Occasional Paper

THE RHYTHM AND SPEED OF CHANGE. LEADING IN DIFFICULT SITUATIONS

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Abstract

This paper looks at how leadership and leading change combine what are essentially basic skills in order to bring about change. Most of the concepts in this article are easy to understand and make good common sense – it is just that they are seldom found in a lot of business organizations. The idea of assessing and applying rhythm and speed to a change situation is explored. In this paper we apply these concepts to the problems of change and show how some leaders have been able to improve the performance of themselves and their employees.

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Like driving, most people believe that they are good at leading. It's just that some supposedly good drivers have more accidents and traffic fines than others. And in leading, some "good" leaders seem to be less successful than others. The fundamental skills necessary to be a good driver are possessed by just about everybody. It's just the lack of application sometimes or the inability to use all of these skills at the same time that makes for bad driving. In the case of leadership, it seems that all of us are given more or less the same basic skills that go to make up a good leader, but some of us apply those skills better than others. In fact, there are so many poor leaders that one often suspects that sometimes people just misapply their basic skills without even thinking.

This paper looks at how leadership and leading change combine what are essentially basic skills in order to bring about change. Most of the concepts in this article are easy to understand and make good common sense – it is just that they are seldom found in a lot of business organizations. In this chapter we apply these concepts to the problems of change and show how some leaders have been able to improve the performance of themselves and their employees.

The Rhythm of Change

It may be a cliché to say that all organizations are in a process of change all the time. They are, even the most stolid organization is changing, if only because the environment around it is shifting. However, knowing this doesn't help much if you are trying to lead change in that organization. It also doesn't help much that change is forced on us by major industrial shifts that often are not identified as opportunities for change but rather as threats. Leading change means getting your organization from the position, condition or state that it is in today to some ideal position, condition or state some time in the future. That future may be next month or the next decade. For the head of a family with teenage children that future may be the next few years as the children complete school and enter universities. Preparing the family for finding jobs in the future may be seen as a priority. For the head of Ford Motor Company, Bill Ford, the future involves the next few decades, where maybe all cars will be built in China and will be driven by fuel cell technology. Ford managers need to prepare their organization for being slimmed down in the US and Europe. Their priority may be to focus on retraining their people. Both heads, the head of the family and Ford, have to prepare their people today to deal with the transition through to tomorrow. Both heads have to give the lead to their people today in order to develop the rhythm and pace of the transition for tomorrow.

In order to get tomorrow right you have to start with today. The starting point is to get the feel of the rhythm and pace of an organization in order to judge how much change is likely to succeed and how much change can be introduced by one manager. In dancing terms, imagine moving from a waltz to a salsa –you are going to have to move the whole body differently, but before that, you have to get the mind right, you have to anticipate the beat of the new rhythm in order to get your feet moving. This is true of organizations as well– managers often know that they have to move to a different beat, but they can't get the minds of their people around the problem. Their feet want to salsa and their minds are still waltzing.

Reality check

To understand the rhythm of an organization just think of any businesses you have been able to observe as an outsider. Possibly you have been a customer in a store, or you have had to visit the local branch of your insurance company. Firstly, notice that you observed that things were happening. You will have seen that these "things" involved actions, statements or perceived attitudes of the employees. You may have noticed that the machinery in the office or the warehouse was new or old, clean or dirty. You would immediately have seen, if you were lucky, that customers were served quickly, that problems were dealt with promptly and employees were sharp and intelligent – they did things that common sense called for. The beat of the rhythm of this organization was fast. For example, Hewlett Packard here in Spain is probably known for its fast rhythm. It has tremendous pressure on it to constantly innovate, especially in the printer business, where competition is intense. It has tens of thousands of end users from big companies to school children who have a printer at home. It also has a global constituency because one of the Spanish divisions manufactures its product in the Far East and sells it anywhere in the world.

Compare this to some of the other companies you may have dealt with. When you telephone them with a problem, the person on the other end is unable to help you but passes you on to someone who possibly can. But that poor person is the wrong person, so they pass you on – you never find the person who can solve your problem. You leave messages. They go unanswered. Eventually, the only way to solve the problem is to visit the company or live with the problem.

If you ever traveled by aircraft across Europe, you will have felt the different rhythms of airports themselves. As one business class passenger waiting to check in at Frankfurt Airport for a flight found out. When he complained about waiting ten minutes to check into a flight, he was told, "But everyone must wait". The common sense thing for the airport management to do was to put more people on to check in passengers, but the rhythm of the organization is one of waiting, its pace is slower than most other airports. Management's view is probably that an airport is a place where innocent citizens get hassled by rough security guards.

In contrast, when passengers were unnecessarily detained at Barajas Airport for thirty minutes because the security personnel were disorganized, they complained to the management of the airport in a letter. To their surprise (and delight), shortly after sending off the letter they were telephoned by the airport management, who apologized and hoped that it would not happen again. Probably to this management an airport is a place where people engage in a travel and shopping experience that can be extremely positive.

At least, now you don't have to drive!

Who's to blame?

Fast paced organizations have a rhythm that is able to deal with these kinds of mistakes – they fix them and move on. Organizations with a slow rhythm search for the person or group who made the mistake; they want to blame someone rather than learn from the mistake.

The truth of this matter is that most employees, like most organizations, don't want to make mistakes. But what starts to happen in slow rhythmed organizations is that the tolerance for small mistakes increases. This continues until eventually the organization is riddled with errors, but nobody even notices them anymore. It has become the norm. When the director general of a large consumer goods company was presented with a list of complaints about product quality and service times by a relatively small client, the reaction of the senior manager was immediate: "If you don't like our product and service go somewhere else. We have many satisfied clients." But for how long?

Many family businesses fail because they are incapable of changing their rhythm. The owner-founder usually sets the pace and this becomes so embedded that changing the rhythm of the business is beyond most successors. One Catalan family-owned business, facing extinction as a local supplier of heavy industrial equipment, employed an outside executive team to change the company's fortunes. The outsiders were encouraged to join, being promised very attractive incentives if they were successful. Which they were. The business changed its orientation from being a local supplier to being a multinational one. The company prospered and it was very evident that the company had changed its rhythm. Everybody,

clients as well as employees, felt the change. The only problem that arose was within the family. They felt that the change had taken place too fast. They also felt that the outsiders were now earning salaries and bonuses never before paid by the business. And finally, they feared that in the near future there would probably be no place for family members within a team of professionals. They knew that when meritocracy replaces nepotism, it is ruthless in revealing incompetence. The family decided that the professionals had to go. Over a period of a few years the company slipped back into its former uncompetitive state. In reality, the change of rhythm introduced by the outside professionals had been too fast for the controlling stakeholders of this business.

Change is threatening

The speed of change can be extremely threatening to an organization which has a very slow rhythm. And while not threatening to a fast rhythmed organization, if the type of change is not sufficiently impactful, it will be lost as completely as in a slow rhythmed business. There is a simple way to view rhythm and speed of change:
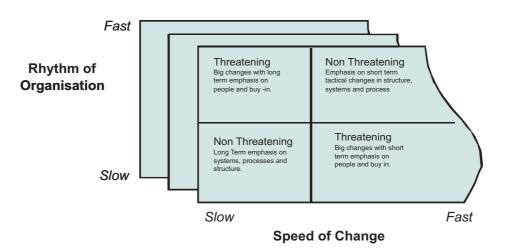
Figure 1. Rhythm contrasted with Speed

What the Figure 1 illustrates is that firstly, depending on whether the organization has a fast or a slow rhythm, the speed of change has to be different. Secondly, not all change is the same – some change may be slow and take years, other change may be fast and take months or even weeks. Finally, sometimes change is limited to a single section or department, other times it changes a whole industry.

In the past year the music industry has seen sales fall disastrously as a result of customers swapping digitalized music on the Internet. The reaction of the industry has been pretty standardized – hassle the potential customers who are doing this to indicate that you are serious about copyright. In reality, most of the companies in this industry are very conservative, have a slow rhythm, and are quite incapable of dealing with short-term technology changes. Nobody within the industry would come up with a solution like that of Steve Jobs, founder of Apple; which was to give customers what they want in the format they want, and at a price they could afford. iPod has been a runaway success that has left

the industry standing. Now, if you are in the music industry, what is your reaction going to be? The one thing you know is that your industry is about to change radically – a lot of your know-how has just been declared obsolete. What changes would you introduce if you were in the management of a music company? You do not have much time to get into action.

Pacing

"Time and tide wait for no man," said Shakespeare. There is probably no single aspect more ignored in the current fad for leadership than time. Time is never factored into the equation on how to develop leaders – How long does it take to develop a leader? Twenty months or twenty years? Time is seldom factored into this period of leadership effectiveness – How long is a leader able to prevail over his people? Or do we believe that "once a leader, always a leader"? Time and timing often seem to play a contributory role in the life of leaders, but we often describe this as an element of good future. "He was the right man at the right time," we say.

We don't believe that the time factor should be left to chance. It is an integral part of and a critical factor in understanding rhythm and pace of change. We believe that it has already influenced most people's careers and will continue to do so in a very big way in the future. The question is only, how do leaders take this into account when changing the rhythm of organizations?

There are two quick tests that help to clarify the time issue – one objective and the other subjective. Firstly, the objective one: how long does your company leave managers in a particular job? In most global and multinational firms a manager is left in a job for no more than three years. In fact, in high tech companies such as Hewlett Packard and Sun Microsystems this period of time may even be shorter. The constant pressure on the organization to identify opportunities for new product development means that this organization itself is dynamically organic and capable of morphing itself around new opportunities, products and services. In such conditions anyone appointed into a managerial post can hardly expect to be there for very long – almost regardless of success or failure. The organization moves on too fast for that.

The second test is more of a subjective one. If you examine your curriculum vitae, you will be able to determine how long your average tenure in a job has been. In other words, how long have you, on average, stayed in a job before being moved on, possibly promoted or even fired? Again, if we look at the experience of people who have had careers in large multinational organizations, we find the same pattern as before: the average tenure is approximately three years or one thousand days. The implications are immediately apparent – someone joining an organization at say 23 or 24 years of age, should make it into their first general management assignment by age 35, says professor John Kotter of Harvard Business School. That means they have to prove themselves very quickly in a minimum of few assignments of 3 years duration each. Even in companies that have high potential development programmes such as Sony, the eventual decision to promote someone into a general management position is determined by that person's performance in their previous jobs, not on their performance on the programme.

It is hardly surprising that one should see the same pattern of three years or a thousand days in both company human resources policies (relating to promotion, demotion or dismissal, etc.) and in the curriculum vitae of that company's employees. What is surprising is

that many companies are quite unaware of this pattern and quite unconsciously implement it. It is as if the organization is unconsciously swinging to a silent rhythm. Employees should be able to see the pattern in their curriculum vitae, and organizations also need to be aware of the rhythm. One starts to suspect that a thousand days seems to be some type of natural period or limit in normal human endeavors within organizations. Possibly it is because organizations put huge constraints on freedom of decision and action in each post –the lower the position, the less freedom accorded that position– that people in those positions achieve a sense of completion, sometimes achievement, sometimes boredom, after three years in the job. One would therefore imagine that once reaching the pinnacle of the organization, the CEO's position, tenure would expand, but surprisingly the statistics tell a different story – the average tenure of CEOs in the USA is 4.1 years and in Europe 3.9 years, even less than in the US.

So the reaction might be: who cares? Or what does it matter? It matters because organizations see assignments in terms of discrete tasks or even projects, in which managers have to provide leadership. What the 1000 days constraint implies is that as an employee you have a very limited period to demonstrate your leadership abilities and then you either move up or out. Once understood, it becomes obvious that the 1000 days have to be used very judiciously and managers need to be well focused in order to achieve their objectives for that period.
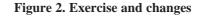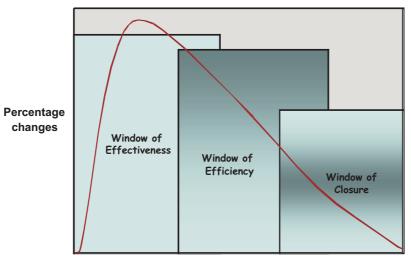
One thousand days – Focused

For a long time, objective setting has been seen as authoritarian process –the play between managers, their divisional and sectional objectives for the year, and the head office– that takes place in the context of organizational cultures that are top down. Because organizations have become less paternalistic and often more ruthless in the way they promote, transfer or cut back the number of their employees, a manager in a leadership role should be thinking in terms of objectives that contribute measurable value added to the business. There may be other less tangible objectives to be achieved, but objectives with measurable value added are a dual edged sword – they bring benefits to the company that take a very tangible form, and they add to the manager's own curriculum vitae for purposes of promotion or, in a worst case scenario, for finding a new job. In other words, in helping the company to achieve better results a good manager helps himself or herself at the same time.

A well directed 1000 day tenure needs to combine energy, focus and timing. A leader needs to understand when certain phases begin and when they end – when to lead from the front and when to delegate. There are, in essence, three main phases during a 1000 day tenure – "windows" because they mark the time in which certain concepts, processes and/or tasks need to be addressed. The three "windows" are called:

1. The window of effectiveness
2. The window of efficiency
3. The window of closure

In Figure 2 we contrast the windows with the level of energy and the number of changes required during the leaders' tenure.

Figure 2. Exercise and changes

There are several issues that arise from viewing a leader's tenure in terms of a thousand day imperative:

1. What decision, processes and actions are required in each window?

2. What is the timing of each window? Many tasks seem to be almost endless and how do leaders deal with these?

3. What will it take to deliver in specific areas that will have to be identified? More specifically, what are the implications of failure to deliver during an appropriate window?

The window of effectiveness: Starts when the new leader commences in the new job and lasts for approximately 180 to 200 days. Usually, before taking on a job a manager has time to interview new (or old) bosses, subordinates and even peers. There is a period of grace before taking on the job in which the new leader is able to do some ground work. Clearly, conditions are very different when moving from one culture and organization to another as opposed to staying within the same culture and organization.

There is little doubt that a new leader will make an impact on taking over a new job. In many ways, a predecessor who has failed creates an environment which is easier to change. A successful predecessor often puts the new incumbent in a quandary about what to change or how fast to change it. Understanding how to change the rhythm and pace of a successful business is often a bigger challenge.

However, the starting point is asking the fundamental question: what is the objective of this change? Thinking about change in an isolated way usually leads to short-term changes that have little impact on the organization. Change has to be conceived in a holistic way that encompasses everything from:

1. Personnel
2. Systems, everything from information Systems to HR systems
3. Structure
4. Culture
5. Rhythm

In September 2002, Jurgen Dormann was appointed CEO of ABB when the company was in serious trouble. Facing huge debts of €7.32 billion, the new CEO knew that the company could go down at any moment. The once glamorous superstar business was in total disarray. Within a few days of taking over, Dormann swept into action. He said, "I asked a lot of questions: Where are we? What is the next step? Does anybody have any ideas? I wanted to make sure executives understood the seriousness of the situation. I emphasized they only had a few weeks to take action or the company risked going bankrupt[1]."

Having achieved the turnaround of ABB very dramatically by January 2004, Dormann felt that the job was complete and that he should be stepping down and letting someone else take over.

Who are we? What is the strategy?

The Window of Effectiveness is all about achieving impact. We know that leaders have difficulty completing every item on their "need-to-do" lists. Most leaders start out at the beginning of their tenure in a job with a range of decisions that need to be taken and implemented. If you ask them at the end of their time in the job, they always reply that they needed to have implemented *faster* in order to have had more impact, they needed to have implemented *more* in order to have had more change, and they needed to have had more *time* because only a small proportion of the job usually gets done. All of this adds up to one thing – the window of effectiveness is a crucial period for determining bold strategy and courageously setting out a tactical plan that will get the organization where it needs to be.

When a new manager, Roger Marshall, was appointed to take over the in-house service division at Readers Press[2], he decided that he needed time to understand the business and its problems. He set aside time to map out on a series of large pages the condition of the publishing industry. He wanted to visualize and understand exactly where Readers Press had positioned itself in an industry that was being radically restructured in the competitive war for the market's attention. Over the past decade the merging of a large number of publishers had created a market in which there were a smaller number of extremely large players. In addition, the advent of the Internet had introduced Amazon.com to customers, and publishers were caught up in a new way of selling and distributing books. Lastly, Marshall knew that while his division had always been merely a service provided to the line divisions of the business, that situation was changing rapidly. In-house services now had to demonstrate that they could provide services faster and cheaper than those offered by outsourced firms. In addition, the division had to show that it could bring value added to the other divisions.

Initially, Marshall could see that simply improving operational efficiency in the division could enhance the service offered to other divisions. There were lots of operational problems, bottlenecks that managers used as excuses to explain poor service. Those needed to

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[1] "Chief Dormann shakes up ABB Corporate Culture," *The Wall Street Journal*, 22nd January, 2004, p. A6.
[2] Case Study: Readers Press – Roger Marshall's First 1000 days, IESE Publishing, 2003, p. 6.

be sorted out, but solving these would not turn the in-house services division into a world-class division. In fact, if Marshall was not careful, repairing the operational bottlenecks would take up all of his time and very soon he would have lost sight of the concept of bringing value added to the rest of the business. Apart from that, Marshall saw that he needed to develop a strategy that would provide in-house services with a quantum leap that would leave potential outsourced suppliers standing. The quantum leap would also provide line divisions with a service that would give them an advantage over their competition. Marshall saw further that the opportunities in fully computerized warehousing of books far outweighed the disadvantages. Computerized book warehouses would not only give the overall business a few large centers for sourcing, but it would provide for an interface with companies like Amazon that did not stock books at all. They required suppliers to stock, package and mail books. This idea was to become the enduring theme of Marshall during his tenure at Readers Press. It was to become a theme that would motivate his staff to be constantly aware of what was needed to get there and to constantly sell the concept to the rest of the organization.

Developing a Strategy - the Offsite Meeting

In March 2001 Marshall turned his attention to developing a long-term strategy for his division. The SD senior management team spent an intensive two days at an off-site meeting to discuss the strategic direction of the division. After much discussion and debate SD had a new vision: to be "the providers of value to the business divisions". This was to be achieved by a focus on the following six key management areas:

– Cost control – improving control measure and creating more efficiency.
– Service – to each other, our stakeholders and our customers.
– People focus – especially motivation and commitment, getting people to accept their responsibilities.
– Innovation – challenging the status quo, all the time.
– Quality – better than the benchmarked.
– Customer relationships – first and foremost

These headings were supported by a very detailed objective-setting process, which aimed to push down accountability to as low in the organisation as possible. Each activity now had an individual manager responsible for certain targets and clear measurement criteria were established for each target. "This was not me telling them what to do," explained Marshall. "Instead, I said 'I expect you to contribute to the six criteria to push the business forward. Please tell me what you are going to do.' I could then check that they were on track and judge them against what they said they were going to do."

Why is change constant?

What is important to realize is that a window of effectiveness cannot be started with the idea that one is a caretaker. That the operation is running well, more or less, and that ironing out a few bottlenecks will be seen as adequate action is not possible in today's competitive markets. If nothing else, we have found that companies that have leaders who do not move boldly during the window of effectiveness have difficulty surviving in the longer term. The reason for this is quite simple – the competition keeps moving away from them as they mark time. It only takes a few years before the competition is way out in front and the company finds itself fighting for survival.

Who's in the team?

As in the case of Marshall at Readers Press, leaders have to outline a strategy with or without their team. Usually, when taking over a division or a department, it comes with a group of people who have been there for some time. This is not a team and may never be a team. There may be people in that group who have risen to their positions simply through outlasting any rivals, through a dull-witted promotion system, or because they're the son of the founder of the business. So developing a strategy on one's own initially is an option while trying to develop a team. The team that worked with Marshall said the following after the offsite meeting (see textbox in page 9). "There was almost an audible sigh of relief," said one participant, when Marshall asked about people's reactions to his new leadership. "People said 'Thank goodness we've got someone who cares about us'. People knew that they were expected to be doing more and were often quite bored, but did not know how to change it. Suddenly they felt part of the organization." However, it took Marshall almost a half a year before it really felt like he was building a team.

Even if there is no team there at the beginning, a priority for a leader is to get a team together. When Heinz Pfannschmidt took over the vice presidency of Visteon's operations in Europe and South America, he knew that he would have to focus on the operations of the business, which were not really geared up to meet the needs of their clients, the major global automobile manufacturers. But the problem that faced him was that he was not entirely happy with the group of managers that formed his direct reporting team. While they got down to the task shortly after Pfannschmidt's appointment, he was to take almost an entire year getting the right people into the right jobs. Only then did he feel that he had a team that would be able to understand fully the implications of their strategy, buy-in to the strategy and be able to implement it. So while Pfannschmidt had a strategy early on focused on turning the business around and he hammered away at his people on what they needed to do, it was only after one year that he called a full meeting with the people who were going to become the management team. At long last he felt that everybody was singing from the same song book.

So one of the priorities during the window of effectiveness is to get a team formed, developed and motivated. The formation of a team that is distributed all over Europe or the rest of the world poses very particular problems. Duncan Newsome, the senior leader in Diageo's change management teams, decided that forming teams from scratch would be easier than trying to reshaping existing teams. Newsome developed a series of tests and exercises for an assessment centre that allowed to identify the people with precisely the characteristics that he needed in his change management teams. Diageo was the world's largest drinks group, with brands such as Guinness, J&B, and Gordon's Gin, and was going through a process of large acquisitions. The newly acquired companies all had to be integrated and brought in under the Diageo umbrella. Newsome was assigned that task and he set about forming teams immediately. Once the teams were formed and had buy-in, it was all about values – they agreed that their values were: competence, honesty, rigor, balance and trust.

Motives and motivation

Notice that the buy-in did not revolve around the specific objectives of each team. These were generally project-focussed and as a result short-term. Buy-in is better achieved through searching for common ground, and then higher level aspirations that will pull the team together throughout all its projects.

This is one of the complexities of motivation of teams that is quite paradoxical. While it would seem logical that team members would be motivated if we told them exactly what the objective is and how they should achieve it, we've started to realize that such direct objectives are so often missed that there must be something wrong with either the objectives or with our understanding of motivation. So often we find leaders frustrated by failure after giving simple objectives such as increasing shareholder wealth by 20% per annum. They do not comprehend what a non-starter such an objective can be. There is no edge, no real challenge in making 20% more for shareholders, compared to providing a fantastic service experience for customers. Employees take much more pride in helping customers than in helping invisible shareholders. Get that service objective right and the customer comes back for more. That's the way to achieve 20% improvement in shareholder value.

If one looks at the movie business, some of the most successful film projects were made with the idea of basically making an excellent film. Directors such as Stanley Kubrick (2001: A Space Odyssey), Francis Ford Coppola (the Godfather series) and Alfred Hitchcock (Psycho) –all acknowledged as some of the best directors of all time– set out with their teams to create a highly textured experience that, firstly, enthralled them personally at a conceptual and technical level, and that, secondly, they believed sufficient numbers of cinema going audiences would want to see. Hitchcock spent $800 thousand on Psycho, took 75 camera angles to film the 45-second bathroom scene, it was such a technical challenge. And within three years he had recouped $50 million for his investment.

At the premiere of the Space Odyssey, many of the board members of Universal Studios (the main investor in the movie) left the cinema during the showing, believing the film to be a disaster. After the show Kubrick and his wife went home in the belief that his creation had been totally misunderstood and would fail. People would not want to see it. Yet within twenty-four hours, critics and everyone other than the management of the studios saw that the film was a masterpiece. Kubrick's film not only had record grossing but has been accepted as one for the greatest films ever made.

Ironically, great leadership has been found to be predicated on excellent team members and team formation. Jim Collins, in his book "Good to Great"[3], researched outstanding companies. He found only eleven companies that had enduring profitability and had created shareholder value that outperformed the Stock Exchange over more than a decade. Collins found that leaders in these organizations did not focus on vision, objectives and resources until after they had decided who would be in their teams. "The main point," said Collins, "is to first get the right people on the bus and the wrong people off the bus before you figure out where to drive it[4]."

Trust replaces bureaucracy

That seemed to be the case of the most successful movie directors too – once they got the right people into the right jobs, there was no need for bureaucracy, a whole set of rules that would control behavior. "The purpose of bureaucracy is to compensate for incompetence and lack of discipline," says Collins[5]. If you have the right people in place, you don't have to worry about incompetence and indiscipline.

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[3] Collins, J., *Good to Great*. HarperCollins, New York 2001.
[4] Ibid., p. 44.
[5] Ibid., p. 121.

And as in the case of Duncan Newsome at Diageo, the process of getting the right people on board has to be rigorous. Newsome's point on team members? If you start with a set of weak team players or incompetent people, you will never achieve your objectives. The team becomes a self-fulfilling prophesy of failure. So emphasising careful selection processes that ensure the competencies and values that you are looking for is much easier than trying to change a group of people who start off with none of these.

After he got the right people on the bus, Newsome swept aside the bureaucracy, so that they could get on with the job. "Bureaucracy is created to make sure that nobody steps out of line," he said, "It is a complete anathema to expect people to bring about change without stepping out of line. It's ridiculous to want to control behavior that hasn't even developed yet."

Leaders can promote Interpersonal Trust through	
1. Acting with discretion.	Keeping a secret means not exposing employees.
2. Being consistent between word and deed.	Saying something and doing it tells others you are competent and caring (you don't mislead them).
3. Ensuring frequent and rich communications.	Leads to positive feelings and understanding about each other.
4. Engaging in collaborative communications.	Showing a willingness to listen and share ideas sends a strong message about trust.
5. Ensuring decisions are fair and transparent.	Employees feel that they can trust a boss for this.
6. Holding people accountable for trust.	It becomes part of the culture.
7. Creating personal connections.	Personal connections are just that, personal. They create an environment of trust.
8. Giving away something of value.	Builds reciprocity in the recipient.
9. Disclosing both your expertise and your limitations.	Being candid about yourself means employees can trust you in other areas.

Source: Abrahms L. et al, "Nurturing interpersonal trust in knowledge-sharing networks," *Academy of Management Executive*, 2003, Vol. 17, No 4.

Even the small things like transportation expenses (riding around in taxis, trains, etc.) Newsome pushed aside. The company needed a fair amount of documentation to complete a transport expense claim and it needed to be signed by various heads of departments before it was paid. Newsome's change management team had developed trust as one of their values. It became evident that if you couldn't trust someone over a €10 taxi ride, what could you trust them with?

Hiding incompetence?

This is so glaringly self-evident that one wonders if anyone does not get the point yet. But one still finds companies where the top management are trying to introduce change by muddling through, with a team that hasn't got the basic components of a winning team. There is an expectation that good leaders will be able to carry their incompetent peers. A quick analysis of the team's strengths and weaknesses soon reveals whether it has the ability to perform. In some cases the entire team has to be changed. In others sometimes it's only a matter of re-training and refocusing some of its members.

When Finanzauto in Madrid was acquired by Barloworld, the South African conglomerate, the new management decided to stay with the existing team even though the results of the business had been dismal. The feeling was that by focusing on new systems,

their impact on employees' thinking and behaviors would introduce change throughout the organization. The final result was a highly profitable business with essentially most of the original team and employees in place. The director general, Ramon Urrutia, felt at the time that the team was basically very good but didn't have the financial reporting systems to monitor and evaluate performance. By the time those had been successfully implemented, most employees understood what the economic engine of the business was and how to perform appropriately.

Figure 3. He's my brother?

While forming and developing a team is essential, there are some leaders who become obsessive about their team and team work. They are what Michael Maccoby calls *leadership erotics*[6] – they love to be loved. They are usually very kind people, often very "touchy-feely", and often they turn the workplace into a surrogate family. The downside of all this is that the leader becomes wrapped up in all that neediness, a search for popularity and eventual disillusionment that goes with being let down after setting standards too high. Actually being able to provide an overriding vision and making tough decisions about achieving that vision becomes impossible as the team's needs and foibles start to dominate.

The One Hundred Day Scorecard: There is increasing pressure on leaders to bring about change as quickly as possible. Partly because of constant monitoring of change on the part of shareholders and the financial media, who signal to outside stakeholders on a regular short-term basis. Partly because of the short attention span of most employees. Everywhere you look, you see the impact of people's short attention spans – television, films, newspaper articles, football teams. For example, where football supporters would endure a run of rough luck if their team lost a few games in a row, now the fans would immediately dismiss the coach and probably half the players if they had their way. The idea that maybe a turnaround is going to take a season or two is almost heresy.

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[6] Maccoby, M., *The Narcissistic Leader*. Broadway Books, New York, 2003.

Leaders need to prepare for short attention spans on the part of the Board, the shareholders, the media and their employees. During the race for change of the Window of Effectiveness there should be two major pit stops –the one hundred day mirror scorecard, and the two hundred day scorecard. The one hundred day scorecard is quite straightforward– it involves gathering the team and working through the fundamental questions:

– What is our current reality? Can we face with brutal honesty some of the answers that will emerge from the questions below?

– Is the strategy for change clear – does everyone understand the vision and what it takes to achieve that vision?

– Have we the right people on board to achieve breakthrough results? What could we really excel at? What competencies do we lack? What values do we lack? In reality, after one hundred days, what are we passionate about? Are we sufficiently disciplined to achieve the desired results?

– Have we structured our tasks and our organization in a way that will help us achieve our objectives?

– Have we the right measurements in place to evaluate our progress? Do we understand our economic engine? Do we have a reporting system that provides valuable real-time data that managers need to effect the change?

Having been involved in many company change programmes, we have come to realize that revolutions that focus on a single aspect of the business invariably fail. When the CIO resigned, the management at Visteon, the US global automobile supplier, realized that the introduction of a new information system had failed miserably after an investment of millions of dollars. It had been a highly recommended system, used by many other companies in the sector. Consultants assured the company that the system was a winner. Yet it had failed. What became clear was that the new information system had to be seen in the context of the entire business, not only in terms of information needs. And worse still was that although it may have been apparent after a mere one hundred days that the system was in trouble, it took another two years before the management called it quits and cut their losses.

So the one hundred day scorecard is really about a questioning of the overall effect of the change impetus – are we pushing the effort evenly throughout the organization? Do we have relevant stakeholders on board and involved? Can we sustain the change effort? The two hundred day scorecards come as the window of effectiveness closes and the window of efficiency opens.

Recognizing resistance to change

People usually don't start out with the idea that they are going to resist change. It might become open resistance, but often it starts in a very subtle way – sometimes even subversively, without any intention of resisting the change process. But very soon it grows into a wave that overwhelms the unsuspecting leader. There are several signals that one should look out for:

– "The Nod" – given by employees during a meeting indicating their agreement and inclusion but followed by a deathly hush of inaction. If you find yourself going to meetings where lots of people agree to do things, but things never get done by the deadline, this mysterious mist of lethargy is probably more likely to increase than decrease. The only sure way to overcome this is to confront individuals and get a personal commitment for completion of a task.

– "I told you so" – the statement made by peers when their prediction that you would fail proves true, usually because they have been working behind the scenes to make sure that you fail. Detecting peers or even subordinates who are setting you up to fail is an important political process that leaders must dominate. Faith in one's own ability and the ability of the team is crucial, but being able to deal with subversive gainsayers can ensure the survival of the whole process.

– "Jobsworth" – in the context of "it's more than my Jobsworth" and uttered by subordinates who lack willingness to change. They will usually do what is necessary but nothing more. Too many of these in the process and soon the whole thing falls apart.

– "We've seen this before" – usually made during the first meeting of the new manager indicating that his or her predecessor was probably a loser and that this latest change programme is a lost cause (again!). Also known as the not-invented-here syndrome. The gurus suggest a bottom-up approach that involves everyone in discussions on why it didn't work before, but sometimes confronting someone on their attitude may pay dividends.

– "That won't work here" – often offered as support by a boss who has made no significant changes in the last decade and fears that he is on the point of being shown up. In the process of change it is as important to manage one's boss as it is to manage one's subordinates. Once the boss goes offside, it is usually the end of the game.

The Two Hundred Day Scorecard and the Window of Efficiency

What leaders forget is that their effectiveness starts to wear off very quickly. As a newly appointed leader, they have quite a lot of leeway to have a big impact on the organization – both from their bosses and their subordinates. All stakeholders expect to see changes taking place, and a manager who decides to mark time for too long may actually lose the support of some stakeholders. When Ignacio Font took over as the director general at Hewlett Packard's ICD in Barcelona, everyone knew who he was because he had been working in that division for more than a decade. Still he was expected to bring radical change to the business, as his predecessors had done. He said at the time, "A general manager within HP is expected to manage change that will create shareholder value. Just being able to carry out the strategies of your predecessor or closing the plant is the way you are going to be evaluated[7]."

The Window of Efficiency is all about the search for efficiency in the processes, systems and products that were introduced during the window of effectiveness. We know that

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[7] Case Study: Ignacio Font at Hewlett Packard – the Journey from BCD to ICD.

leaders only have a thousand days in the job to implement change and it is at approximately the two hundred mark that they start to know whether their innovations have had any impact and whether those innovations will add value to the business. The issues of the two hundred day scorecard are the following:

– The current reality – keeping the faith at this stage is going to be critical, but there must be signs that the change has started to take root. It is better for a leader of change to go back at this stage and start all over again rather than forge on.

– Are the systems in place that measure our impact on the economic engine of the business? If these are not in place, all effort is wasted. Many times we hear leaders saying, "We put a lot of effort into getting that production system (or product or information system) to work, but the organization wasn't ready for it." It is precisely this "readiness" that is the responsibility of the change leader. Focusing on the single entity will not win the day.

– Are we getting better at what we're doing? Can we be better than the competition? Could we be world-class? Or even the best in the world?

The window of closure

"Let the jury consider their verdict," cried the King.
"No, No," said the Queen, "Sentence first, verdict afterwards."

Alice in Wonderland

The biggest single killer of initiative in organizations is having managers stay in the job too long. There may be some professions where permanence in the post is desirable – priests, judges and academics. However, management doesn't qualify. Leave them in a job for more than three or four years and they get bored, defensive, complacent, over-confident, disruptive and protective. They smother the aspirations of those below them and throw a wet blanket over the excitement and enthusiasm that others may feel about the potential of a business. Have you ever worked for one of these people – they love the mindless routine of the job, they stop anyone from deviating from the company's principles and rules, and they make sure that nothing leaves the department without their seal of approval.

CEOs on both sides of the Atlantic are finding that tenure in the job is declining each decade. Whereas two decades ago, a CEO would expect to spend ten years or more in the job, today it's down to four years on average. Even politicians have started to realize that there is a limit to the amount of change they can introduce and implement. José María Aznar has set the tone in Spain by leaving after two terms in the job. Others are following him. They have learnt from the experience of other political leaders who didn't know when to go and had to be removed – most famously, Margaret Thatcher, who was fired by her own political party when she was still the Prime Minister.

There is no reason why the idea of a shortened tenure in the job shouldn't be implemented by a company. It means that there is always space being created for talented people. It means that managerial tasks are seen in the context of a limited time frame. When appointed to a new post, you are expected to come up with new ideas, implement them in a thousand days, and then move on!

For leaders themselves there is the challenge of delivering what is possible in a limited period, learning from the experience and applying learning in the new job that they take on next. Rather than have a good person stuck on a treadmill, the concept is to give them ever enlarging challenges where they can demonstrate their ability and learn at the same time.

The story of María José X is probably repeated in hundreds of organizations all over Europe. It hasn't changed much in the past half a century and is an indictment of how backward we remain in our organizations. While we have serious competitive forces in Asia and America waging war against us, our organizations are trapped in a bureaucratic muddle that would have made Kafka cry.

> María José X worked in the head office of a Spanish multinational. She had studied at the Universidad Complutense and during the summers had taken on jobs in London, New York and Frankfurt. Her English was good, added to which she had achieved good grades on graduating. Her new job had seemed very exciting. The company had made several impressive acquisitions and was growing into a major multinational player. She saw a lot of opportunities for herself in the growing company.
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> That was, until she was appointed to a job in the department of Juan Diego B. Juan Diego was 42 years old, had been with the company for 18 years, and had no intention of putting his job at risk. Any idea, or project successfully completed was attributed to him. He had direct contact with the bosses and jealously guarded that access. Any problem or blame was laid firmly at the feet of those who worked for him. He made sure that his reputation was Teflon-coated – no tainted or damaging rumour ever touched him.
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> After a year of working in this department María José X asked for a transfer out – to anywhere, or else she was going to leave the organisation. She was more interested now in getting out than improving the performance of the department.

If moving on is essential for the healthy life of the organization, preparing to move is just as important. During the period of the window of closure a leader has to make sure that the basic foundations are in place:

1. A successor should have been identified and developed, usually during the final year of a leader's tenure. Often the successor comes out of the department or division, but sometimes he or she has to come from another area. Giving them fair warning to prepare themselves makes the transition smoother.

2. The measures and results of the previous thousand days must be recorded and acknowledged. Win or lose, the leader must move on, but that does not mean that the next post he has will not benefit substantially from the learning gained through this experience. The second reason for making sure that results are clear is that as leaders become more and more responsible for their own careers, being able to demonstrate qualitatively and quantitatively the value added they brought to the business is crucial. This could very well determine the nature of their next assignment inside or outside the organization.

3. The team needs to be briefed and prepare for the handover. Sometimes you find people who are secretly pleased that things started to go wrong once they walked out of the door, but this does not seem to make much sense. A mission-critical leader moves on after ensuring the successful continuance of the business after he has left. Some companies feel that this may be a mark of the most successful leader – the business sustains its growth and prosperity after its charismatic leader has left.

Conclusion

The truth about leading change is a lot less complicated than most people think. It takes a fair amount of common sense, but it doesn't require a PhD in physics to get it right. Most leaders fail on the most simple of errors – they don't follow a process, they don't convert their people, and they run out of time because they focus on the wrong things.

Working with a very successful leader, he asked us: "What do Plutonium, Carbon-14 isotopes, and employees have in common? They all have a half-life. When it comes to changing behavior and attitudes, you can get them humming and they will hum along for about six weeks to three months, and then they will slowly deteriorate beyond recognition. Then it's time for a booster shot from the leadership. Inspect something. Do a reality check, then gather subordinate leaders around and tell them what you've observed, and insist on getting back to the standard."