Regenerative Change

The way to sustainable success

John Kay
Transforming Business, Cambridge University

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An early implementer of technology, for people

Implemented some of the first...
personal computers
word processors
office systems
intranets
...in UK industry

Learned to focus on people...
participative change
leadership development
coaching
...as the route to success

Conscience of the company
Charity worker
Astronomer
Outdoorsman
Today we will talk about...

Why are 75% of change projects still seen as failures?
What could be the root causes of this long-standing issue?
The strengths and weaknesses of change methodologies
A more balanced way of running a business
A stronger focus on the sustainability of change
Helping organisation and people thrive together
Issues for the consulting business
People know how to do change

Surveys over 20 years all say…

Clear objectives
Strong programme management
Adequate, skilled, resources
Rigorous testing of the end game
Keep it simple
Clear budget
Keep business case under review

But 75% of change initiatives fail
Most change methods are linear

Make it essential
- defining a clear and shared vision of the benefits of being the organisation we want to be

Make it ready
- preparing the tools, plans, people, communications and making sure that the end state will actually work

Make it happen
- doing the things that need to be done

Make it stick
- sustaining the end state and supporting continuous improvement

There is a project team drawn from “the business” but the large majority of people are involved only at two points
**People know how to do change**

<table>
<thead>
<tr>
<th>Surveys over 20 years all say…</th>
<th>Transforming Business research 2010 says, in addition…</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clear objectives</td>
<td>Big picture, truly shared</td>
</tr>
<tr>
<td>Strong programme management</td>
<td>Dialogue across stakeholders</td>
</tr>
<tr>
<td>Adequate, skilled, resources</td>
<td>Multitasking, committed, engaged staff</td>
</tr>
<tr>
<td>Rigorous testing of the end game</td>
<td>Servant and supportive leadership</td>
</tr>
<tr>
<td>Keep it simple</td>
<td>Deal with obsolescence of the old</td>
</tr>
<tr>
<td>Clear budget</td>
<td>Remove corporate bureaucracy</td>
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<tr>
<td>Keep business case under review</td>
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</tbody>
</table>

*This is how change, and high performance, is sustained*
<table>
<thead>
<tr>
<th><strong>Change Project /Programme Approach</strong></th>
<th><strong>Sustainable change</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>A planned programme of change with goals and milestones (centrally lead and “imposed”); the big picture is defined by the few and “sold” to the many</td>
<td>Change is about releasing energy and is largely self-directing (bottom-up and “natural”); a movement that starts with a shared “big picture” which the “leaders” amplify</td>
</tr>
<tr>
<td>‘motivating’ people; rational</td>
<td>‘moving’ people; emotional</td>
</tr>
<tr>
<td>Change is driven by an appeal to ‘what’s in it for me’</td>
<td>Change goes in a direction that people want, even though there may be personal costs involved</td>
</tr>
<tr>
<td>Talks about ‘overcoming resistance’ within the group being changed</td>
<td>Thrives on dialogue with opposition – broadens the commitment to, and quality of, the “movement”</td>
</tr>
<tr>
<td>Change is done ‘to’ people or ‘with’ them – leaders and followers</td>
<td>People change themselves and each other – peer to peer, inspired by key leaders – because they know they can make a difference</td>
</tr>
<tr>
<td>Driven by formal systems: structures (roles, institutions) lead the change; business process is the vehicle for sustaining performance</td>
<td>Driven by informal systems: structures consolidate, stabilise and institutionalise emergent direction; relationships are the vehicle for sustaining performance</td>
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</tbody>
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*Adapted by John Kay from Bate et al (2004:63), cited in Bate, Bevan & Robert (2004)*
Maximising the potential of our people is key to success

......A manager’s job is to identify those areas where their employees are most creative, most productive and/or most fulfilled, and then come up with ways to give them autonomy to pursue ideas in those fields. It’s less about having a carrot out there as an incentive and more about figuring out where this person will bloom and taking constraints out of his or her way...

Harvard Business Review, late 1990s

But most people cannot, or will not, follow this advice
Modern themes that struggle to take off

40% additional discretionary effort is available

We have centralised and cut costs…now lets engage the people who are left

“Well being at work”

Spirit at Work

Organisational energy

Participative change

Even enthusiasts for these themes feel constrained by the conventional mindset of business
We know what a high performing organisation looks and feels like

Humble servant leaders; inspiring, engaging, empowering, challenging
Emphasis on people who can be autonomous and entrepreneurial
Be well informed, honest and optimistic
Balance money, ability, excitement
Know what the customer values
Innovate (with technology)
Agility and incrementalism balance strategic initiatives
Have a bias towards doing not thinking – low bureaucracy
Shaping a programme that will succeed

Financial results will be better,
customers will be even more delighted,
and staff will thrive

where we can more rapidly find the balance between two management systems:

the currently-dominant industrial system (finance based, short term, process, rational, controlling..);

and the emergent social system (relationships, ethics, inspiration..).

“Social capital refers to the institutions, relationships and norms that shape the quality and quantity of a group’s social interactions”

(World Bank)
<table>
<thead>
<tr>
<th>Industrial</th>
<th>Post industrial</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance</td>
<td>Finance, people, knowledge</td>
</tr>
<tr>
<td>Maximum profits</td>
<td>Sufficient profit</td>
</tr>
<tr>
<td>Short term</td>
<td>Long term</td>
</tr>
<tr>
<td>Competition</td>
<td>Cooperation</td>
</tr>
<tr>
<td>Winners and losers</td>
<td>Many can win</td>
</tr>
<tr>
<td>Individual, self interest</td>
<td>Altruism, common good</td>
</tr>
<tr>
<td>Instant gratification</td>
<td>Temperance</td>
</tr>
<tr>
<td>Rights</td>
<td>Responsibilities</td>
</tr>
<tr>
<td>Control</td>
<td>Participation</td>
</tr>
<tr>
<td>Conformity</td>
<td>Empowerment</td>
</tr>
<tr>
<td>Regulation</td>
<td>Virtues</td>
</tr>
<tr>
<td>Mechanics</td>
<td>Dynamics</td>
</tr>
<tr>
<td>Logic</td>
<td>Emotion, empathy</td>
</tr>
<tr>
<td>Process</td>
<td>Relationships</td>
</tr>
<tr>
<td>Failings, differences</td>
<td>Building on strengths</td>
</tr>
<tr>
<td>Exclusion</td>
<td>Inclusion</td>
</tr>
<tr>
<td>Business focused</td>
<td>World focused</td>
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</table>
Sustainable change is planned from the end, backwards

All staff

Vision

Catalytic team

Engagement and empowerment

Business improvements

New ways of working and behaviours

Progress monitoring (plan)

Coherent business design

Backroom team

Sustainability
## Using social capital to bring practical success

<table>
<thead>
<tr>
<th>Internal</th>
<th>External</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Individual</strong></td>
<td><strong>Group</strong></td>
</tr>
<tr>
<td>Moral strength – people to be proud of</td>
<td>Institutional strength – a community to be proud of</td>
</tr>
<tr>
<td>Clear virtues, common yet personalised</td>
<td>Binding force of an open, transparent, participative group</td>
</tr>
<tr>
<td>Mutual support in application</td>
<td>Vested interests create divisions</td>
</tr>
<tr>
<td>Lack of trust costs money and time</td>
<td></td>
</tr>
<tr>
<td><strong>External</strong></td>
<td><strong>External</strong></td>
</tr>
<tr>
<td>Spiritual strength – a purpose to be proud of</td>
<td>Relational strength – diversity to be proud of</td>
</tr>
<tr>
<td>Inspired by shared big picture</td>
<td>Invest in and strengthen relationships</td>
</tr>
<tr>
<td>Authentic people thrive and serve</td>
<td>See the full value of each other</td>
</tr>
<tr>
<td>Discretionary effort is being squandered</td>
<td>Poor relationships cause stress and reduce morale</td>
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Institutional strength – a community to be proud of

How strong is the binding force of the community?
How strong is our feeling of belonging?
Do we seek out people’s strengths and celebrate them?
How much do people feel that they can influence what happens to them?
Are our leaders, and through them all our people, truly authentic to themselves?
Can we be seen as divisive, or unfair? And our reward system?
Do we have bureaucracy that we can remove?
Is there a high price for entry?

Developing full potential
Moral strength – people to be proud of

Do we have a common view of what is right?

How well do we show the key virtues:

Courage loyalty magnanimity patience respect
responsibility temperance tolerance humility
compassion honesty justice freedom love?

How many of our people have set the community’s moral code against their own?

Do we share our moral code outside the community?

How well are immoral actions, especially for personal or financial gain, dealt with?

Do we use a 3 level red-face test: self, friends, enemies?

Developing and Becoming Self; Identity
Relational strength – diversity to be proud of

Do we value the contribution and presence of all our people?

How strong is our trust of each other; do we know the cost of lack of trust?

What do we invest in relationships, compared with our investment in processes, structures and rules?

How much do we seek to strengthen and deepen relationships inside and outside our community?

How much do we think about the key aspects of strong relationships: directness, continuity, equality, shared goals, context?

Do we know the impact of poor relationships on health, success, crime, morale, stress?

Unity with others
Spiritual strength – a purpose to be proud of

Does everyone know our deepest purpose; does it inspire them?
Do employees have strong feelings of participation and engagement?
Do we really have success criteria that are more than economic?
How well do our people see the big picture; do they see how their decisions and actions affect not just community but the world as a whole?
Are we open and reliable in our dealings?
How much are we all driven by the concept of service?
Do we have a positive impact on society?
Will our grandchildren be proud of what we have done?
Do our people thrive; do we know the extent to which they do?

Inspiration, Spirituality, Service
Holistic Development Model ©

- Personal growth
- Self-knowledge
- Maintaining integrity

- Supportive relationships
- Sharing values
- Belonging

- Developing and becoming self
- Unity with others

- Expressing full potential
- Serving others

- Without losing sight of the ideal
- Making a difference
  - Meeting the real needs of humanity

- Creating
- Achieving
- Influencing
THE MBA OATH

As a business leader I recognize my role in society.

My purpose is to lead people and manage resources to create value that no single individual can create alone. My decisions affect the well-being of individuals inside and outside my enterprise, today and tomorrow.

Therefore, I promise that:

- I will manage my enterprise with loyalty and care, and will not advance my personal interests at the expense of my enterprise or society.
- I will understand and uphold, in letter and spirit, the laws and contracts governing my conduct and that of my enterprise.
- I will refrain from corruption, unfair competition, or business practices harmful to society.
- I will protect the human rights and dignity of all people affected by my enterprise, and I will oppose discrimination and exploitation.
- I will protect the right of future generations to advance their standard of living and enjoy a healthy planet.
- I will report the performance and risks of my enterprise accurately and honestly.
- I will invest in developing myself and others, helping the management profession continue to advance and create sustainable and inclusive prosperity.

In exercising my professional duties according to these principles, I recognize that my behavior must set an example of integrity, eliciting trust and esteem from those I serve. I will remain accountable to my peers and to society for my actions and for upholding these standards.

This oath I make freely, and upon my honor.
Issues for the consulting (profession ?)

The controlling - participating continuum
The institutional – interactive continuum
The consultant as expert or coach
The need for big jobs ie *do* the work
Clients’ expectations
Being truly professional