TO IMPLEMENT CHANGE YOU MUST REWIRE YOUR ORGANIZATION

THE MOST IMPORTANT THINGS LEADERS NEED TO CONSIDER WHEN LEADING ORGANIZATIONAL CHANGE

By IMD Professor Michael D. Watkins

Why do organizational change efforts fail? Most often because leaders didn't give sufficient attention to the implementation phase of the process. When companies undertake major change initiatives, such as restructuring or post-acquisition integration, they typically do a good job in the design phase. They design the new strategy and structure. They create staffing plans and design unified processes and systems.

It's when the time comes for the organization to "go live" that things start to go wrong. Executives often assume that so long as (1) the design has been done well, and (2) they provide clear guidance about goals and strategy, the new organization will "gel" on its own. It will, but it will take much more time than is necessary for that to happen. And in the interim, the organization may be paralyzed by a lack of alignment and an inability to "get things done" so it fails to meet the goals that were the original reason for change.

Why? Because when a new organization is born out of an old one (or two organizations are combined), the "wiring" that made the organization work is destroyed and must be rebuilt. By wiring, I mean the tacit knowledge, relationships, culture norms and values that made day-to-day operations work smoothly. In every reorganization relationships, levels of trust, and implicit agreements get lost.

The implication is that leaders need to focus much more attention on the post-change rewiring process. They must devote the necessary resources, including their own time, to "breathing life" into the new organization. As too many companies have learned painfully, the soft side of change is the hard side.

Here are the four key elements of a "rapid rewire" process:

1] Define the new operating framework
How do people throughout the business know how to make the right decisions? The operating framework provides detailed guidance for what employees should do in order to support the strategy to achieve critical goals. It defines who gets to make which decisions and provides guiding principles for how those decisions should be made. The operating framework is the shared "playbook" that provides people with guidance on how to coordinate their actions.

2] Cascade the rewiring process from the top down
The (often newly formed) leadership team must define and communicate their strategic intent and drive alignment (in goals and behaviors) down through the new organization. They should be asking questions like: What do we need to say about our alignment of goals, culture, values, and operating framework that we all agree we will communicate to our direct reports? Once they have defined the guiding principles, they can begin to cascade them down to the next levels to rapidly "rewire" the organization.

3] Focus on team acceleration
The rewiring process begins with the top team and flows down through the organization. Teams at every level must learn to use the same methodologies, language and tools. Critically they must experience a team acceleration process that builds relationships, lays the foundation for effective teamwork, and puts in place concrete plans for building momentum in the next 90 days, the most crucial time period. Success in applying this approach can make the difference between achieving targets and failing miserably.

4] Don't forget about culture

Finally, there often is an underestimation of the power of culture in making organizational change succeed or fail. When leaders are integrating two organizations, for example, the biggest reason why they fail is because the cultures were not mutually compatible and that wasn't factored into the process.

Culture comprises three levels: language — do the new teams understand each other and does what they say mean the same thing? Behavior — how does the new company's staff behave in meetings? How do they advance initiatives? Values — is there agreement about what creates and doesn't create value?

Culture is also shaped by other elements of an organization such as strategy, structure, processes, incentives and examples. However, leaders must consciously focus on the creation of the culture of the new organization as part of the rewiring process. They must be very aware about what kind of patterns of behavior they create or reinforce. Because for better or worse (and too often for worse) they will flow down through the organization.

Do you need to change your organization? Keep these elements in mind or risk losing time, money and talent before you get on the right track.

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