Eighteenth Annual Howe School Alliance Conference Focuses on Leading in a Changing Environment

Alan S. Brown

The Howe School Alliance has held its annual conference for nearly two decades, yet its members have never convened in the face of such business turmoil before. "With major disruptions in the global economy, the crumbling of financial and industrial institutions, declining customer demand, the unrelenting need for continuous innovation – it's all about change," HSATM director Larry Gastwirt told the 80 attendees.

The conference theme, "Leading in a Changing Environment," sought to provide perspective on the implications for leadership. Five stimulating speakers illuminated different aspects of the theme. Slides and videos of the presentations are on the Conference website, http://howe.stevens.edu/pages/hsatm-conference-2009/

The Core Challenge of Leadership

Anthony Le Storti, president of IDEATECTS Inc. and senior associate with HSATM, applies the methods he learned as a U.S. Army Ranger to business teams faced with extreme challenges. He first discussed the reasons why as many as 70% of change initiatives fail.

An important reason is that leaders often fail to appreciate the complex nature of their organizations. Large organizations consist of interdependent components interacting dynamically with one another and their environment. Leaders who plan to start fresh tomorrow or simply change one division or one process often miss these connections.

Like other organic systems, organizations have deep roots. They have history, precedents, skills, and culture. Before a company can begin to change, it has to unlearn what it has done in the past. "Only then can it learn new things through trial and error and pilot studies, figure out new best practices,

and lock in those behaviors," said Le Storti.

People often resist change, he continued. They may not see the problem or accept that they have to change personally. Some may lack the necessary skills to implement change. Others may question the goals. It takes a combination of techniques to overcome this resistance. Le Storti pointed to research that identified six interlocking change techniques. "Organizations that implement four of these initiatives have 10 times better results than those that try just one or two," he said.

The techniques are broken down into personal, social, and structural components. "At the personal level," he said, "link change to what people want to do because it's valuable to them, and over-invest in skill building so they can change."

"On the social side, harness peer pressure," Le Storti continued. "They say that change starts at the top, but people really change when the people you have lunch with are changing." He also called for social support through on-going discussions that let employees bring up issues.

On the structural side, Le Storti advised modifying the environment and aligning incentives to ensure accountability. "If there's no feedback, no consequences, why should anybody change his behavior?"

Change Rules

Picking up on the theme of corporate change failure, Peter Bregman, CEO of Bregman Partners LLC, asked the audience why most programs floundered. The audience listed the usual suspects, from lack of support and impatience to unclear objectives and fear. "I want to tell you how to get around these problems completely, not fight or work around them, but to avoid them completely,"

Bregman said.

"I don't think people resist change. People change every day, and they do it effortlessly," he continued. "People resist *being* changed. So we don't need strategies to counter resistance. We need strategies that don't create resistance in the first place."

Bregman offered several suggestions. First, companies have to share stories that show they are becoming who they want to be. "People remember stories that explain how we got here and where we are headed," he explained. "When the stories change – they used to exploit people, now they fire people who exploit others – the organization changes."

Companies must integrate any change program into their business processes. "Anything you do to make change gives people more to do," Bregman warns. "In moving change through an organization, figure out how to make it less to do. If you have to train people, have them train by doing their actual work."

For employees to buy into a change program, they have to feel their opinion matters. Instead of top-down communications, support should take the form of two-way conversations and coaching. Employees should set and measure their own change targets. When managers coach employees, they uncover information that can provide powerful insight into potential best practices, said Bregman.

Finally, it is more important to get it half-right than 100 percent correct. "Why are pilot change programs almost always more successful than the 'perfected' full implementation?" Bregman asked. "Because people have pride of ownership in what they build. Pilot programs succeed because everyone knows they are not perfect, so employees

make lots of suggestions to make them better." Starting with a half-right program gives all employees a chance to contribute and take ownership of the results, he explained.

Managing Virtual Workers

Howe School Professor Emeritus Richard Reilly talked about managing virtual workers, the subject of his latest book (with co-author Karen Sobel Lojeski), *Leading the Virtual Workforce.*

Virtual workers, said Reilly, are separated by geography, but also by affinity and operational distances. They may not share the same affinities - social norms, values, personal relationships, and interdependencies - that glue people together. Because they communicate primarily through e-mail and social media, they lack the operational closeness developed by large, centrally located teams. "Management by walking around doesn't work anymore. New approaches and new leadership competencies are required," Reilly said.

He has identified three core competencies of virtual distance leadership. First comes creating context. "Imagine a team spread all over the world," he said. "Teams change, people move in and out, but the leader stays the same. They can't see the leader, but he or she has to create a shared mental model so everyone sees things the same way." That model must explain how people working at different locations fit into the big picture. This goes beyond sharing a vision and goals, and includes explaining how their project relates to other projects and why individual contributions matter.

The second competency is cultivating communities. Teams that work in one location do this naturally over shared meetings, lunches, and parties. The virtual world precludes such close personal contact. "What we have now," said Reilly, "is a virtual workforce where the informal network becomes more important than the formal structure. Leaders have to build and cultivate communities to get the commitment needed to get their projects done."

Reilly's third competency is co-activating leadership. Virtual work is so distributed, it is naturally difficult to lead, he explained. One way of approaching the problem is through shared leadership, where all workers take responsibility for the work and its management. "Co-activating leadership is something like shared leadership, but is a little more active and inspirational. Leaders inspire people to take active roles in leadership," said Reilly. "They help team members understand cultural differences."

Leading in a Multicultural World

Steven Jacobs, president of Global BioPharm Solutions LLC, tackled cultural competency head-on. Culture, he explained, is like an iceberg: Only a small fraction of our cultural identity is visible in our behavior. The rest - our beliefs, the meanings we attach to behavior, and the ideals we strive to emulate - inform our thoughts and emotions even when we are not aware of them. Cultural competency, said Jacobs, begins with an understanding of our own cultural prejudices. Only then can we begin to see the hidden cultural assumptions of others.

Jacobs listed four essential cultural skills of a leader: cultural due diligence (preparing for the impact of different cultures); dialog (illuminating a venture's cultural underpinnings); mentoring (facilitating others to integrate cultures); and style-switching (switching behavioral styles when appropriate).

Executives need all those skills in a global economy where success can hinge on noticing often subtle cultural clues. For example, the most common failed overseas assignment for U.S. executives is Great Britain. The problem, says Jacobs, is that Americans assume the British are just like Americans, but the British have very different ideas about hierarchy. Cultural differences are not just limited to nations. Corporations, generations, and genders have their own cultural identities. Culturally astute managers learn to understand them rather than categorize them as "good" or "bad."

Entrepreneurial Bootcamp

Following a massive restructuring in 2002, Alcatel-Lucent's Belgium operation, which employed 1,800 people and 100 researchers, decided to make innovation everyone's business. Management announced an innovation contest with a new car as prize. The initiative generated 150 new ideas within five months.

What's wrong with that? Plenty, said Guido Petit, director of Alcatel-Lucent Bell Laboratory's Technical Academy. "The program rewarded only one person and made 149 other people unhappy," he said. "It created negative energy. It was not sustainable and - most important - the winning idea didn't make it into a product. In fact, none of the top ideas became products," said Petit.

Petit's team analyzed why the program failed. He found that Alcatel-Lucent did not really need new ideas. It needed new business plans based on innovative products that could generate $70 to $140 million within three to five years. To develop those business plans, Alcatel-Lucent launched its Entrepreneurial Boot Camp that taught employees to turn ideas into business opportunities.

Boot Camp had several unusual components. First, it used a process similar to speed dating to form teams of people in different parts of the company. People with ideas published them on a website. They met with people who wanted to work on a project. If the chemistry clicked, they formed a team.

Second, Alcatel-Lucent did not go it alone. It partnered with Flanders Business School and outside venture capitalists, who were more familiar with assessing new ideas and markets than company management.

Third, they provided an intense experience. Teams went on a retreat for three weekends. They learned theory in the morning and worked in the afternoon. Top management members coached teams in assessing technologies and markets and preparing presentations for a jury of senior managers, venture capitalists, and professors.

After six boot camps and 30 proposals, Alcatel-Lucent is incubating several prospects. The process fostered entrepreneurship within the company, and gave employees a way to advance their ideas and an opportunity to shine that they lacked in their jobs.

Petit's prescription for leading in a changing environment was quite different from the management techniques suggested by the other speakers. It had little to do with addressing virtual workers or cultural diversity. Yet if the attendees at the Alliance's annual conference learned anything from these diverse presentations, it was that there are many ways to lead change. ∎

About the Author:

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