

Five challenges for your Chief Transformation Officer



Is the Chief Transformation Officer role here to stay or just the latest response to a VUCA world? Is the CTO a saviour or a cop-out? Recruitment colleagues tell me it is a burgeoning search in both public and private sectors and it's not hard to see why. Few businesses would claim they have cracked how to deliver root and branch change, but everyone can name the issues that will require it over the next 5 years: from Amazon eyeing up your industry as a tempting growth opportunity, to business model reinvention, the gig economy or cyber security. How do we mastermind such business reinvention when even foreseeable regulatory change can be a struggle?

As one COO reflected to me, 'We struggled to get our 8,000 Associates aligned around GDPR this year and yet we confidently talk about getting ready for AI at our Executive offsites. We are kidding ourselves that we know how to achieve transformational change'.

This same frustration is on the lips with many senior teams I work with. They know what issues they need to tackle but not how to make that journey with the current expectations of employees, clients and shareholders. Some also acknowledge that current levels of busyness are a brake on doing

anything new at all. Therefore, the idea of creating an executive level role dedicated to driving business transformation is incredibly tempting. All those tricky change issues that no one wants to raise, let alone own, could rest with someone else!

A Chief Transformation Officer *might* be worth his or her weight in gold if they could tackle those deep systemic issues that are responsible for so many businesses dropping the change ball. These are the five major change challenges I would charge a Chief Transformation Officer to resolve.

1. Creating shared ownership for a transformation across senior and middle management

Most of us will have experienced the 'distributed leadership' model that often accompanies the launch and cascade of a new strategy or transformation initiative. All too often the collective spirit of passing on the change leadership baton can quickly descend into 'not much daily ownership at all', leaving a business talking about transformation but focusing on BAU. A painful period of limbo then follows until some brave soul calls that the emperor (transformation) has no clothes.

2. Helping teams and their leaders to pinpoint what they need to learn

This must be the *bête noir* of change work. Every transformation plan should be shaped by the simple question 'What do we need to learn to bring about the changes this business needs?' All too often organisations can act like they are too smart to learn or too busy. They hope that simply naming what needs to be different will be enough to create a step change in mindset, behaviours and practices.

I don't know about you, but if my CEO challenged me to 'embrace digital innovation to better serve our clients' as I heard at one client's townhall, I would struggle to know where to begin. Learning and experimenting paves the way to reinvention and yet this CEO expected his teams to make this happen by themselves and on top of their day jobs. Even with the most engaged employees, you know this isn't going to get off the starting blocks.

Teams and leaders need space and support to unpack what a required change will mean for them in practice. This means exploring what they need to learn, how ways of operating need to evolve, what they are being asked to give up and how to stick with unfamiliar processes and behaviours until they become established practice. This does not have to be a classroom exercise, but it does need dedicated time in one form or another. It also needs the unwavering attention of leaders and the willingness to keep refining the response to a challenge as more is learned.

This cycle of coming together and learning what the change means for every individual and team builds critical mass. Rarely does one size fit all, so translating, experimenting and learning needs to be the mantra for converting any transformation into actionable local steps.

One law firm found that the most meaningful learning conversation they could have was at a Practice level, where each quarter teams could scrutinise whether they were truly applying the strategy to different client situations and decide on their own next steps. Only when the strategy was made this granular in a local client context did the Firm feel any traction. Finally, they had Associates in 45 countries taking incremental steps forward, month in and month out to make their strategy live. This sort of regular intervention can feel counter cultural to a business that celebrates the billable hour, but their Exco now agree that this global momentum could never have been achieved through simply talking about their strategy.

3. Challenging those aspects of the status quo that work against the change

We typically think about individuals as the change blocks that stand in the way of progress. Equally pernicious can be old working processes that stealthily reinforce old behaviours and values. The elementary check is to ensure your pay and promotion criteria align with the new world. The step many businesses overlook is to review resource allocation criteria, business planning or budgeting processes to ensure they also reflect future ways of doing business.

For one Global Asset Management Firm, their management team were the unwitting blockers to their agile working plans. Despite a popular launch, progress had been slow, mainly because every new response to a client issue required management team approval if any adjustment to resource was needed. If their management team had asked at the start what they needed to learn to support an agile workplace, they might have pinpointed the need to make faster and less centrally driven decisions.

4. Maintaining the momentum, dialogue and energy around the transformation

This isn't about update communications, managing townhalls or those transformation scorecards that Programme Management Offices can obsess over. We are talking about the tricky art of marshalling executive focus and time. Probably your executive team will be ahead of the organisation in terms of digesting and adopting what the Transformation means for them. However, they still need to keep their energy and attention on supporting the rest of the organisation to do the same and not moving on to something new.

The minute teams and managers perceive that the changes they are struggling to embed aren't on the radar of their boss, then efforts will dwindle. Once the dust from the launch has settled, there needs to be a sustained effort not just to talk about the transformation but for leaders to support its gradual but relentless adoption. So rather than frontloading your transformation efforts, make sure what follows the launch carries twice the punch and lasts for twice as long as you think necessary. You can always declare victory early!

5. Reinforce the new and make old behaviour costly

Nudge theory has been successfully adopted by governments and organisations to encourage new behaviours. There are many and various ways to reinforce the changes a business is seeking to embed. HR processes may not lend themselves to flexible remuneration, but leaders can think more creatively about the other currencies at their disposal to reward new behaviour. Social media can be brilliant for recognizing individuals and teams, but development and profile building opportunities also underline the point.

Less focus goes on the flip side of making old behaviour less of a welcome fall back. During IT overhauls, I have seen old and new systems run concurrently for a limited period, but the old system is deliberately made harder to access and slower to use. It's a smart move to make mastering the new format more rewarding than retreating to the old.

One technology client wanted more diverse staffing on projects and to interrupt the closed practice of Senior Directors staffing new work with 'their preferred people'. They introduced a recommended practice of posting the details of all new global projects that were under formation, so anyone in any location could express an interest or declare relevant knowledge via the intranet. It was not a requirement to post, but it was characterized by the MD as 'poor community behaviour' not to share and be transparent. In this highly affiliative culture no one wanted that label. Nine months later over 90% of new projects are posted. So how can you use the power of social approval to reaffirm what behaviour you want?

In an ideal world a CTO would have the license, authority and skill to play a systems overview and orchestration role that could tackle these five recurring issues. However, in today's world, Chief Transformation Officer job descriptions tend to read like a classic Kotter change recipe (create a compelling change narrative, empower and align teams plus scorecard activities etc.) updated with a smattering of emotional intelligence and innovation.

Surely, the emergence of the Chief Transformation Officer role reflects the uncomfortable truth that we don't really know how to 'make change happen at scale'. This is as true in business as it is in society. We may all agree about the dangers of diabetes or big data, but we struggle to embed the widespread changes required, (and that's when we can agree on what the right response is!)

By creating this dedicated role, are we hoping we can circumvent this painful search for answers and their effective application. My daily work for the last 20 years has been split between helping business achieve large scale change and coaching leaders to do the same in their working lives. More change always requires more leadership in my experience, so appointing a Chief Transformation Officer feels like a leadership cop out.

The smarter but harder response is that we need to invest in raising our organisational change game. The best practice principles and PMO based models of the 1990s only give us a fraction of the solution. Every executive team needs to charge their L&D colleagues to develop smarter tools and

scalable ways to lead change in their context; tools that reflect the uncomfortable reality that the solutions to a digital world rarely reside at the top.

We need to experiment with how we create a force for transformation across a business that isn't reliant on any one individual; CTO, COO or CEO. A real opportunity exists to overlay transformational plans with the behavioural and learning insights gathered from the wider leadership, coaching and development arena. Change and leadership are two sides of the same coin. Delivering smarter change necessitates more leadership, not a Chief Transformation Officer.

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