

IS YOUR BUSINESS READY FOR CHANGE?

Adapt, Evolve, or Die

KINCENTRIC A Spencer Stuart Company

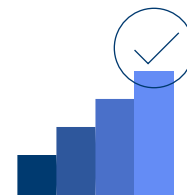
Introduction – Why Engagement and Culture Are Key to Managing Change

“Adapt, evolve, or die.” That advice from the natural world applies to business as well, but it’s often easier said than done. Business disruption, mergers and acquisitions, digital culture, function transformation...is your company ready for change? How can you know for sure?

As companies try to drive growth through innovation in the face of significant technological or digital disruption, change will be unavoidable. Instead of approaching change as a project to be managed, organizations should be embedding enduring change readiness into their cultural beliefs, decisions, behavioral expectations, and capabilities.

Engagement and culture are typically managed as separate projects but have everything to do with managing change. When employees are engaged but exhibit behaviors that will soon be obsolete or when a culture and supporting leadership, programs, and infrastructure are aligned with an obsolete business model, it becomes difficult, if not impossible, for companies to make necessary changes efficiently and effectively.

By examining how employee engagement and organizational culture relate to an organization’s success or failure at change, we start to see organizational capabilities that determine an organization’s enduring change readiness: visionary leadership, decision-making effectiveness, and learning agility .



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What Is Required for Change Readiness?

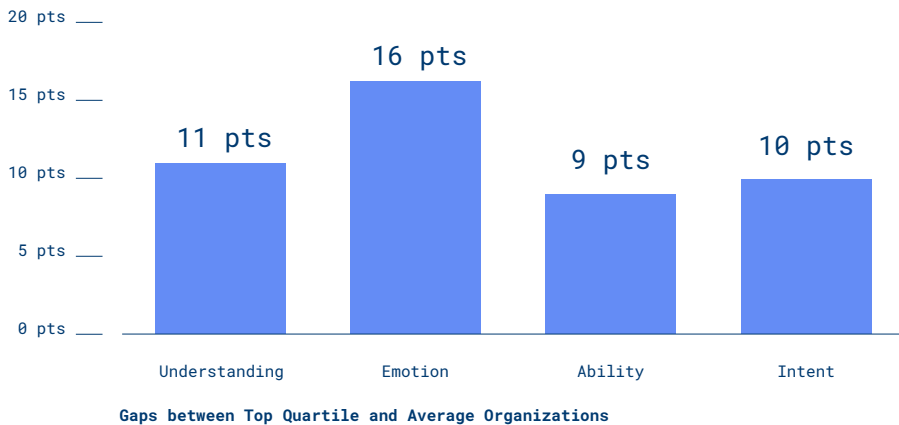
Kincentric research has found that only 56 percent of global employees say they understand how organizational changes will affect them; more worryingly, only 65 percent of executives and senior leaders say that they understand the changes happening in their own companies. Only 51 percent of employees say that major changes are well-managed. A sizable minority – 38 percent of employees – say they are hesitant or negative about change.

Change readiness requires both individual and organizational readiness: Examining data from Kincentric’s Change Readiness Diagnostic tool reveals where top quartile organizations excel in these two areas.

Individual Readiness

In order to engage in different behaviors, individuals need to understand the change coming and why it needs to happen, to have the emotional energy to change, and to have the ability and motivation to go through with the change. It’s vital to remember that organizations don’t change – it’s people who change.

INDIVIDUAL CHANGE-READINESS INDICATORS – DIFFERENCES BETWEEN TOP QUARTILE AND AVERAGE ORGANIZATIONS



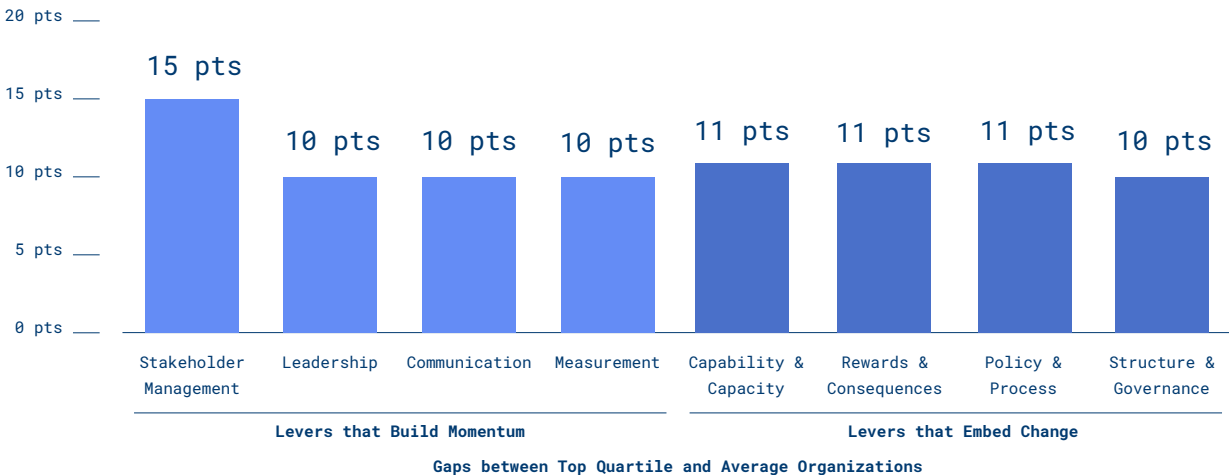
The gaps between Top Quartile and Average organizations range from 9 points to 16 points across the Individual Change-Readiness Indicators of Understanding, Emotions, Ability, and Intent.

IS YOUR BUSINESS READY FOR CHANGE?

Organizational Readiness

The organization must have several levers aligned and in place to build momentum and embed behavioral change. To build momentum, the organization needs aligned leadership, stakeholder management, inspiring communication, effective training, and change readiness measurement. To embed behavior change, the organization must have clear structure and decision governance; user-centric tools and processes that facilitate behavior adoption; talent capability and capacity to go through change; and rewards and consequences to motivate behavior change. The HR function is uniquely positioned to help the organization in establishing these critical capabilities. But first they need to start from within—establishing an agile organizational structure and HR operating model that can scale and adapt for the future, with embedded change management capabilities and tools. A change ready HR function can then lead change readiness and help leaders embed it into the broader organization.

ORGANIZATIONAL CHANGE READINESS INDICATORS – DIFFERENCES BETWEEN TOP QUARTILE AND AVERAGE ORGANIZATIONS



The gaps between Top Quartile and Average organizations are all 10 points or more with the largest gap of 15 points for the Stakeholder Management indicator.

Examining client results from Kincentric’s Change-Readiness Diagnostic tool reveals some important insights to consider. First, companies that excel at change readiness are better than the average company on all individual and organizational readiness components – so, you can’t just send out a communication or run a training program and be done; effective change management is about much more than that. Second, excelling at many individual and organizational change-readiness areas implies that the most nimble and agile will have embedded these strengths into enduring organizational capabilities. These capabilities will manifest in the culture and the “normal” behaviors in which employees engage to help the company adapt, sustain, and evolve through the disruption and transformation most organizations face. These organizational capabilities behind enduring change readiness are visionary leadership, decision-making effectiveness, and learning agility.

Visionary Leadership

Show me the way: 4 out of 10 employees are uninspired by leaders about their future

Leadership is a critical ingredient in culture, engagement, and change readiness. Leaders that can inspire employees with a compelling long-term vision and mission underpin a strong culture, high employee engagement, and change readiness.

Visionary leadership is crucial in that:

A clear and inspiring direction helps employees appropriately engage – they can explain where the organization is going (Say), want to stick through the transformation (Stay), and exert their energy, passion, and effort toward the behaviors that are required (Strive).

It sets a tone for the open/transparent, long-term oriented, proactive, growth-focused cultures found in so many high-performing organizations.

Beyond leaders articulating a vision, organizations need inspiring communication and stakeholder management to show visionary leadership and to foster a culture of empowerment and agility for employees across the organization. Are you ready?

VISIONARY LEADERSHIP CHECKLIST

- Do employees understand the vision and what is expected of them?
- Are employees motivated to do things differently? Are they threatened or are they empowered?
- Do leaders articulate a clear vision and create excitement about the future?
- Do leaders explain the rationale for change? Are they open and honest?
- Do you assess and hire for visionary leadership?

Decision-Making Effectiveness

Are you listening? Half of employees do not think their opinions are considered in decision-making

The rate of change from digital disruption is happening so quickly that organizations don't have the luxury of poor or slow decision making — they will just be left behind. Being able to make effective decisions quickly and in an agile way is a key attribute for change-ready organizations.

Decision-making agility is crucial:

It is a prerequisite for employees to engage in value creating behaviors. Confusing direction or unwinding decisions once they have been made makes employees second-guess where they should place their energy. Strong decision making helps employees commit to a course of action.

It sets a tone for the risk-tolerant, decisive, and action-oriented cultures seen in many high-performing companies.

Strong decision making is predicated on leadership effectiveness, stakeholder management and empowerment, real-time feedback and data, and governance. Are you ready?

DECISION-MAKING EFFECTIVENESS CHECKLIST

- Do employees think change initiatives are well-managed?
- Are the right people consulted and involved in decisions?
- Are decisions supported with data?
- Does decision-making governance provide clarity or confusion?
- Do you assess and hire for decision-making effectiveness and agility?

Learning Agility

Empower me: 4 out of 10 think mistakes are penalized rather than used as learning opportunities

In the face of constant change, knowledge of specific skills and rote behaviors will soon be obsolete. The only sustainable capability is knowing how to learn with an openness to adapt. Companies are beginning to use personality assessments to determine a candidate's learning agility before they are hired or placed in critical leadership roles. This helps predict success in the position for which the candidate is being considered and the likelihood that the candidate can evolve with the company's future needs. Our HR function assessment tools also assess the HR function's organizational agility and team member capabilities related to change.

Learning agility is crucial in that:

Development is a critical engagement and retention driver. Employees that can constantly evolve and adapt as things change will stay engaged and may actually thrive in this type of environment.

It is required to create the open, growth-focused, and people-oriented cultures seen in many high-performing companies.

Learning agility is created by leaders, communication, structure, staffing, and rewards.

Are you ready?

LEARNING AGILITY CHECKLIST

- Do employees think they have what it takes to do what is needed?
- Do leaders communicate openly?
- Is knowledge proactively shared across the organization?
- Are mistakes used for learning and small performance milestones recognized and celebrated?
- Do you assess and hire for learning agility?

Conclusion – Be Change Ready

“Adapt, evolve, or die.” This mantra is now more applicable in the business world than ever. The rate of change is accelerating and those who don’t keep up will be left behind. Regardless of whether change is a merger or acquisition, a disruptive technology, a shift in the competitive landscape, or an unforeseen political or economic event, companies that want to have future success need to be change ready.

Organizations can continue to manage change project to project, but in an exponentially evolving environment, this project-based approach creates significant risks for ongoing business management. Fortunately, assessing your organization’s change readiness is straightforward through tools like Kincentric’s Change Readiness Diagnostic tool and Spencer Stuart’s Individual Style Profile assessment personality test. We can also help ensure your HR function is equipped to lead change from within. Companies that measure upfront readiness and risk to change can not only prepare for success on a given initiative, but also start to address the enduring organizational capabilities behind the cultures that constantly lead, evolve, and thrive compared to competitors.

How Kincentric Can Help

Many companies can help you measure your culture or the engagement of your employees. Only Kincentric can help you understand the intersection of employee engagement, organizational culture and agility, and your company’s change readiness. We understand that elite results require extraordinary talent. We can help you build the right talent for your current and future needs. We will help you develop strong leaders, engage employees and prepare them for change. We can also support you with the right human capital strategy. Finally, given their critical role in all this, we have the tools to assess and lead HR functions through transformation to establish agile teams that can drive organizational change readiness. To learn more about Kincentric’s capabilities, please contact the authors listed on the Contacts page.



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Contact us to talk about how we can help.

About Kincentric

Kincentric, a Spencer Stuart company, approaches human capital differently – we help you identify what drives your people, so they can drive your business. Our decades of expertise in culture and engagement, leadership assessment and development, and HR and talent advisory services enable us to help organizations change from the inside. Our global network, proven insights and intuitive technologies give us new ways to help organizations unlock the power of people and teams. For more information, visit kincentric.com.

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