PRODUCTIVITY LAB

A world of pain (and a lot of fun)

Common pitfalls in implementing behaviour change in multinational companies, and the importance of anchoring for sustainability of change.

Alan Aastorp, HR Week 20.11.2023

INTRODUCTION

PRODUCTIVITY LAB

AGENDA

1. Anchoring behaviour change

2. Sustainability of change – typical outcomes

3. Kotter's 8 Step Model and common pitfalls, applied to behaviour change: Prepare, Implement & Anchor – an industry example

CONTEXT

- The only things constant in life are death, taxes and change[1]

- Behaviour change projects can have a very high ROI (> 20) with relatively small investments (~US$ 1–2m) and relatively short payback times

- 70% of change programs fail to achieve their goals[2]

- Based on our experience, preparation, leadership and inadequate anchoring are the three single most influential reasons for why change programs fail

PROFITS   SALES

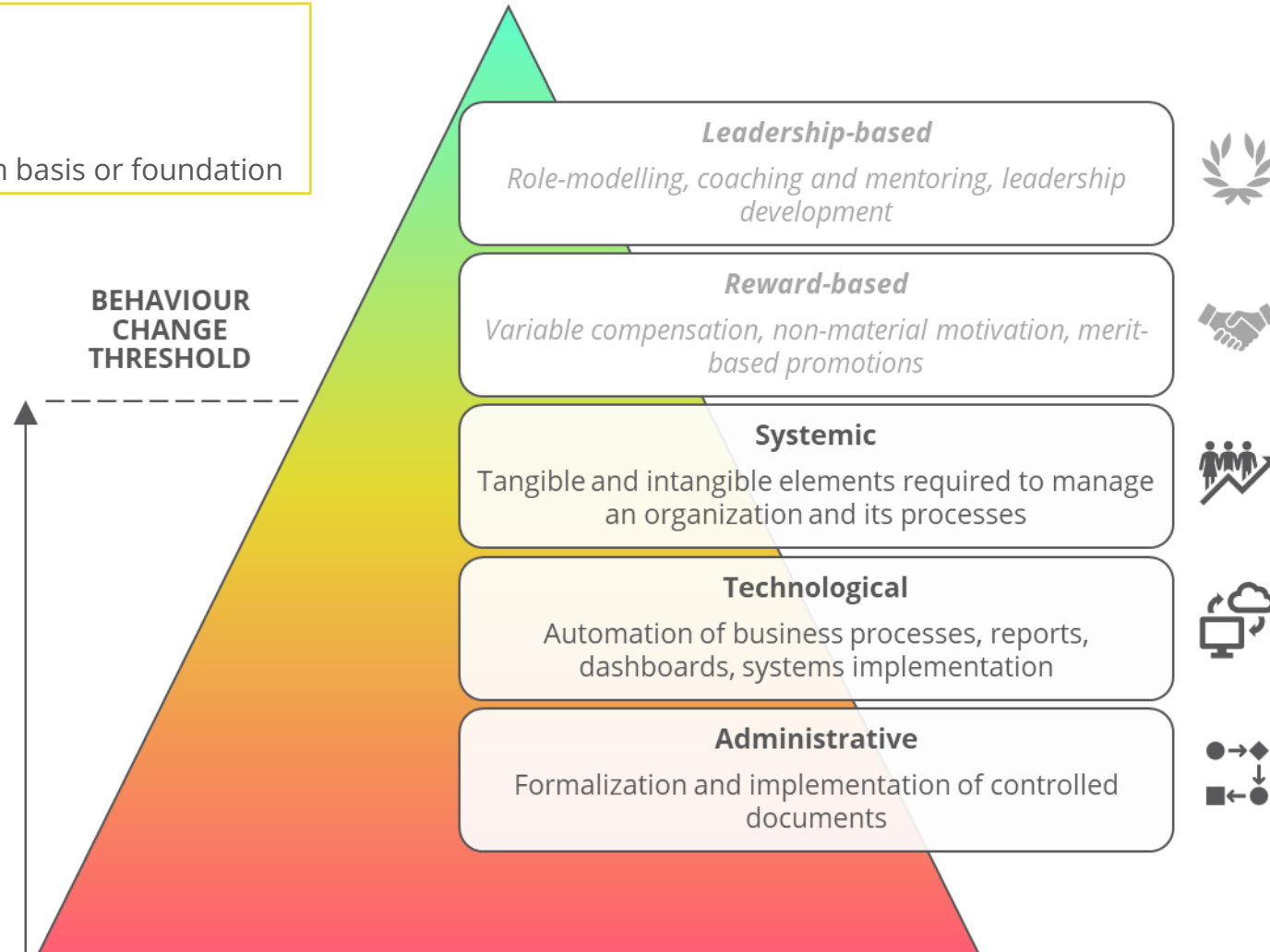"What if we don't change at all ... and something magical just happens?"

[1] Dillon Law: Death, taxes and change
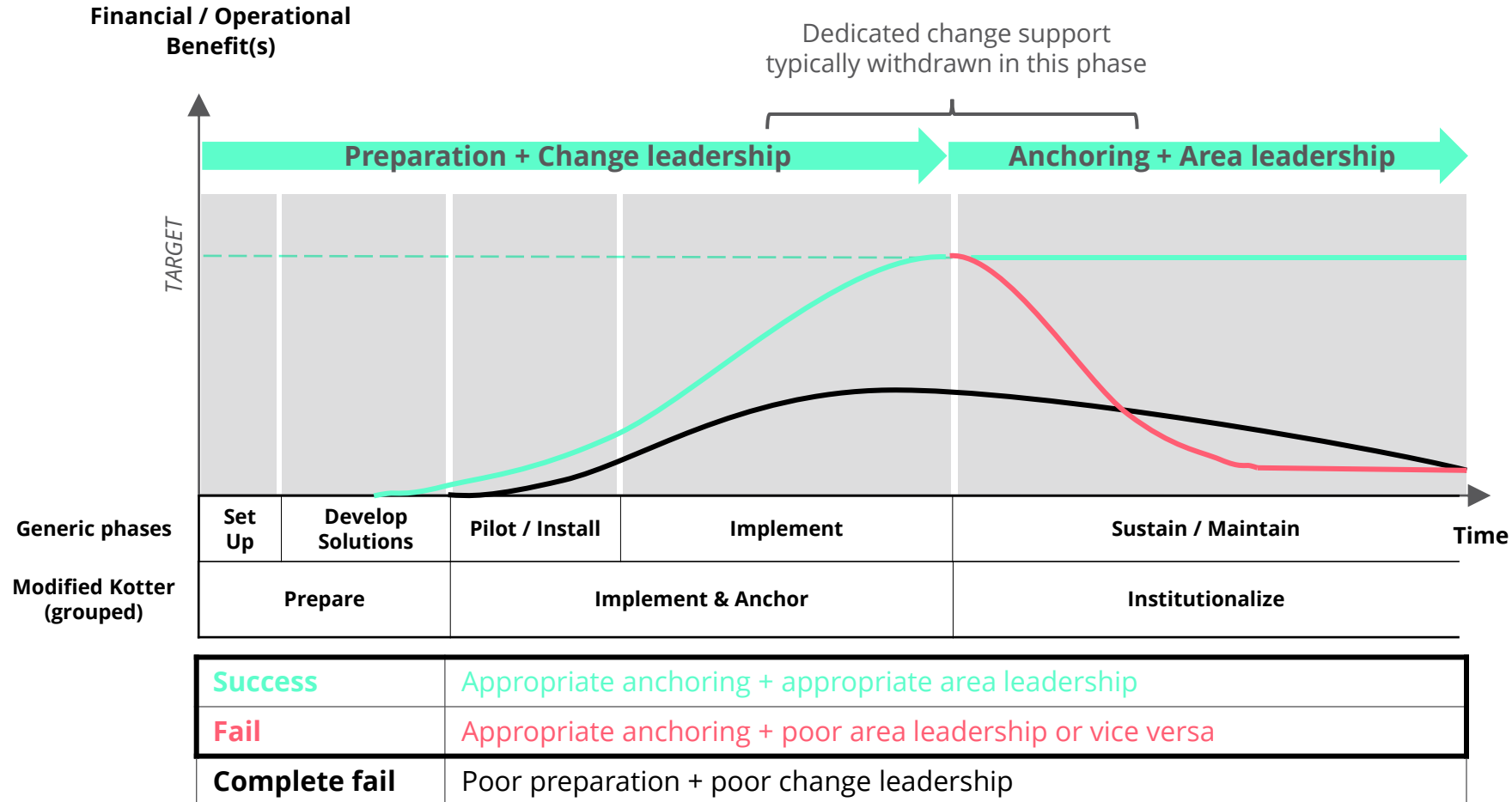[2] McKinsey: Changing change management

ANCHORING BEHAVIOUR CHANGE

anchor
/ˈaŋkə/

verb
provide with a firm basis or foundation

BEHAVIOUR CHANGE THRESHOLD

Leadership-based
Role-modelling, coaching and mentoring, leadership development

Reward-based
Variable compensation, non-material motivation, merit-based promotions

Systemic
Tangible and intangible elements required to manage an organization and its processes

Technological
Automation of business processes, reports, dashboards, systems implementation

Administrative
Formalization and implementation of controlled documents

- The Ancoring Pyramid™ demonstrates the different levels of anchoring

- Anchoring is a mix 'hard' (*Theory E*) actions at the bottom of the pyramid, leading gradually to 'softer' (*Theory O*) actions

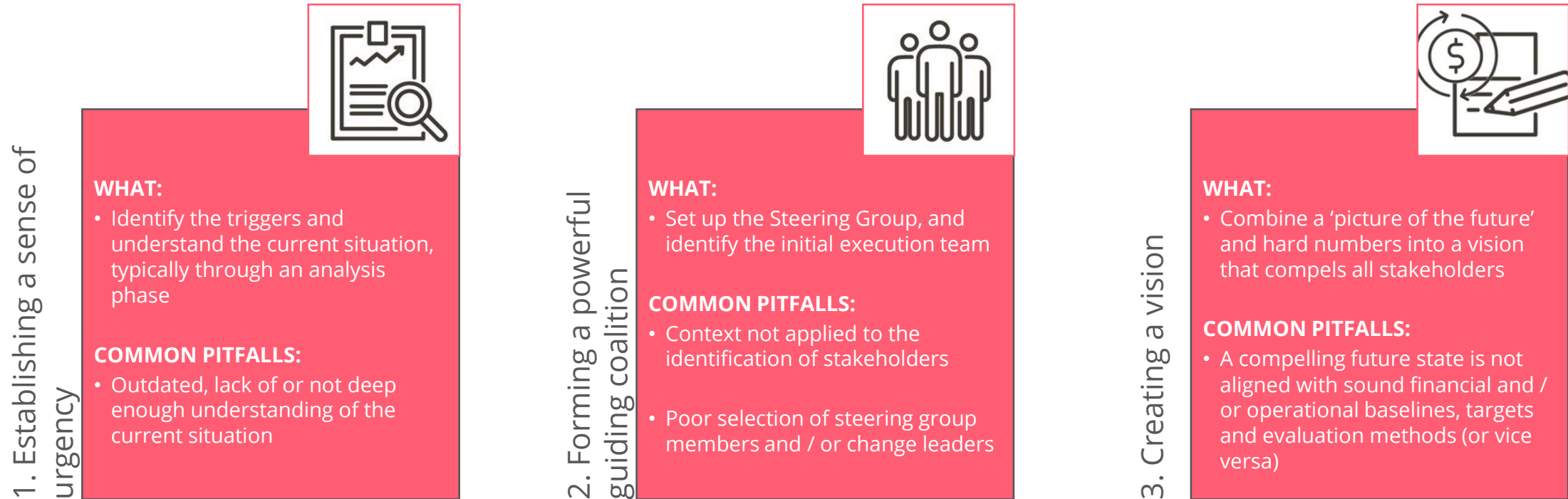- Reward & leadership are also foundations for culture anchoring

SUSTAINABILITY OF CHANGE

Financial / Operational Benefit(s)

Dedicated change support typically withdrawn in this phase

TARGET

| Preparation + Change leadership | Anchoring + Area leadership |

Generic phases	Set Up	Develop Solutions	Pilot / Install	Implement	Sustain / Maintain	Time
Modified Kotter (grouped)	Prepare		Implement & Anchor		Institutionalize	

Success	Appropriate anchoring + appropriate area leadership
Fail	Appropriate anchoring + poor area leadership or vice versa
Complete fail	Poor preparation + poor change leadership

- **Area leader**: the manager / leader in charge of the area(s) having undergone the change

  - Do not confuse with the **change leader**, the person leading the actual change effort

- **Power** in organizations is important for both area and change leaders, but is rarely considered – offers a 'simple' framework for leadership assessment

KOTTER'S 8-STEP MODEL[1]: PREPARE

Key outputs: vision, project plan based on approved solutions, stakeholder analysis, onboarded Steering Committee and execution team, basic engagement from change area

1. Establishing a sense of urgency

WHAT:
- Identify the triggers and understand the current situation, typically through an analysis phase

COMMON PITFALLS:
- Outdated, lack of or not deep enough understanding of the current situation

Analysis phase can be done as part of the project or as a separate exercise in advance of starting the project (the latter is often used by consultants to sell services)

2. Forming a powerful guiding coalition

WHAT:
- Set up the Steering Group, and identify the initial execution team

COMMON PITFALLS:
- Context not applied to the identification of stakeholders

- Poor selection of steering group members and / or change leaders

Steering Group Objectives: keep program on track, remove obstacles, take decisions, serve as goalpost for meeting effectiveness

3. Creating a vision

WHAT:
- Combine a 'picture of the future' and hard numbers into a vision that compels all stakeholders

COMMON PITFALLS:
- A compelling future state is not aligned with sound financial and / or operational baselines, targets and evaluation methods (or vice versa)

Financial benefits need to be broken down by source, type of benefit, and approved by responsible person and finance

[1] Leading Change: Why Transformation Efforts Fail (HBR)

KOTTER'S 8-STEP MODEL[1]: IMPLEMENT

Key outputs: organizational awareness, removed obstacles and mitigated risks, quick wins, updated roadmap / plan

4. Communicate the vision

WHAT:
- Develop and roll-out a communications plan based on the stakeholder matrix

COMMON PITFALLS:
- Communication not aligned with execution plan
- Not measuring effect of communications

You won't be able to deliver change sitting in an office sending e-mails, **get out of your office and engage the people where they work**

5. Empower others to act on the vision

WHAT:
- Mitigate / remove risks / obstacles to change

COMMON PITFALLS:
- Failure to take tough people decisions & lack of leader 'pipeline'
- Obstacles removed using coercion

It's not always nice to be nice - take the tough people decisions – it's amazing how much damage one single employee can do

6. Plan for and create short-term wins

WHAT:
- Ensure tangible performance improvements during the first 6 – 12 months

COMMON PITFALLS:
- Short-term wins not planned for or unrealistic
- Focusing on short-term wins at the expense of the bigger picture

In reality, short-term wins are required within a 3 – 6-month timeframe, aim to have 1 or 2 such wins delivered during the preparation phase

[1] Leading Change: Why Transformation Efforts Fail (HBR)

KOTTER'S 8-STEP MODEL[1]: ANCHOR

Key outputs: anchored behavior change(s), handover to organization through sustainability plan(s)

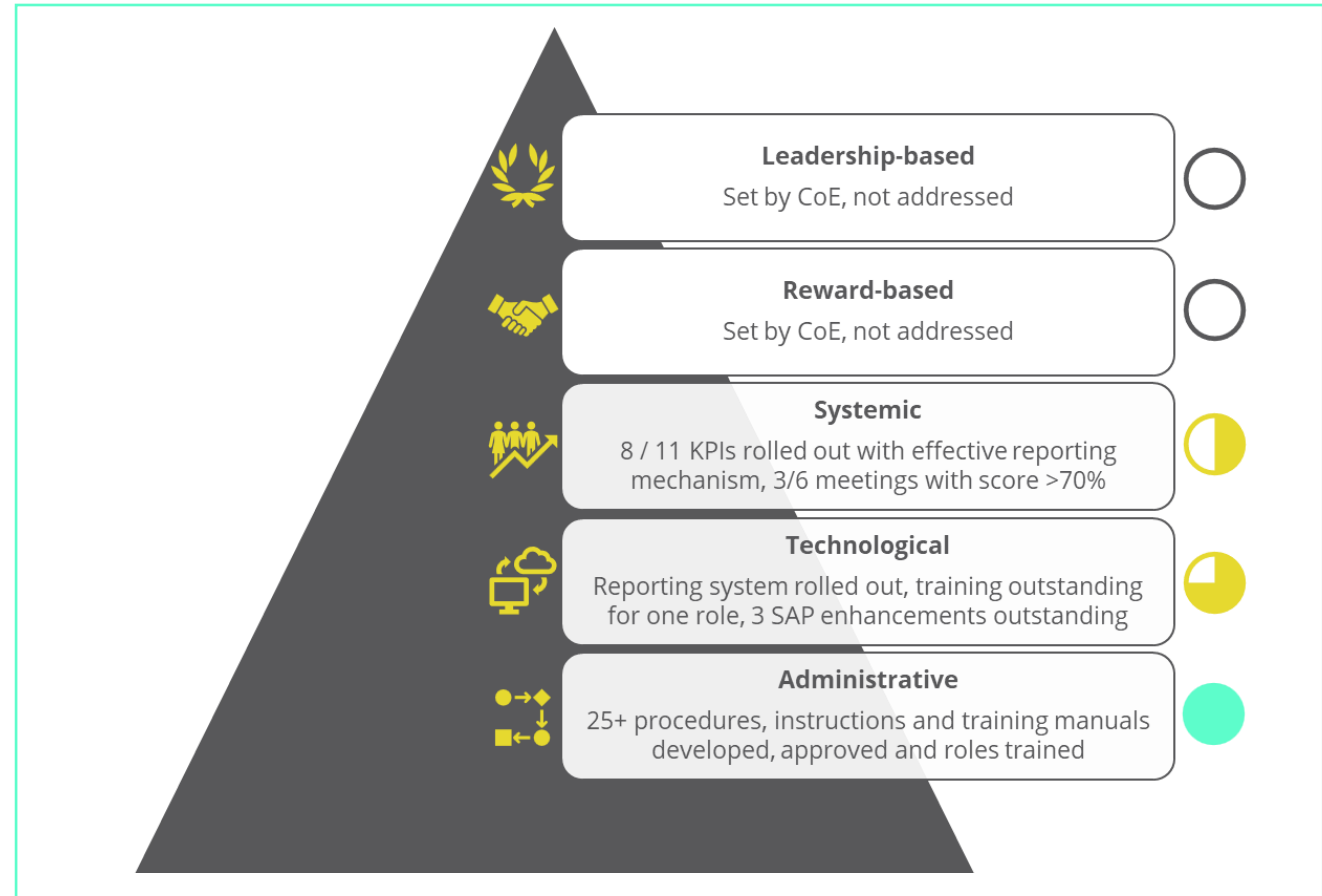## 7. Consolidate improvements and produce more change

WHAT:
- Anchor achieved improvements, and use credibility and good will to increase intensity of change

COMMON PITFALLS:
- Improvements not sufficiently anchored

- Poor monitoring of the anchoring and associated behaviour changes

- Short selling victories

Keep your eyes on the future, and always suggest further opportunities

Leadership-based
Set by CoE, not addressed

Reward-based
Set by CoE, not addressed

Systemic
8 / 11 KPIs rolled out with effective reporting mechanism, 3/6 meetings with score >70%

Technological
Reporting system rolled out, training outstanding for one role, 3 SAP enhancements outstanding

Administrative
25+ procedures, instructions and training manuals developed, approved and roles trained

[1] Leading Change: Why Transformation Efforts Fail (HBR)

Thanks for your attention!

ALAN AASTORP

20+ years' experience in leading behaviour change initiatives, building capabilities and delivering productivity improvements for global clients

✉ aastorp@productivity-lab.com

in linkedin.com/in/aastorp

🌐 productivity-lab.com

For more on the difference between culture change and behaviour change:
"How to Change a Culture: Lessons from NUMMI" by John Shook, *MIT Sloan Management Review, Winter 2010, Vol. 51, No. 2*

For more on types of change (Theory E and Theory O): "Cracking the Code of Change" by Nitin Nohria & Michael Beer, *at HBR.com*

For more on power in organizations:
"The Bases of Social Power" by John R. P. French and Bertram Raven, *in Studies in Social Power, D. Cartwright, Ed., pp. 150-167.*

For more on Kotter's 8-Step Model:
"Leading Change: Why Transformation Efforts Fail" by John P. Kotter, *in HBR's 10 Must Reads: On Change Management, 2011*

For more on stakeholder management:
"Stakeholder mapping" by Aubrey. L. Mendelow, *in Proceedings of the 2nd International Conference on Information Systems, Cambridge, 1991*

Daisy is of the firm opinion that reward-based anchoring is the only way to go.