



## General Summary

### *Leading Horses to Water: Assessment Facilitated Organization Change*

#### Introduction

“You can lead a horse to water, but you can’t make him drink.” is an old axiom that is all too true in the world of organization change consulting. The organization’s leaders will “drink”, that is, change when they feel the need to do so and not before. The art and science of organization change consulting is dependent on our ability to help the client gain insight and define their current state in realistic terms, determine a more desirable future state and engage in a course of action to bridge the gap.

Continual rigorous reality testing and planning is especially important in today’s rapidly changing environment. The world within which organizations compete, and collaborate, continues to change at an alarmingly rapid pace which is neither predictable nor linear. Depending on the organization and its leadership, an acute awareness of this volatile context can result in behavior ranging from confounded decision-making to a “well-developed mindset for gauging...reality” (Johanson, 2007). Ultimately, significant organizational change requires significant change in leadership behavior for “a new strategy requires people to behave differently than they have in achieving the old strategy” (Ciampa and Stalk, 2008). Given this emphasis on behavior change, best-in-class companies are turning to multi-rater feedback, and other assessment tools, to determine the extent to which leaders are engaging in the behavior needed to execute their strategies (Lombardi and Bourke, 2010).

While the papers presented in this symposium each take a unique approach to using assessments to facilitate strategy execution and organization change, they share several common foundational themes:

- Organizations function within an increasingly VUCA world (volatile, uncertain, chaotic and ambiguous).
- All organizations face the challenge of developing and executing strategies within this state of flux.
- Ultimately, organization change is dependent on leader behavior change.
- Assessments (surveys, 360s, personality, etc.) provide useful, actionable information (metrics) regarding organization, team and individual readiness and capability to tackle the challenges of strategy execution.
- Periodic assessments enable measurement of change over time.

## Participants

**Chair: Gerry Groe**, Managing Director – *pan (Performance Assessment Network)*; Ph.D. – I/O Psychology, Columbia University. Gerry was formerly VP – International Human Resources with American Express and VP – People Resources with Cigna.

**1st Presenter: Nick Horney**, Principal of **Agility Consulting and Training**; Ph.D. – I/O Psychology, University of South Florida. Nick has served on the Executive Committee for the Center for Creative Leadership and as VP – Client and Constituency Relations.

**2nd Presenter: Rick Lepsinger**, President of **OnPoint Consulting**; MPL – with an emphasis on economics & strategic planning, University of Southern California. Rick was the Founder of Manus and was later Managing Vice President at Right Management.

**3rd Presenter: Dale Rose**, Founder & President of the **3D Group**; Ph.D. – I/O Psychology, DePaul University. Dale has held research positions with Ameritech, National Computer Systems, and Acumen International.

## Session Overview

Nick Horney (*Leadership and Organizational Agility: Business Imperatives for a VUCA World*) will explore the concept of how a VUCA world (volatile, uncertain, complex and ambiguous) drives the need for agile leadership. His Land O' Frost case will demonstrate the use of an agility organizational audit, a 360 survey, and other assessments in facilitating tangible organization change.

Rick Lepsinger (*The Execution Solution: Trade Secrets of Companies That Consistently Achieve Results*) will make key points about effective strategy execution based on survey results of 409 executives across diverse industries. He will also share results of multiple assessment facilitated organization change within New Jersey Manufacturer's Insurance Group including pre- and post – change initiative surveys.

Dale Rose (*Using Strategically Aligned 360-Degree Feedback Content to Drive Organizational Change*) will present a model for facilitated organizational change using organization-specific, strategy-based custom 360s. His case study involves a longitudinal change effort using multiple 360 surveys over a five year period.

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- Ciampa, D. & Stalk, G. (2008) Changing Your Company's Strategy? Better Change Its Personality Too: The CEO-HR Executive Partnership. *Human Resource Planning Journal*, 31, 2, 22-28.
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## *Leadership and Organizational Agility: Business Imperatives for a VUCA World*

*Nick Horney*

*Agility Consulting & Training*

Fast, fit, flexible, agile...these are adjectives more often used to describe a world class athlete than an organization or its leaders. However, given the increasingly fast-paced and seemingly chaotic nature of economic, social and political changes we are experiencing, these are fitting, and even necessary qualities, for a leader today. Recognition of the significance of this tumultuous environment has even resulted in the coining of an acronym, VUCA, which stands for Volatile, Uncertain, Complex and Ambiguous. The term VUCA was actually coined by the US Army War College to describe the dynamic nature of our world today (Stiehm & Townsend, 2002).

How do leaders react to this VUCA world? According to Sull (2009) “We often respond to turbulence by accelerating activities that have worked in the past. We lapse into inertia when we should adapt with agility, and we cling to rigid dogmas when we should improvise.” However, one leader’s problem may be another leader’s opportunity for the upside of turbulence is that agile leaders can take advantage of this turbulence through smart, nimble actions that capitalize on opportunities.

It is our proposition that successful leaders in the next decade will evolve, not through random mutation, but through purposeful and dynamic strategies that anticipate, influence and respond effectively to unpredictable and shifting external trends, patterns and events. This will require that leaders encourage their organizations to challenge pre-conceived business and leadership models and liberate creative thinking about what could be.

There is ample evidence that CEOs are struggling with how best to lead in a VUCA world. IBM’s 2010 research report entitled “Capitalizing on Complexity” reflects interview results for more than 1500 global CEOs (2010, p. 8-9). These CEOs identified four areas of concern:

1. **Complexity** -- Today’s complexity is only expected to rise, and more than half of the CEOs doubt their ability to manage it.
2. **Creativity** -- Creativity is the most important leadership quality -- experimentation and innovation throughout their organizations are practiced.
3. **Customer Intimacy** -- The most successful organizations co-create products and services with customers, and integrate customers into core processes.
4. **Organizational Dexterity** -- Better performing CEOs manage complexity by simplifying operations and products, and increasing dexterity to change the way they work, access resources and enter markets around the world.

A McKinsey & Company study of 1,500 global executives overwhelmingly reported an urgent need to improve the agility of their organizations (2006). According to McKinsey, *Agility* was defined as an organization’s ability to change tactics or direction quickly – that is, to anticipate, adapt to and react decisively to events in the business environment.

To illustrate, we will describe how Land O' Frost (LOF) leaders focused on agility as the key theme of its strategic plan and the implementation of that plan. LOF is a privately held maker and marketer of "Great Tasting Lunchmeats™" under the labels Premium, DeliShaved, Taste Escapes, Bistro Favorites to name a few. LOF's CEO launched his strategic agility transformation by involving more than 75 internal leaders and 50 external partners (brokers).

LOF's agility capability-building began with an Organizational Agility Audit™ completed by 140 participants and was followed by the administration of a Leadership Agility Profile 360™ assessment. The LOF strategy was mapped to Key Agility Indicators (KAIs) which serve to focus the organization and facilitate tracking of organization change progress. Finally, LAP 360 results were used in combination with personality assessments to provide participants with the necessary insight for individual development planning. Throughout the entire process every effort was made by LOF leadership to intimately involve key people at all levels and to communicate action and results across the company.

### Conclusion

Results indicate that LOF is headed in the right direction with improvements in new product generation, customer satisfaction surveys, employee engagement results and sales. Tangible survey data was critical to the development of a shared new reality and insight into actions necessary for positive change.

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*The Execution Solution: Trade Secrets of Companies That Consistently Achieve Results*  
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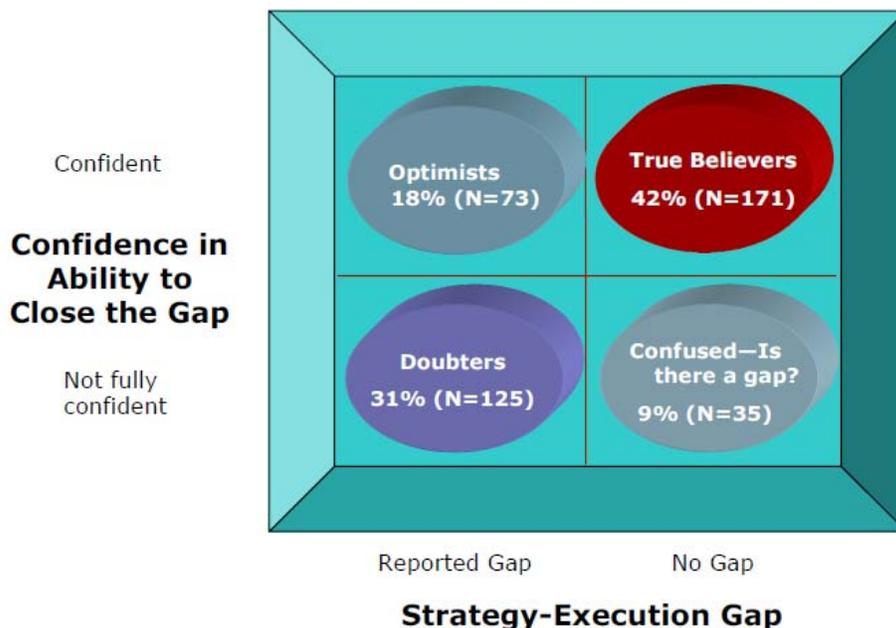
In business, execution is everything. If an organization can't execute, nothing else matters: not the most solid, well thought-out strategy, not the most innovative business model, not even technology that could transform an industry. Confidence, however, is low when it comes to closing the strategy-execution gap, according to OnPoint's recent study (Lepsinger, 2010). Forty-nine percent of the 409 executives surveyed across industries reported a gap between their organization's ability to develop a strategy and execute on that strategy. Even more surprising, 64% of that population lack confidence in their organization's ability to close the gap.

To provide further insight, survey respondents were segmented into four categories:

- **True Believers:** Those who believe that their organizations are executing effectively and are not struggling with a strategy-execution gap.
- **Doubters:** Those who reported a gap and lack confidence it can be closed.
- **Optimists:** Those who reported a gap, but are confident that the gap can be closed.
- **Confused:** Those who indicated a lack of a strategy-execution gap, but also indicated that they lack confidence in their organizations' ability to close the gap.

The results of this analysis are shown in Figure 1. We found that only 42% of the total population of respondents were "True Believers." This finding—coupled with the high percentage of leaders who lack confidence that the gaps in their organizations can be closed—underscores the magnitude of the strategy-execution problem.

Figure 1. Doubters, Optimists, and True Believers



So what does it take to ensure that companies can execute their strategy effectively? It seems that many leaders have bought into the conventional wisdom about strategy execution: communicate an inspiring vision and realistic strategies, make sure you have an engaged and committed workforce with the skills to do the job, and focus on the customer to ensure success. However our research found that, although these baseline practices are necessary and relevant, they are *not* sufficient to ensure successful implementation. Most of the organizations in our study—those afflicted with a strategy-execution gap and those who aren't—have these practices in place. Plus, these factors are also reported to be in place in top-performing and less-successful companies alike.

Five factors—a mix of structure and leader behaviors—set apart the organizations with the best performance results *and* the companies more effective at execution, i.e., differentiated the “No Gap” from the “Gap” companies these factors contributed to confidence that the gap could be closed. These critical items include:

- Change is well managed by top management
- The current organizational structure supports our ability to effectively implement the business strategy
- Top management involves people appropriately in decisions
- Actions and decisions of top management are consistent with their values and priorities
- Decisions and actions are well coordinated across different work units and management levels

Despite the importance of these factors, organizations clearly struggle with them. In fact, three of the items were among the lowest-rated in our study. Given the importance of effective execution, this session will cover the five differentiating factors, or “bridge builders”, that set apart the organizations with the best performance (based on net sales and net earnings) as well as the companies that are more effective at execution. Moreover, in companies with reported gaps, these factors contributed to confidence that the gap could be closed.

As a case in point, we will review how NJM Insurance Group built the bridge between strategy and execution and used multiple assessment tools to enhance its ability to effectively execute a critical IT initiative and manage a large-scale organizational change. We will describe how they used assessments to pinpoint the factors that supported and inhibited their ability to effectively execute, to identify the strengths and skill gaps of their managers and leaders, and to prioritize the skill development programs and initiatives required to close these gaps (Lepsinger & Lucia, 1999; Lucia & Lepsinger, 2009). We will also share pre- and post-initiative data that measured the extent to which execution was improved.

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## *Using Strategically Aligned 360-degree Feedback Content to Drive Organizational Change*

*Dale Rose*

*3D Group*

Leader behavior is a critical lever for managing culture and creating change within organizations (Schein, 1992) and this paper makes the case that leader behavior is a necessary but often overlooked (French & Bell, 2002) pre-requisite for creating sustainable organizational change. A case study will be presented to illustrate how an IT Department within a large US-based company used a 360-degree feedback process over a 5-year period to create a significant shift in the culture necessary to achieve its strategic goals.

Under the right conditions, 360-degree feedback can be a powerful catalyst for creating organizational change (Goldsmith and Underhill, 2001; Goldsmith and Morgan, 2004; Smither et al, 2005.). Bracken and Rose (in press) have described in detail a model that articulates the specific conditions under which 360-degree feedback can be a tool for organization change. One of the most important levers identified in the model is simply the content of the survey. Whereas standardized 360-degree feedback tools may have significant advantages, the value of customizing survey content is the ability to define precisely leader behaviors the organization believes are necessary for success (Church et. al., 2002). This value likely reflects the recent finding that 78% of companies use customized 360-degree feedback surveys (3D Group, 2009). Customized surveys then, become a critical lever for driving organizational change and achieving strategic goals.

### Case Study

An IT Department within a large US Corporation had experienced significant difficulty under a previous CIO, who was replaced via internal promotion. As a consequence of many years focusing on “status quo,” the department’s entire leadership team tended to emphasize collaboration and responding to customer requests rather than looking proactively seeking opportunities to innovate. The other common problem facing the department was a difficulty meeting deadlines which often were ignored.

After establishing a strategic plan that emphasized innovation and challenging the status quo, the CIO worked with outside consultants to develop a customized 360-degree feedback process intended to develop leadership competencies. Central to the 360 process was a custom survey (later referred to as Survey 1) that reinforced many of the positive behaviors in the current culture but also introduced a number of behaviors intended to push leaders toward the new strategy. The survey was designed to indicate how well leader behaviors aligned with the new strategic direction. Follow-up support was provided to each leader via executive coaching to help them understand and develop new behaviors.

Overall scores on all 12 competencies increased significantly during each of the first two years using the 360-degree assessment. Thus, at the start of the third year, Survey 2 was developed as a revision that emphasized even further the importance of innovation, proactive planning, and accountability. Survey 2 also eliminated some competencies that were highly valued during the first year, but had created some challenges for creating change. Specifically, the Systems

Thinking competency was eliminated because many of the behaviors seemed to lead to leaders over thinking problems and getting caught in “analysis paralysis” which often had a negative impact on accountability and meeting deadlines.

After two years of progressively increasing scores, at the start of the fifth year of the project, Survey 3 was developed as a significant revision. Revisions for Survey 3 involved further shifts away from a highly collaborative, slow moving status quo culture to a faster moving, innovative culture. These revisions were accompanied by a strategic plan with clear and explicit links to the new leader behaviors.

In the fourth and fifth year of the case, the department implemented over half a dozen significant new enterprise-wide innovations that many within the company felt could never be accomplished. Each of these new initiatives linked directly to the strategic plan and were associated with significant gains in internal customer service ratings. Not coincidentally, spearheading each of these initiatives were leaders who had shown significant improvements on their 360-degree feedback assessment in the key behaviors necessary to advocate for and drive change.

#### Conclusion

This case illustrates that 360-degree feedback survey content can be a powerful lever for change. To create successful change, it is important to note that survey content was continually revised in response to changes in leader behavior and ongoing challenges facing the organization. Thus, whereas a 360-degree survey can be used to drive leadership behavior, it is important to realize that content may need to be updated continually in response to current conditions and changing needs of the organization.

#### References

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