



When markets experience sudden upheavals, companies often must go through significant cultural change to keep up with it. Here's how to get started.

Is your organization currently going through (or recently undergone) a major cultural transformation? If so, you're like more than half (56.8%) the organizations that participated in a survey by I4CP, a leading human capital research firm.

On the one hand, I'm surprised to see the number that high. After all, transformational change is *really* hard. On the other hand, I'm surprised more companies aren't doing it.



Not too long ago, small changes to products or services that enhanced existing features, but didn't add much new value, were enough for market leaders to maintain their positions. These days, with industry disruption increasingly becoming the norm rather than the exception, incremental innovation will no longer suffice.

Here's the problem. When someone disrupts the industry, transformational change becomes a survival mechanism. You either quickly adapt to the new reality or you get left behind. Yet, going from a company that focuses on the status quo to a flexible, agile business that can respond quickly to sudden market shakeups requires a major cultural change.

It's not just a matter of coming up with new products or services. If you're not the disruptor, it's already too late for that. Transforming a culture requires a complete overhaul of values, ways of working, communicating, and the "organizational psyche" or mindsets that drive decisions and behaviors. It involves letting go of old attitudes, assumptions, and beliefs. Perhaps most important, it requires a complete reassessment of your market to determine what you need to look like, act like, and do as an organization to serve today's customers.

A Journey, Not an Event

As anyone who has attempted it knows, cultural change doesn't happen overnight. To get started on your journey.

Let go of the past.

The first step in transformational change is probably the hardest – especially for successful companies that seem to be on top of the world. When what you've always done no longer works or might stop working soon, it's time to let go of everything you think you know about your business and how you serve customers. Until you can update the bubbles (mental models) that are holding you

back, you won't get far with cultural change. Do an assumption inventory to get a good sense of what beliefs are driving behaviors in your organization. What do employees absolutely, positively believe to be so about how things must work? Then consider and clarify what must shift.



Develop a mindset of winning.

If you're a successful business, you probably already have a culture of winning. In that situation, cultural change may require a new definition of winning rather than turning around an organization that doesn't know how to win. If you don't have a long track record of winning and need to start from the beginning:

- Get clear on what winning looks like, with specificity, for your organization. This becomes your new destination.
- Explain why the company needs to go there and why it's important to win.
- Outline how you will get there – what new skills, talents, and resources the company needs to reach the destination.
- Communicate the vision of winning every day, in different ways.
- Set clear expectations of the new values and behaviors required to win and give ongoing feedback to maintain alignment to them.

Teach strategic thinking.

Nimble organizations give front-line employees the training and authority to make customer-focused decisions without needing red-tape approval. This requires making sure they know the long-term goal (destination), your strategies (areas of focus) for getting there, and how their individual jobs support achieving the strategies. When people understand where you're going and why, they make better decisions for customers and the business.

Be prepared for resistance.

Even when people see the need for change (i.e., we'll go out of business and lose our jobs if we don't), they will resist. Change is stressful, and in times of stress the human brain likes to retreat to what it already knows. To help people work through their resistance:

- Constantly remind employees of the need for change.
- Let people know how their jobs will be impacted – what will change.
- Be very clear about what will not change so employees have something they can hold to, something to bring a sense of comfort.
- Enlist top performers and those respected by their peers to champion the change initiative(s).
- Recognize individuals who adapt and reward the achievement of milestones related to the change.

Model the new behaviors.

Senior leadership must live and breathe the new attitudes, values and ways of working. Otherwise it comes across as "do as I say, not as I do" and employees go back to doing things the same old way. Many leaders find this hard to do because it requires changing their behavior as well as others in the organization.

For example:

- Instead of top-down communication, make it bottom-up – listen!
- Instead of shutting down new ideas and different perspectives, encourage and reward them
- Focus on possibilities instead of problems
- Instead of seeking the right answer, ask a lot of “what if” questions to consider multiple right answers

Most of all, hold people accountable when they don't live up to expectations – especially senior leadership. Nothing will kill cultural change quicker than seeing leaders, managers, and supervisors get away with violations of the new desired norms. To end up where you want to go, paint a clear picture of where you're going, set clear expectations, and constantly communicate how your business will win.

As Mother Goose used to say: “Jack be nimble, Jack be quick, Jack jumped over the candlestick.” If you run a business, your name is Jack. Your market is the candlestick. And your #1 job is developing a flexible, agile business that can make the jump without going down in flames. Welcome to the 21st century business world.



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