task
  - You are selected to transform
- New conditions of effectiveness
  - Multi-stakeholders, contradictory claims, volatility, …
- New career path
  - Make or break situation
  - Up or out
CONVERSATION 1

Understanding transformation
UNDERSTANDING TRANSFORMATION

Question 1 – Why transformational times are challenging for top leaders?

1. Develop two perspectives to explore this question
   • The leader’s perspective
   • The follower’s perspective

2. What are the leadership consequences of this new context of action?

   Method recommended – List the reasons (i.e. brainstorm), classify them (i.e. put into categories), comment.

Question 2 – Propose a model (a 2.2 boxes) to help a top leader to make her/his mind about transformation initiatives.

1. Define operational vs. institutional changes.

2. Give examples coming from your experiences in each box of the model.

3. For each box fill in the risks and tactics you do recommend.

4. Can you propose another 2.2 model?

5. Draw 2/3 lessons to lead in transformational times.
UNDERSTANDING TRANSFORMATION

Depth of change

For each box, fill in:
- the difficulties/risks of the situation
- the tactic you do recommend

Institutional change

Operational change

Timing of change

Anticipation  Reaction

Question 3 – Why are there so many failures with transformation initiatives? Where are the major leadership risks? How can an organisation reduce these leadership risks of failure?

- Do a quick post-mortem of 2/3 transformation initiative failures drawn from your experiences.
- List the causes of failure (in general), classify them and comment.
- Recommend key actions to reduce the risks of failure of a transformation initiative.
- Draw 2/3 lessons to lead in transformational times.

Directives
- Timing: 2.30 hours.
- Prepare a presentation (20 mn/question, 1 team/question).
- After the course you will have to make a power point copy of your slides and email me your work after having improved it (pbesson@escpeurope.eu).
A SELECTED BIBLIOGRAPHY

- The classics

- Other authors
A SELECTED BIBLIOGRAPHY

- Academic articles in the field of organizational change

A SELECTED BIBLIOGRAPHY

INSIGHT 1

The leadership enigma
in transformational times

- Managers administer, leaders innovate
- Managers ask how and when, leaders ask what and why
- Managers focus on systems, leaders focus on people
- **Managers do things right, leaders do the right things**
- Managers maintain, leaders develop
- Managers rely on control, leaders inspire trust
- Managers have a short-term perspective, leaders have a longer-term perspective
- Managers accept the status-quo, leaders challenge the status-quo
- Managers have an eye on the bottom line, leaders have an eye on the horizon
- Managers imitate, leaders originate
- Managers emulate the classic good soldier, leaders are their own person
- Managers copy, leaders show originality

Zaleznik, A., Managers and leaders; are they different?, *Harvard Business Review*, 1977
A WELL-KNOWN DEFINITION

THE LEADERSHIP LIST (1)

- Creativity
  - To be able to see the big picture and contribute to the visioning process

- Courage
  - To be able to honor the past, yet also to shake things up, speak out, take risks

- Perseverance/Motivation
  - To keep trying and to have personal commitment and enthusiasm

- Tolerance of ambiguity
  - To be able to juggle many changing or unclear priorities

- Flexibility
  - To be able to recognize and seize opportunities as they arise, and let go of avenues not yielding results

- Political judgement
  - To be able to judge the political landscape and influence others, awareness to manage up
THE LEADERSHIP LIST (2)

- Common touch
  - To be capable of dealing with people at all levels
- Visibility
  - To be visible as a role model and show how the changes add value
- Persuasiveness
  - To be able to sell and negotiate with others
- Networking
  - To have and be able to leverage multiple strong networks
- Team building
  - To be able to develop a team
- Communication awareness
  - To be able to communicate the same message through many channels, using a mix of verbal, written and symbolic communications as and when appropriate.
1. Getting attention.

2. Controlling meaning.


4. Projection of authority
   ✓ Self-awareness: know your strengths/weaknesses
   ✓ Self-esteem: know your own worth
   ✓ Self-control: keep the necessary emotional distance
   ✓ Reflexivity: keep learning
INSIGHT 2

The leadership enigma in transformational times
UNDERSTANDING TRANSFORMATION

Depth of change

Institutional change

Operational change

For each box, fill in:
- the difficulties/risks of the situation
- the tactic you do recommend

Anticipation

Reaction

Timing of change

INSIGHT 3

Look at the world as it is
Attachment to tested task routines.
Mistrust inside and between organizational units.
Information withholding.
Feudal or Parochial management.
Distrust of top management.
Defensive communication and scapegoating.
Arrogance and contempt.
A confused strategy, ill explained, ill understood, not shared.
Inconsistency and confusion in execution.
Operational overloading.
Reward systems not linked with performance contribution, especially when it comes to the group performance.