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CONSULTING



FUTURE-READY, AGILE ORGANISATIONS: THE WINNING BLUEPRINT FOR CHANGE.

CHANGE MANAGEMENT CAPABILITY IN AN EVER-EVOLVING WORLD

REAL OUTCOMES,
SUSTAINABLE CHANGE.

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December 2020

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EXECUTIVE SUMMARY

When COVID-19 was declared a pandemic, it triggered a tsunami of change worldwide. The way we live life and do business has irrevocably changed.

Organisations that were not prepared for disruptions had their fortunes overturned overnight.

Those that are still standing do not have the luxury to stand still and hope things will pass.

While COVID-19 is an unprecedented event, it is just one in a long line of disruptions that companies have had to respond to. The pandemic has driven home the fact that our world is unpredictable and ever-evolving, and that organisations need to be agile to thrive.

However, disruptions offer companies a rare opportunity to reshape. Companies must build the capability to transform more rapidly than before, not only to respond to the immediate crisis, but also to prepare for the new economic and highly digitised landscape.

This white paper provides an example blueprint for organisations to change to emerge more agile and ready for what lies ahead. This document will highlight:

FORCES SHAPING THE FUTURE OF BUSINESS

Emerging trends such as digitalisation, remote working and automation are being fast-tracked. This section goes into the main challenges facing companies today and why the call to change is more urgent than before.

WHY IS CHANGE DIFFICULT?

The statistics are clear. Many change initiatives deliver unsatisfactory results. We explore the reasons why.

THE BUILDING BLOCKS OF ORGANISATIONAL AGILITY AND A CULTURE OF CHANGE

To activate organisational agility and build change capability, companies need the right foundations to instil change as part of their culture.

THE BLUEPRINT FOR CHANGE

To succeed in business transformation, even during unpredictable and uncertain times:

- First, leadership must set the course with an inspiring vision and realistic plan.
- Then, they need to make sure that they get the organisation to their destination.
- Finally, the organisation needs to raise the bar to continuously improve.

The following pages provide a blueprint for organisations to change to emerge more agile and ready for what lies ahead.

When the coronavirus outbreak swept the world, it caused a wave of uncertainty and anxiety across society and commerce. Companies scrambled to react to the unprecedented change as daily lives were turned upside down.

Organisations are today navigating a very changed world and the impact will be felt for years. The key forces shaping the future include:



FORCES SHAPING THE FUTURE OF BUSINESS



1. REGULATORY UNCERTAINTY

Governments are shifting their regulations to respond to the ever-shifting situation around the pandemic. Companies must stay vigilant and respond quickly to these changes¹.

2. SAFETY CONCERNS

The pandemic created a new challenge: How can companies keep the workforce and customers safe? This has created a cascade of logistical challenges for organisations, many of which are still being dealt with in inefficient ways.

3. AN ALTERED WORKFORCE

COVID-19 sparked the biggest remote working experiment in history. Overnight, companies shuttered their offices and set up a remote workforce.

The remote workforce, or a hybrid one, where workers spend fewer days at a physical office, may be the new way of working. More and more companies are making remote working a permanent arrangement.^{2,3}

4. ACCELERATED DIGITAL TRANSFORMATION

Across the board COVID-19 has sped up digital transformation efforts by as much as six years⁴. The most successful transformations will be those where management properly exploits digital tools that address company needs, as opposed to digital tools for digitisation's sake. This requires clear digitisation strategies that can be tested for value, as well as strong digital change management practices, training, and digital culture adoption.

5. SHIFTING CONSUMER HABITS

There was a 14% drop in global working hours during the second quarter of 2020. That’s about 400 million full-time jobs.⁵ With news of layoffs reported daily, people are tucking away their wallets and they are not spending money. Or if they do, they’re favouring local brands. Consumer patterns are shifting around the world and companies must shift with them (research by Nielsen)⁶.

6. SYNCHRONISED SLOWDOWN

According to the World Economic Forum’s Global Risks Report 2020, the world is facing a “synchronised slowdown”. But the world will face more risks in the future.

About 350 of the world’s top risk experts were surveyed⁷ about the fallout risks from COVID-19. Two out of three experts highlighted a prolonged global recession as a top concern. Half said that bankruptcies, industry consolidation, industries failing to recover and a disruption of supply chains were crucial worries.

COVID-19 IMPACT: MOST WORRISOME RISKS TO COMPANIES



ECONOMIC | SOCIETAL | TECH | GEOPOLITICAL

Source: [Recovering from COVID-19: these are the risks to anticipate now - before it's too late.](#) (19 May 2020, World Economic Forum)

The message is clear: The world is becoming more uncertain.

Change, often turbulent before, is happening today at an accelerated pace. Change management is quickly becoming a vital capability for all organisations. However, while many organisations are good at running daily operations, many struggle with change.

Three-quarters of change initiatives don't succeed. They either fail to deliver the anticipated benefits or are abandoned entirely.⁸ What is the reason for such a miserable success rate?



WHY IS CHANGE DIFFICULT?

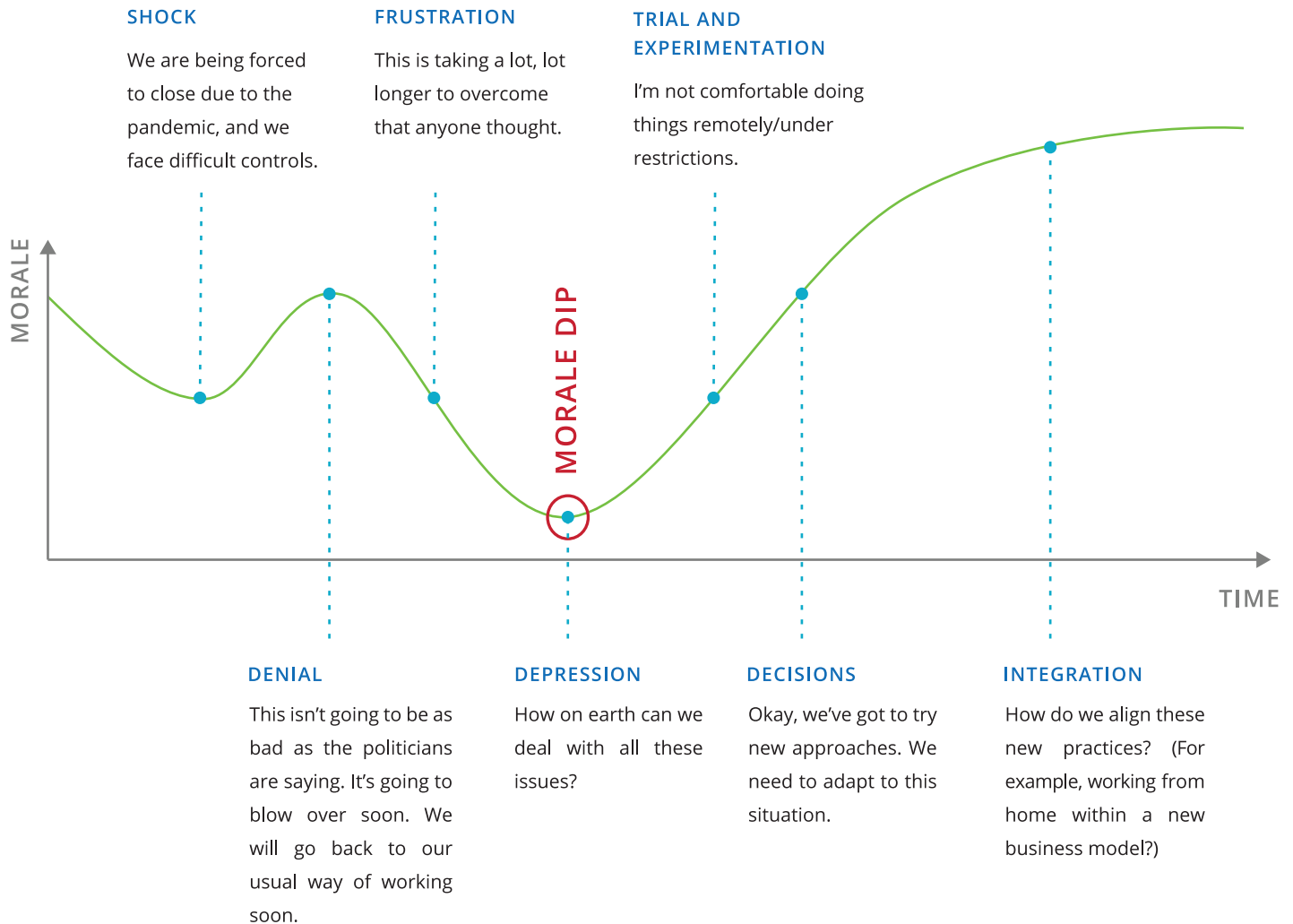


It all comes down to how well facilitated the change process is.

There is an unrecognised dichotomy in change management mindsets. Most leaders see change as a positive force, a challenge to be tackled, but the further down the ranks you go the more change is viewed as a negative thing, another unnecessary hassle. After all, they are the ones who will probably be impacted most and will have to learn and cope.

The dichotomy in change management mindsets leads to mismanagement of the change process. Leaders often assume there is buy-in for change when there is not. Leaders often assume changes will be easy to adopt, but they forget: everything is difficult before it is easy – they are not the ones that have to go through the learning curve.

The Kubler-Ross Change Curve depicts the various emotions people tend to go through when they perceive change as a negative thing. In this example, the captions reflect the experiences through the coronavirus pandemic.



In any change programme, whether perceived as positive or negative, sooner or later a level of frustration kicks in. Things are usually more complicated and time consuming than expected, best practices are not followed, and so on. A morale dip is almost inevitable – and this is when change initiatives are most likely to flop.

Almost every change initiative will hit a morale dip – it is a natural part of the change process. If the

organisation recognises this from the start, they'll have an easier time navigating the dip when it happens.

To ride the emotional roller coaster without failure, it is imperative to build the change programme using the building blocks of agile and future-ready organisations.



THE BUILDING BLOCKS OF AN AGILE AND FUTURE-READY ORGANISATION

Agile, change-oriented organisations have mastered a blueprint of change. The following are the “building blocks” a company needs if they want to build change capability:

NEEDS	Regular analysis to establish business needs that must be addressed.
SPONSORSHIP	Senior management with the persistent interest and will to implement change.
LEADERSHIP	The right people to plan and facilitate the change initiatives.
DEDICATED RESOURCES	The level of change most organisations need more than justifies full-time dedicated resources. Change is important, seldom urgent. If change is part of someone’s day-to-day job, urgent things invariably take precedent.
PLANS	Plans must be collaborative and conveyed with a sense of urgency.
COMMUNICATION	Increasing communication, increases the speed of innovation.
BUSINESS CONFIGURATION	Organisation resources, processes, controls (the plan-do-check-action cycles that ensure processes run efficiently), structures, and technologies must be fit for purpose.
TRAINING AND COACHING	Effective knowledge management, permanent training, and especially on-the-job coaching are crucial for climbing the change learning curve.
PERFORMANCE EVALUATION	Recognition and celebration of workforce performance – “we can make it happen”.
ORGANISATIONAL LEARNING	Organisational development stemming from reflection, feedback and learning, not just by individual, but by teams, departments and the whole organisation.
INSTITUTIONALISE CHANGE	Making sure change is a crewed organisational norm with constant evaluation of progress and re-evaluation of what’s right for the company.



THE BLUEPRINT FOR CHANGE

There is no such thing as the right time for change – the only constant in life is change.

Throughout history, during disruptive times, change speeds up. Right now, more than in a long time, companies need to be better change focused.

With the numerous health, societal, economic and technological risks looming, businesses can't afford to delay building their change capability.



STEP 1 SET THE COURSE		STEP 3 RAISE THE BAR
STEP 2 GET TO YOUR DESTINATION		
NEEDS	PLANS	TRAINING & COACHING
LEADERSHIP	COMMUNICATION	PERFORMANCE EVALUATION
SPONSORSHIP	BUSINESS CONFIGURATION	ORGANISATIONAL LEARNING
DEDICATED RESOURCES		INSTITUTIONALISE CHANGE

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To effectively deploy strategy, an organisation's leadership must give guidance and define the overall goals of the change initiative. Management must also quickly absorb the vision and carry out the plan.



1. DEFINE THE STRATEGY

What's the gap between where we are now and where we want to be?

Leaders should define the business strategy and business success based on long-term objectives and current market reality.

They must also have a clear understanding of the strengths and weaknesses of their current internal operating environment. Only then can they create a strategy to bridge the gap between where they are and where they want to be.

2. PRIORITISE

What are we going to work on now? What are we going to work on later? What are we not going to work on?

People can only change so much.

So, leaders need to identify and prioritise opportunities and projects based on strategy, alignment, and urgent business needs.

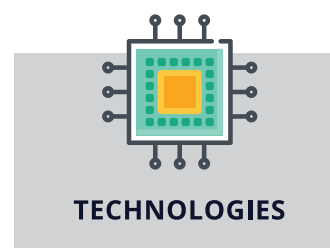
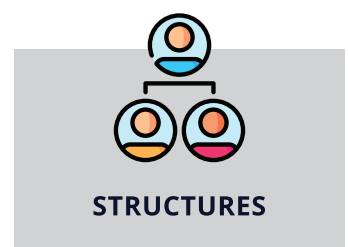
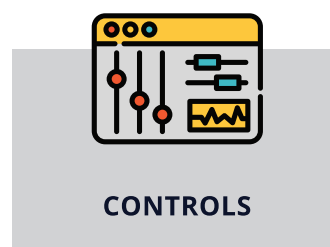


SET THE COURSE

3. IDENTIFY OPPORTUNITIES FOR CHANGE

What should we change to get to where we want to be?

If an organisation wants to bridge the gap between their current situation and their goals, they need to understand the root causes of the gaps between the current reality and their desired outcome and evaluate what they need to change. From an internal operating perspective this means assessing how fit for purpose are the:



4. CREATE A CHANGE TEAM

Who will be part of the team that will create change in the organisation?

The right people must be involved. Change teams should be multidisciplinary, cross-functional, and enthusiastic. If it hurts to move someone from a department to the change team, they are the right someone. Outside of the dedicated team, other employees must also participate as this makes them more receptive to the change process, and taps the vast knowledge embodied in the workforce.

5. INSPIRE WITH THE VISION OF SUCCESS

Getting people on board is a significant challenge of any change initiative.

Change management starts with a clear vision of the change required and the reasons behind the change. The organisation must intimately know the need for change.

Leadership must define and communicate a detailed vision of success to the whole organisation so that employees can imagine the change and have ownership of their roles in the initiative. Leaders must communicate the following clearly:

THE NEED:

Why must the organisation change?

THE VISION:

Where are we going?

ACTION PLAN:

What's the next step?



If employees lack understanding of just one of these elements, their resistance to change is higher.



GET TO YOUR DESTINATION

A person can't be expected to ride a bicycle on the basis of some classroom training and an encouraging email – yet that is literally the way most change is implemented.

Everything is hard before it is easy – mismanagement of the implementation occurs when we neglect the time and attention required to align the workforce behaviours to the new ways of working.

When change initiatives are badly implemented, organisations end up more complex. For example, some people follow the new procedures, and others do not – so we now have two different ways of working. If a change is badly implemented, the organisation's next change initiative may well face increased resistance.

1. CO-CONSTRUCT AND DETAIL THE PLAN

Translate the vision of success into a practical change plan that is developed collaboratively with all the key players and track it systematically. Beyond quick wins and action implementations, be sure to track changes in behaviour – for example, is everyone accessing a new tool? Do they demonstrate an understanding of how to use the tool? Is it appropriately used? Can we see improvements in performance?

2. MANAGE THE CHANGE

Directly coach employees in the new way of working so that they can go from conscious incompetence to unconscious competence. This facilitates improved performance and with improved performance, people are more likely to adhere to the new way of working.

3. TRACK RESULTS

The adage, "You cannot manage what you cannot measure", is completely valid. But understanding what needs to be measured in order to manage isn't always obvious.

Be sure to include both leading and lagging parameters – many reports only measure the outputs of a process (such as sales revenue) – these are lagging indicators which we can only be reactive about. When driving performance, be sure to include input and process measures (for example, number of sales calls and sales order processing time). These are leading indicators which can be proactively managed.

A dead giveaway of an organisation's digital development, and how well it can track results, is how ubiquitous Microsoft Excel is. Excel may be digital, but its usage is largely manual. There is a plethora of very cheap, very effective digital tools available for almost every business process. If an off-the-shelf tool isn't available, digital workflows or robotic process automation can be set up.

With digitisation, the detection of appropriate behaviours is easier than before. Many modern digital applications can be rapidly deployed, but the organisation lags in their adoption. Be sure that a digital deployment includes a systematic, scalable way to track appropriate usage as well as measure performance.



RAISE THE BAR

When a change initiative is successful, the work is not over. The next step is to embed a culture of continuous improvement in your organisation.

A transformative company is not afraid of looking into the mirror to see what can be improved. It is always seeking for opportunities to be better.



1. COMMUNICATE AND CELEBRATE SUCCESS

Employees need to know that, despite uncertain times, they've managed to build a track record of success.

Communicating and celebrating the success of the initiatives will not only improve employee morale, it will help the workforce cope with the new reality. Most importantly, it builds trust in the organisation's change capability. If another disruption kicks in and the organisation needs to pivot quickly, employees can say: "We can do this because we have done this before."

2. CREATE A CONTINUOUS IMPROVEMENT LOOP

We live in turbulent and unpredictable times, and it may last longer than expected. Organisations that are reactive to the disruptions will suffer, especially if their competitors take proactive actions.

Organisations must always ask themselves how they can improve. And they must continuously aim for higher and higher goals.



WIN THE FUTURE WITH CHANGE MANAGEMENT

DISRUPTIONS WILL CONTINUE TO HAPPEN IN THE FUTURE. COMPANIES MUST BE PREPARED FOR THEM.

Agile companies with a culture of change and continuous improvement will be able to respond proactively to unexpected events.

The message is clear: Companies can't afford to sit back and hope for the best. They need to build on their organisational change capabilities **now** to be ready for the next disruption.



READY FOR THE NEXT STEP?

Renoir delivers results, but our clients also gain the ability to manage change in uncertain times. We can help in:

OVERALL TRANSFORMATION MANAGEMENT

Building overall transformation and implementation capability.

FOCUSED PROJECT DELIVERY

Identifying opportunities for change and help co-construct, implement and track the results of a specific transformation project.

If you would like to talk to us about how Renoir can help your organisation, contact us at

connect@renoirgroup.com




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ABOUT RENOIR

Renoir Consulting is the trusted business transformation partner for the world's many leading companies and institutions for more than 25 years. We have partnered with clients from diverse industries in more than 50 countries to co-create bespoke solutions that produce real outcomes and sustainable change. Our boutique approach means that our clients receive the highest level of professionalism, expertise and leadership ownership.

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ABOUT THE EXPERT

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