TEN QUESTIONS

Future Shaping and Leading Change

Steven R. Rayner

10 Questions:

Future Shaping and Change Leadership

1. What is Future Shaping?

Future shaping is a systematic approach to organization change that focuses on people's alignment with, acceptance of, and active engagement in the implementation of that change. As a result of the organization change, new organization systems, processes, relationships, and culture emerge. The goal of future shaping is to create organizations where the social and technical systems are jointly optimized and able to respond and adapt to ever changing business conditions.

A future shaping effort employs a variety of tools and techniques, including:

- The enlistment of a champion for the effort
- A guiding coalition of leaders
- A future vision
- Communication planning and execution
- Employee engagement
- Training and education
- Resistance management
- An integrated change management plan
- Rewards and reinforcements

2. What's the difference between change management and future shaping/change leadership?

I began using the term "future shaping" in 2004[1] as a way to describe a more robust, leadership-driven change approach than what is traditionally associated with "change management" efforts. This emphasis on "shaping" or "leading" change versus "managing" change was driven by the recognition that traditional change management techniques have had dismal results when applied to large scale, complex organizational change. While traditional change management practices are important in change efforts, they alone are not sufficient when attempting big, transformative change. We first described future shaping in *Shaping the Future* (Belgard, Rayner: 2004), and since then, others have come to similar conclusions and introduced the term "change leadership." Whether we use the term "change leadership" or "future shaping," we're talking about the same basic idea.
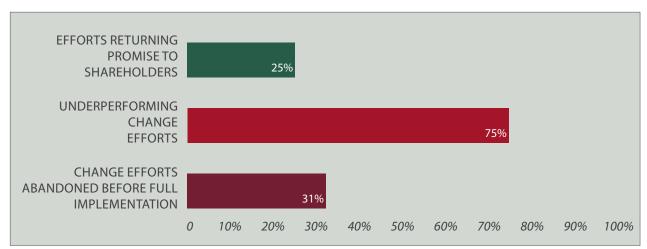
Whereas change management often focuses on incrementally improving a known system or process, future shaping emphasizes a new and different future for the organization that may require the rethinking or redesign of entire systems and processes. These large-scale change efforts may require the application and use of many standard change management tools, but they will also rely on methods not typical in process improvement efforts. These include the development and alignment of the leadership team, a clear vision of the future that drives the effort, the articulation of core values that are applied during decision making, the emphasis on empowering people in the organization to take direct action, the willingness to experiment and rapidly test new ideas, and the transparency of communication and feedback.

[1]See *Shaping the Future* by William P. Belgard and Steven R. Rayner, New York: Amacom, 2004.

CHANGE MANAGEMENT VS. FUTURE SHAPING

CHANGE MANAGEMENT	FUTURE SHAPING
Project plan defined, clear pathway of next steps in place	Vision of the future defined by leadership, exact pathway for how to achieve it not totally clear
Project management driven	Leadership driven
Gain understanding and acceptance of the case for change	Gain alignment to the vision and enlist people to figure out how to achieve it
Manage resources in a coordinated fashion	Empower people to take direct action
Utilize formal channels of communication	Utilize both formal and informal channels of communication; respond to feedback and make adjustments based on it

3. How effective are most large-scale organization change efforts?

Most large-scale change efforts fail to return on their promises to shareholders. Studies have consistently shown that only about 25% (or 1 in 4) major change efforts successfully make the anticipated return. The perhaps even more shocking statistic is that 31% of major change initiatives are canceled before they are even fully implemented; nearly one-third of worldwide corporate change efforts are simply abandoned. Contemplate the billions of dollars and the huge resource commitment that companies dedicate to implementing information technology (IT) improvements, enterprise resource planning (ERP), material resource planning (MRP), lean practices, Six Sigma, high performance work systems (HPWS), customer relationship management (CRM), total quality management (TQM), and integrating mergers and acquisitions—to name but a few examples—and the failure rate is mind-boggling. Furthermore, today's rate of failure is about the same as it was in the 1970s. Despite great advances in business productivity and quality over the last 40 years, the success rate of large scale change has remained static.[2] It's time to take a future shaping approach to organization transformation.
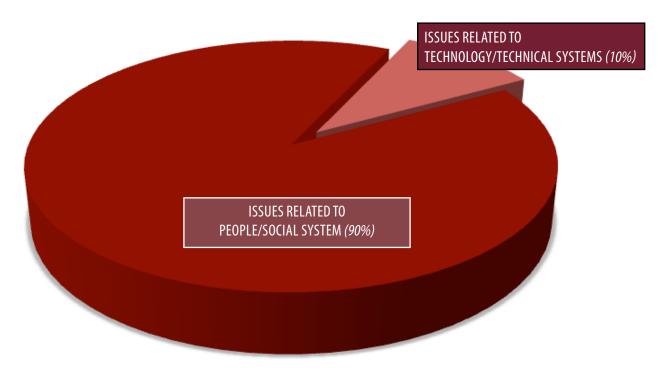

Bar chart:
- EFFORTS RETURNING PROMISE TO SHAREHOLDERS: 25%
- UNDERPERFORMING CHANGE EFFORTS: 75%
- CHANGE EFFORTS ABANDONED BEFORE FULL IMPLEMENTATION: 31%

Axis: 0 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

[2] The 31% cancellation rate cited here comes from: Johnson, J. "Chaos: The dollar drain of IT project failures," *Application Development Trends,* January 1995, pp. 41-47. Similar figures are found in Sauer, C. "Deciding the future of IT failures," in *Rethinking MIS,* Oxford University Press, W. Currie and R. Galliers editors (2003); Laudon, K.C and Laudon, J.P. *Management Information Systems,* New Jersey: Prentice-Hall, 1996; proceedings from the Hay Human Resources Conference 1995; and Hammer, M. and Champy, J. *Reengineering the Corporation,* (Sydney: Allen and Urwin, 1994) who state "Our unscientific estimate is that as many as 50 percent to 70 percent of the organizations that undertake a reengineering effort do not achieve the dramatic results intended" (p. 200). The Talent Project Blog (November 12, 2013, http://blogs.sap.com/innovation/human-resources/leading-change-is-different-from-managin-change-01023357) also puts the number of failures in the 60-70% range.

4. Why do so many change efforts fail to achieve their goals?

The reasons are multifaceted, but the most common theme is the failure to address the people side of the transition. In fact, 90% of change failures are attributed to people/ social system issues (e.g., lack of effective leadership commitment and follow through, lack of workforce buy-in, lack of effective communication, lack of clarity about the change, poor role definition, lack of training among the front line, poor project management skills among mid-level managers). Meanwhile, technical issues (e.g., the technology does not work; the machinery fails to perform; the software cannot be implemented) account for less than 10% of change failures. Change leadership focuses on aligning an organization's behavioral patterns so that they will support the change.

WHY CHANGE EFFORTS FAIL

ISSUES RELATED TO
TECHNOLOGY/TECHNICAL SYSTEMS *(10%)*

ISSUES RELATED TO
PEOPLE/SOCIAL SYSTEM *(90%)*

5. What kind of impact can effective change leadership/future shaping have on the likelihood of achieving a successful change?

Research shows that effective change leadership—when coupled with disciplined program management—improves implementation performance four-fold. In other words, when a systematic change leadership approach is applied to an organization, the results, on average, are four times greater than without such a systematic change approach.

6. Why is there resistance to change?

Any change can (and likely will) cause at least some disruption to the standard work patterns of people in the organization. This break with the status quo, and the uncertainty over the actual effects the change will create, contributes to resistance. Resistance can also result from a fundamental disagreement over whether the change can actually lead to the improvements that management seeks. A third source of potential resistance is the recent history of change efforts in the organization and their effectiveness. For example, a series of abandoned or poorly executed changes will heighten cynicism and reluctance among people to support the change. Finally, resistance to change can come from something stronger than the fear of disruption or uncertainty; sometimes there is an irrational, almost addictive desire to maintain the status quo. From the resistor's perspective, what is known is always better than what is unknown or unproven or not fully implemented.

COMMON SOURCES OF RESISTANCE TO CHANGE AND HOW PEOPLE REACT

DISRUPTION TO THE STATUS QUO—
The change will be disruptive to me.

DISAGREEMENT WITH THE CHANGE —
The change will take the organization in the wrong direction, and I can't support that.

POOR RECENT MANAGEMENT HISTORY OF CHANGE LEADERSHIP OR CHANGE MANAGEMENT PRACTICES—
Management is not capable to lead us, so the change won't be successful.

"ADDICTED" TO THE STATUS QUO—
The change will force me into withdrawal from patterns and routines to which I am accustomed.
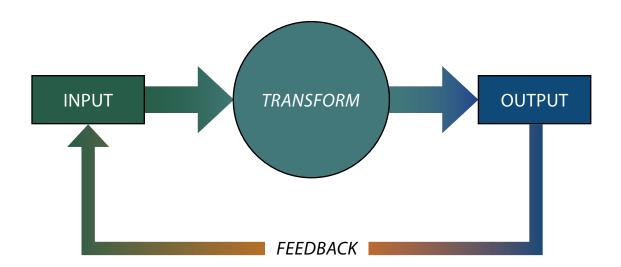
7. How do you deal with resistance?

Different types of resistance require different strategies for overcoming them. In general, there should be both a "formal" and "informal" approach when dealing with employee resistance to change.

Formal avenues include targeting key opinion leaders in the organization and seeking their understanding and acceptance of the change; planned communication assemblies and offsite meetings where the case for change, the change management plan, and regular progress updates are presented; and global email updates. Informal approaches include peer-to-peer communication; "chance" lunchroom encounters where leaders make the case for change with employees one-on-one or in small groups; or targeted email updates that put the change, and its benefits, in the context of specific groups of employees.

8. How does systems theory relate to change management and future shaping?

An organization is an open system, meaning that in order to survive, it must continually bring in inputs (e.g., raw materials, information, customers, cash), transform the inputs (e.g., by manufacturing products or providing services) to outputs (e.g., a value add service or product that is purchased by a customer) and then make adjustments to this cycle based on feedback that it receives from the external environment (customer purchases, government regulation changes, competitors).

OPEN SYSTEMS MODEL

INPUT → TRANSFORM → OUTPUT

FEEDBACK

Understanding the organization as an open system is critical to effectively introducing and implementing change within it. Open systems adhere to a set of common principles. It is important to understand these principles and their implications when undertaking a change effort. Among the most important principles to recognize:

SURVIVAL

Organization survival is related to the organization's ability to sustain the input-transform-output-feedback cycle during changing conditions in the external business environment.

Change management implication: Regularly examine and, to the extent possible, anticipate changes (new opportunities or emerging threats) in the external environment (e.g., competitors, markets, government regulation, demographics, technology, social trends). Ensure people are clear about the case for change and understand what is at stake if the organization does not respond.

CONNECTEDNESS

Change to a part of the system can (and usually does) affect the whole.

Change management implication: The change plan must recognize the importance of, and design in, cross-functional dialogue to ensure changes in one part of the organization do not result in unforeseen negative consequences elsewhere.

DECAY

Without energy put toward it, systems break down.

Change management implication: It is important to keep processes disciplined and seek continuous improvement to them. Any changes to a system or process should include consideration for how to maintain and renew the system over the long haul.

EQUIFINALITY

There is more than one way to achieve the same outcome.

Change management implication: This principle highlights that there is never a single pathway to achieve success (or failure) when engaged in change. The "single best way" does not exist, so a better strategy is often to quickly test new ideas and approaches (rapid prototyping) in order to see how effective they are.

SOCIO-TECHNICAL COMPONENT

Organizations are both social and technical systems; seek joint optimization.

Change management implication: Explains why designs meant to optimize the technology without consideration to the impact on people often fail to produce improved results; people and their needs must be considered equally with technology when designing a work process or system.

ACHIEVING OPTIMIZATION

In a system, sub-optimizing a part is sometimes critical to optimizing the whole.

Change management implication: Recognizes that a department or team that is operating at a very high level can, under some circumstances, actually hurt the performance of the whole system. Keep the big picture in mind when designing the system, seek to optimize the whole even if it means a particular group or process must slow down or change the way they operate to support the whole.

ROUTINE/STATIC

Systems seek to become stable, achieving a state of homeostasis.

Change management implication: This is why there is natural resistance to change, because the change is attempting to break the tendency toward homeostasis. Recognize that some resistance to change is a natural occurrence that may not even be based on reason or rational thought.

9. How is an effective future shaping process structured?

There are many variables to take into consideration when planning a major change, so implementation plans can vary greatly. However, some basic elements are almost always part of a change management effort.

First is *leadership* alignment and commitment to the change. A coalition of leaders must believe in and be willing to support the change. Second, the coalition of leaders should have a common *vision* of what the change is supposed to achieve. Change initiatives often come up short because the people expected to implement the changes are unclear about what is expected and what the goals of the effort are. This highlights a third key element, the importance of *communication* and having a comprehensive communication plan. Many change efforts are under-communicated by a factor of ten or more. Communication must occur regularly, and there must be a feedback loop that can immediately answer questions and concerns about the change. Additionally, the change effort needs to be *systemic,* recognizing the impact on various organization systems and processes. Finally, there must be a means to *address resistance* and lessen its negative impact.

The steps that follow were applied in major change effort within a multinational corporation. They provide an example of an effective future shaping process.

I. Leadership Team	II. Vivid Description	III. Strategic Imperative	IV. Gap/ Readiness	V. Change Management Plan
Form the leadership team	Develop a Vivid Description of the Future	Develop the Strategic Imperative for the effort	Identify gap and readiness for change patterns	Develop the Change Management Plan

10. What are the "essentials" of major change?

A variety of conditions, or what I refer to as change essentials, will greatly increase the likelihood of success during a major change. These change essentials are consistently present during the successful implementation of major change projects. They serve as good guidelines for those involved in either leading or serving as a resource to a major change effort.

THE ESSENTIALS OF MAJOR CHANGE[3]

1. A STRONGLY AND WIDELY FELT NEED FOR CHANGE
   The case for change must be well communicated and understood across the organization.

2. CHANGE THAT ASCENDS TO THE TOP
   Executive leadership must be engaged in the change.

3. LEADERSHIP ACTIONS THAT DRAMATICALLY DEMONSTRATE COMMITMENT TO THE CHANGE
   Executive leadership must model their commitment to the change in a consistent and dramatic way.

4. THE PERCEPTION OF IMMEDIATE SUCCESS
   Early successes create critical momentum for the change and lessen resistance.

5. A SINGLE, GRAND THEME FOR CHANGE
   Maintain focus by keeping to a simple, clear, concise, and consistent message about what is being changed and why.

6. WIDESPREAD, HIGHLY VISIBLE DISPERSAL OF INFORMATION RELATING TO THE CHANGE
   Keep communication open and transparent—err on providing too much information.

7. A CLEAR DESCRIPTION OF A POSSIBLE FUTURE THAT CHALLENGES AND MOTIVATES

Have a well-defined description of the future that people recognize and are committed to.

8. INTEGRATION INTO THE CULTURAL FABRIC OF THE ORGANIZATION

Establish new processes, procedures, forums, roles, and work design that become the "way we do things" rather than seen as separate or additional work.

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[3]I first started developing the Essentials of Major Change in the 1980s. This version of the list of the essentials was put together in 1993. See Steven R. Rayner, "The Essentials of Major Change," (Portland: Belgard, Fisher, Rayner) 1993.

*For more information, please contact Steven Rayner
or view the Rayner & Associates, Inc. website*

425-508-3014
rayner@raynerassoc.com

www.raynerassoc.com