Identifying Difficult Change Initiatives

When Implementation Warrants Special Attention

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Determining whether a change is critical to an organization's well-being is rarely a problem; most civil society executives have reliable cues for recognizing when problems and opportunities are of strategic importance. These leaders are typically less prepared, however, to predict the degree of execution difficulty their initiatives will face. Often, they do not realize that their change efforts are in crisis even before they are launched. Instead, these leaders are surprised and frustrated when their change efforts bog down and/or fail to achieve the intended objectives. Fortunately, much of this is avoidable.

In this paper, we describe three critical characteristics of change that indicate the likely level of implementation difficulty that a change endeavor will encounter. Knowing where an initiative sits on these three dimensions before a decision is made to move forward provides senior decision-makers with the insights they need to allocate the appropriate levels of executive attention and organizational resources when pursuing their most critical strategic changes.

"Change that is both vital to an organization's success and risky to implement demands special attention." Variations of this phrase are commonly heard from leaders attempting to navigate strategic endeavors; yet the success rate for major change suggests many executives take the warning too lightly. Over the past three decades, independent studies conducted around the world have arrived at strikingly similar conclusions: approximately 70% of all major organizational change endeavors fail to meet their stated objectives. This doesn't mean that only three in ten generate value; some initiatives that fall short of expectations still manage to create a degree of benefit. Nonetheless, the low odds of fully achieving the intended outcomes of a major change are sobering.

Fortunately, there are grounds for some optimism. Organizations that *execute* their projects with the same amount of care they use to *decide* which solutions to engage have a dramatically higher success rate. In one study, organizations that were most skillful with their change execution realized 143% of the initiative's expected value, while those that were the least skilled gained only around 35% of the

return they anticipated.[1] This means there are tangible actions leaders and their teams can take that actually make a difference.

EARLY DUE DILIGENCE

Every change project has a unique signature pattern that reveals how "vital" and how "risky" it will be to fully realize the intended outcome. Determining whether a change is critical to an organization's well-being is rarely a problem; most senior decision-makers have reliable cues for recognizing when problems and opportunities are of strategic importance. These leaders are typically less prepared, however, to determine the *degree of execution difficulty* an initiative will face.

Far too often, leaders approve and launch new initiatives without thoroughly assessing the struggles their organizations are likely to face when attempting to translate aspirations into reality. Absent this due diligence, it is nearly impossible to adequately plan for the effort, funding, personnel, and skills needed to accomplish the full measure of the hoped-for goals. Only later, when execution hurdles arise, does it become apparent that many such pitfalls could have been avoided or mitigated with early detection. The key is to anticipate change-related crises.

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[1] LaClair, J.A. & Rao, R.P., Helping Employees Embrace Change, *McKinsey Quarterly*, 2002, Number 4.

IDENTIFYING CHANGE-RELATED CRISES

Crisis: an unstable or crucial time or state of affairs in which a decisive change is impending; especially: one with the distinct possibility of a highly undesirable outcome[2]

A change-related crisis exists or is imminent if:

1. failure to solve a problem or exploit an opportunity will result in severe negative financial, political, or mission repercussions, *and*

2. there is reason to believe a successful implementation of the solution is in jeopardy.

In other words, crisis-level endeavors are the ones that are both central to an organization's viability and face serious obstacles that threaten their realization. When the stakes are high and the desired outcome is difficult to achieve, a current or impending change-related crisis is at hand. It is, therefore, the responsibility of senior leaders to determine whether a change that their organization is considering rises to the level of crisis.

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[2] Merriam-Webster Online Dictionary, s.v. "crisis," http://www.m-w.com/dictionary/crisis (accessed February 20, 2023)

HOW TO DETERMINE WHETHER A PROJECT IS IN CRISIS

Assigning a degree of difficulty to the execution of a change initiative is the most reliable way to determine if an endeavor crosses the crisis threshold and triggers the need for special attention and resources. The difficulty rating for a project can be ascertained by answering three questions:

- How much change does the initiative represent?

- What kind of fulfillment must be reached to deliver on the promises made?

- How critical is the success of this initiative relative to other major initiatives we are already pursuing or plan to pursue?
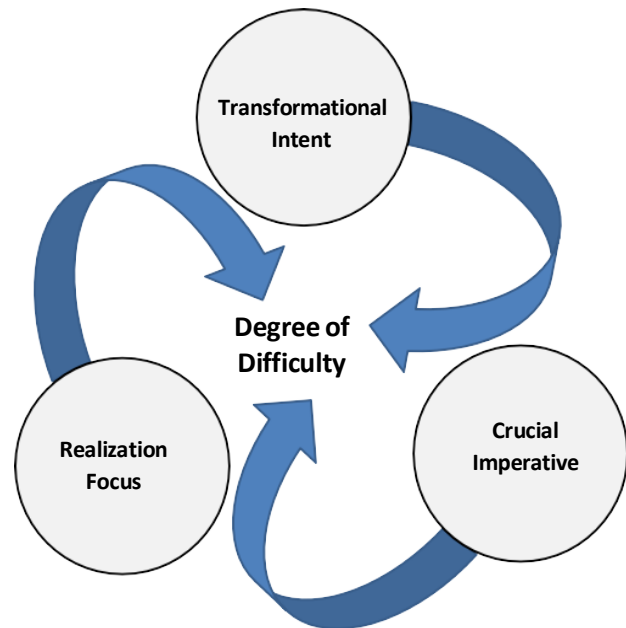
How much change does the initiative represent?

Organizations typically undergo two types of change: incremental and transformational. *Incremental* change efforts tend to be more ongoing and installation-based and are essential for enabling organizations to harvest the full potential from their current processes and procedures. *Transformational* changes, on the other hand, dramatically alter the course of current actions instead of refining what is already in place. Both types of change are essential; however, periodic transformational change is significantly more challenging to execute than the enhancements fostered through ongoing incremental improvement efforts.

It is possible that the very introduction of continuous improvement values and activities could necessitate a transformational change in an organization's culture. That said, the approaches and techniques of incremental change are designed to yield easily digestible steps that generate greater efficiency and effectiveness; they are not meant to create the periodic shock waves common to transformational change.

The differences between incremental and transformational change are stark. Incremental change characteristics include:

- Improving the familiar

- Minor disruption to people's expectations

- A focus on processes, systems, and behaviors

- Relatively predictable and stable execution

- Few changes and/or changes that affect a small proportion of people

- A typically linear path forward (i.e., a logical extension of and improvement upon what still generally works)

- Minimal impact on the political terrain and power dynamics

- Few people being unwilling and/or unable to do what is asked of them

In contrast, transformational change is characterized by:

- Exploring and pursuing creative alternatives

- Major disruption to people's expectations (in positive and/or negative ways)

- Adjustments that not only include behaviors but also extend to beliefs and underlying assumptions

- No single solution; many possibilities are available from which to select the best fit for the task at hand

- Execution that creates instability for everyone involved

- Multiple changes affecting all or most of the organization

- Many interdependent components that require a high tolerance for ambiguity and paradox

- Significant impact on the political terrain (new players, power shifts, etc.)

- A considerable number of people being unwilling and/or unable to complete the journey

Given these characteristics, transformational change projects are inherently more difficult to orchestrate and fraught with more risk than those with incremental improvement objectives. Hence, transformation should only be pursued when leaders are prepared to pay the high price of success.

Example of Incremental Change	*Example of Transformational Change*
Updating the organization's program delivery playbook to include recent lessons learned from field experience	Deciding to no longer provide direct delivery of services to targeted populations; instead, focusing the organization's efforts on equipping other entities (NGOs, gov'ts, and local partners) to provide those services to beneficiaries

What kind of fulfillment must be reached to deliver on the promises made?

Unless a project implodes entirely, there are two levels of outcome a change can achieve:

- Installation—putting something new in place

- Realization—achieving the true, full purpose of the endeavor

A wide gap frequently exists between the aspirational rhetoric shared by many of today's leaders and the actual results of the initiatives they announce. While organizations are generally good at figuring out what must be done to solve their problems or exploit their opportunities, the majority don't implement these solutions very well.

Often, the problem is that these organizations unwittingly apply their resources toward *installing* new solutions rather than *realizing* the desired benefits. Installation occurs when important changes (new strategies, reorganizations, updated technology systems, etc.) are introduced. There are cases when an organization intentionally pursues installation as the intended outcome, but they are rare. More often, the hope is for realization.

Realization is achieved when the organization goes beyond merely installing what will enable the change and reaps the full measure of benefits that were anticipated when the effort was launched. Unfortunately, organizations often pursue activities that are primarily focused on installation.

Realization sounds good, but it requires extraordinary clarity of purpose, a deep resolve for reaching objectives, a willingness to expend a great deal of political capital, and a tremendous amount of hard work. When an organization sets out to achieve full realization, the journey is much more challenging than when it (intentionally or unintentionally) pursues installation.

Example of Installation-focused Change	Example of Realization-focused Change
Announcing that everyone in the organization must complete a diversity, equity, and inclusion training program, selecting an outside vender to conduct the training, and monitoring staff participation rates to ensure full compliance	Becoming an employer of choice by creating a workplace characterized by measurably higher levels of diversity, equity, and inclusion that result in a more productive, creative, efficient, and cohesive workforce.

How critical is the success of this initiative relative to other major initiatives?

Organizations seldom pursue major initiatives that are not intellectually sound and supported by some sort of business case. Leaders who get infatuated with too many of these interesting possibilities typically start off with a full head of steam but then ultimately fail to do what is necessary to ensure all the projects succeed. Usually, the problem is an overwhelming supply of "good ideas" that, on the surface, look achievable. However, each one requires a certain amount of attention and means to accomplish. At some point, the volume of good ideas exhausts the available time, energy, and resources and, ultimately, things begin to falter.

The commitment to *crucial imperative* initiatives is very different. These are endeavors in which the price for not resolving the problem or not taking advantage of the opportunity at hand is prohibitively high. When a crucial imperative has been declared, the determination to see the change succeed outweighs all the impediments to be faced and all the battles to be waged. This is when executives say, "This project will not fail on my watch," and mean it.

With this level of dedication, however, comes increased degree of difficulty. When leaders make this kind of pledge, the work to be done is always more complex, intricate, and demanding than it is for lesser commitments. Creating a deep, shared tenacity for succeeding across all the key players in an

organization is extremely difficult. Maintaining this degree of commitment demands even more effort and attention. Steadfastness sustains people during the inherent hardships that will be encountered, but it also requires more energy—it's less draining to be halfhearted about something than to put one's full self into it.

Example of a Good Idea	Example of a Crucial Imperative
Streamlining the annual budgeting process to involve fewer steps and using better, online tools	Diversifying the sources of funding to offset the rapid decline and/or highly variable nature of revenues from one primary source

THERE ARE NO EASY ANSWERS

The impact of these three execution factors cannot be fully appreciated by looking at each in isolation from the others; they require examination from a holistic, integrated perspective. For instance, some changes may be of the highest importance (crucial imperatives) with nothing less than full realization considered acceptable, yet the shifts themselves represent continuous improvement, not paradigm leaps. Other efforts might be highly transformational but not absolutely necessary to accomplish. Only undertakings that rate high on *all three* factors constitute efforts that are likely to face crisis-level implementation challenges and therefore require additional attention and/or resources from senior leaders.

To complicate matters, evaluating the three execution factors is not a clear-cut diagnostic process. Assessment tools can be instructive, but only through dialogue can a leadership team determine if a project warrants their implementation scrutiny and involvement. The best way to begin is by collecting impressions from key people who understand the project's implications and using their feedback as the basis for a robust debate before decision-makers determine the path forward.

Finally, beyond determining the degree of difficulty for the three execution factors, leadership must also consider the organization's tolerance of and capability for facing difficult change and how that will affect their investment of executive attention and organizational resources. For some organizations, initiatives that score even moderately high on *realization-focused* or *crucial imperative* attributes automatically warrant extra care during implementation. Other organizations may take the position that an initiative must score high on both factors before anything beyond basic efforts (such as a well-crafted announcement) is undertaken.

The bottom line is that major change projects that are transformational in nature, require nothing less than full realization, and are imperative to achieve face far greater implementation peril than endeavors of lesser magnitude. Although these three degree-of-difficulty criteria may be easy to articulate, determining whether a particular project falls within the "in crisis" designation requires a thorough examination and debate among the organization's leadership.

INCREASING THE ODDS OF SUCCESS

The intent of this paper is to provide decision-makers with nomenclature and a framework for exploring the risk and difficulty an impending or existing initiative may face. By gathering this type of information, executive teams are better positioned to identify vitally important changes that may be in crisis *before* the changes are implemented or help explain why existing changes are proving to be so challenging. The insights emerging from their discussions allow senior leaders the opportunity to make explicit choices about whether or not to:

- Allocate additional money, people, political capital, and other resources necessary to overcome hurdles as the organization works to achieve the change. This includes investing additional time and attention from the senior decision-makers themselves. Much of the aforementioned 70% failure rate can be attributed to leaders underestimating the level of vigilance required of them.

- Lower expectations about the amount of change to take place, the degree of realization that will be achieved, and/or the priority to be applied to the endeavor. This reduces implementation risk and requires less attention and/or fewer resources.

- Stop the initiative from moving forward in the first place. This is only feasible if the change is not as critical as first thought when compared to projects that are clearly crucial imperatives and, therefore, more pressing. If this is the case, by making this difficult decision the organization can direct time, attention, and resources to efforts that *are* essential to fully realize.

In summary, there are several ways to increase the likelihood of a change project being successfully realized. One tactic is for senior leaders to start their examination of potential projects by making informed decisions about whether an endeavor is in crisis, i.e., vital to an organization's success and risky to implement. If the crisis criteria are met, making this judgment call early enables executives in civil society to allocate their attention and the organizational resources necessary to address threats to the intended results and move successfully toward full realization.

Conner Advisory will continue to monitor and study the factors that are aiding or impeding the progress of INGO leaders and their organizations as they adapt to—and hopefully thrive in—this unprecedented environment of change and disruption. We invite you to download our other research papers and follow our future insights on our website, conneradvisory.com.

ABOUT THE AUTHORS

Ed Boswell

Ed is cofounder and CEO of Conner Advisory, a consulting firm established for the sole purpose of supporting leaders who are pursuing *changes that matter*. In this capacity, he collaborates with leaders from a diverse set of humanitarian and development organizations to successfully implement their most urgent and pressing priorities. His current and former clients include leaders from World Vision International, BRAC, Islamic Relief Worldwide, Plan International, ChildFund International, SOS Children's Villages, and FHI360, as well as associations such as the International Civil Society Centre and InterAction that support the global NGO community.

Prior to starting Conner Advisory, Ed was a partner at PricewaterhouseCoopers (PwC) where he headed up the US People and Organization consulting practice. In this role, Ed was responsible for leading a team of more than 400 practitioners who helped clients execute large-scale strategic projects. Before that, he served as President and Chief Executive Officer of The Forum Corporation, where he advised senior business leaders involved in major change initiatives.

A recognized leader in the field of strategy execution, Ed co-authored Strategic Speed: Mobilize People, Accelerate Execution (Harvard Business Press, 2010), which provides a blueprint for leaders who are executing transformational change in their organizations. Ed earned his PhD in psychology from the University of Pennsylvania. While at Penn, he also attended The Wharton School where he received a certificate in Business Administration. Ed is currently a strategic advisor to the NeuroLeadership Institute, an international organization that applies the insights of brain science to organizational performance, change execution, and leadership development.

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Daryl is cofounder and Chairman of Conner Advisory, a consulting firm providing change execution support to civil society organizations that are advancing the quality of the human experience and who find themselves facing transformations beyond their capacity to successfully execute. Conner Advisory serves INGO and non-profit leaders addressing some of the world's most intractable and critical challenges of our day, including homelessness, hunger, medical crises, and healthcare. Representative clients include: Habitat for Humanity, Doctors without Borders, Pact, and YWCA.

During his 50 years of practice, Daryl has educated and advised strategic leaders and seasoned change practitioners in many of the world's most successful organizations. His focus has always been on helping them both understand and address the challenges and opportunities they face during transformational change.

Daryl's work is built on a strong foundation of research, extensive consulting experience, and a master's degree in psychology. He has authored two books—Managing at the Speed of Change (Random House, 1993) and Leading at the Edge of Chaos (John Wiley & Sons, 1998)—and more than 250 publications, including journal and magazine articles, monographs, book chapters, and videos. In recent years, his newer published work has been made available through blogs, essays, and white papers (Advisory Research, Raising Your Game Blog, Essays on the Mastery Path, and Change Thinking).

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