The future of transformation is human

Putting humans at the centre can improve your odds of transformation success by more than two and a half times.

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Foreword

Saïd Business School, University of Oxford and EY (EYGS LLP) are passionate about demystifying where transformations go wrong and what organisations can do to get them right. Oxford Saïd's purpose is to prepare business leaders for the task of making the world a better and more equitable place, which dovetails with the EY purpose of building a better working world. Together, we believe we can make the business world better by helping leaders to improve their proficiency at delivering successful transformation programmes – an imperative capability in these disruptive times.

Recognising our shared passion, in 2021, Oxford Saïd and EY teams formed a research collaboration to study the troubled state of transformations, which are so critical in helping organisations (businesses, governments and public institutions) evolve to meet the changing needs of society.

Our research affirms that despite all the advances in technological capability, management theory and huge investments of money, time and resources over the last 25 years, the failure rate of transformations remains stubbornly high. Our experience suggests that this is largely because organisations have not fundamentally changed how they approach transformation. They continue to see it as a solely rational business journey without considering the emotional journey of the people involved.

Through our research, we suggest a new way to navigate transformation – one that centres on people and enables both the rational and emotional transformation journey. Organisations typically ignore or steer away from the 'humanity' of transformation because it can be perceived as 'soft' or complicated and difficult.

We have identified six drivers of human behaviour that can lead organisations to better transformation performance. Organisations that follow this new route through transformation, and excel in addressing those six drivers, can increase their likelihood of success by two and a half times, from 28% to 73%.

Are you ready to join us on this journey?

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Introduction

We live in transformative times

'May you live in interesting times.' While the provenance of this quote is under much debate, the sentiment is as true today as at any other time in history.

Organisations face an increasing number of disruptive challenges, from changing customer demands to rapidly evolving technology to persistent competitive challenges within and outside their industry (Anderson, Rainie & Vogels, 2021). These challenges are compounded by the exogenous risks of climate change, global health crises (such as the recent COVID-19 global pandemic), geopolitical tensions and political market interference.

In these interesting times, the need to transform successfully – and to do so continuously – is an imperative for all organisations. An organisation's ability to thrive now depends on the agility with which it can transform to meet customer, employee, investor, societal, environmental and regulatory demands.

There are creative leaders who are getting ahead of these disruptive forces and consciously disconnecting from the status quo. They are creating 'self-transforming' organisations with the resilience to deal with any demands, irrespective of their origins. And they are turning threats into opportunities by following a more emotional and 'human' transformation journey that generates a positive outcome, not only for the transformation at hand but also for future transformations.

How we define transformation

Transformation describes the process through which organisations make major changes to improve performance and drive sustainable growth. They can include changes to the business model, workforce, customer experience, operations or back office.

Understanding why transformations succeed or fail

In 2021, Oxford Saïd and EY teams formed a research collaboration to study the complex factors behind the high failure rate of transformations and explore how leaders can drive transformations that result in lasting change. We agree on a theory of change that is contemporary, based on lived experience, and includes both leaders and workers.

It is from this philosophical standpoint that we conducted a mixed-methods research study, which gathered insights from both transformation leaders and workers to help demystify the process of successful transformation and to understand what really makes a difference.

Oxford Saïd and EY surveyed 935 senior leaders and direct reports, as well as 1,127 workforce members from 23 countries and 16 industry sectors. Most of our survey respondents had led or experienced multiple transformations – both successful and underperforming. To understand what differentiates success from failure, we asked respondents to reflect on a specific transformation in the past five years and assess its design, execution and performance on multiple dimensions. We employed a least-quota fill approach to ensure we captured equal numbers of successful and underperforming transformations.

We also conducted in-depth qualitative interviews with 25 transformation leaders across more than ten sectors. We asked each leader to identify three critical turning points in their transformations. During the one-hour interview, we discussed each turning point to understand when and why transformations may derail, what actions the leader took to improve and how it impacted the outcome of the transformation.

Our research approach

Qualitative interviews with transformation leaders

Audience
- 25 senior leaders across 10+ sectors
  - Titles such as:
  - CEO, Real estate
  - CTO, Finance and banking
  - COO, Motor sports
  - Chairman, Consumer goods
  - Managing Director, Health care

Method

- Before interview: Each leader was asked to identify three critical turning points in their transformations

- During the one-hour interview led by Oxford: We discussed each turning point to understand when and why it happened, what actions were taken to improve and how it impacted the outcome of the transformation.

Quantitative survey on transformation practices and outcomes

935
CXOs and direct reports
- Min 100 each: CEO, CFO, COO, CISO, CMO, CSO, CTO, CHRO
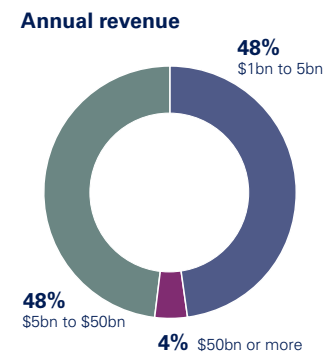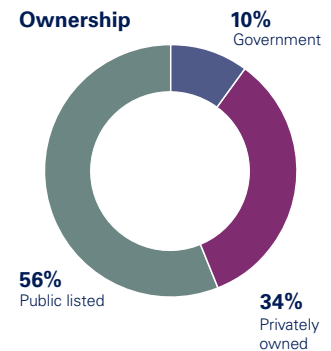
- Min 50 each: CDO/CTrO

1,127
Workforce
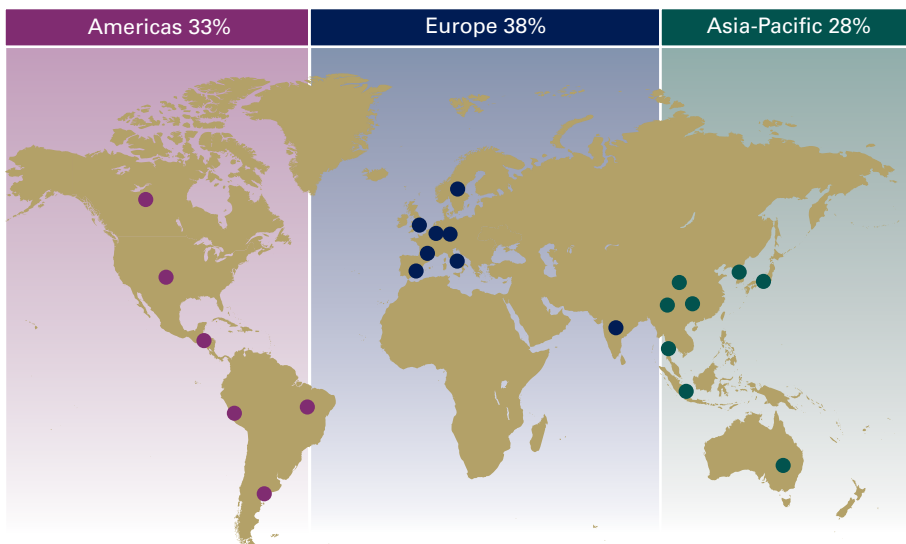- Min 500 middle management

- Min 500 individual contributors

50:50
Split on outcome of the transformation
- 51% successful

- 49% underperformed

Ownership

- 10% Government
- 56% Public listed
- 34% Privately owned

Annual revenue

- 48% $1bn to 5bn
- 48% $5bn to $50bn
- 4% $50bn or more

23 countries

| Americas 33% | Europe 38% | Asia-Pacific 28% |

7 Industries   **16** sectors

Minimum 50 per sector each for senior leaders and workforce

Automotive and Transportation; Manufacturing; Chemical and Industrial products; Consumer Products and Retail; Mining and Metals; Oil and Gas; Power and Utilities; Banking and Capital Markets; Insurance; Wealth and Asset Management; Government; Health; Life Sciences; Technology, Media and Entertainment; Telecommunications.

Our research findings and our experience in the field indicate the following.

- **Despite all the technological advances and organisational learning, little has changed in the way we approach change**. More than 25 years after John Kotter produced research indicating that only 30% of transformations succeed (Kotter, 1995), our recent research highlights a similar statistic. Of the more than 900 senior leaders we surveyed, 67% say they have experienced at least one underperforming transformation in the last five years.

- **The complex factors that can influence a transformation's success or failure are rooted in human behaviour – specifically, emotional behaviour.** There is a high human cost to the emotional journey that both leaders and employees experience in a failed transformation. In our experience, it's a toll from which few workforces recover once a failed transformation cycle is complete. Entering the next transformation with a well of negative emotions from the previous failed transformation provides a disadvantageous starting point, creating a vicious loop of increasing toxicity. An emotional trough this deep can lead to a mass exodus of workers that will be very difficult to replace.

- **Instilling leading practices around the six drivers can substantially increase the odds of transformation success**. Organisations that prioritise and address the human factor for six key drivers – leadership, vision, emotional support, technology, process and culture – are far more likely to be successful in their business transformation initiatives and can therefore avoid the negative emotional impact.

67%
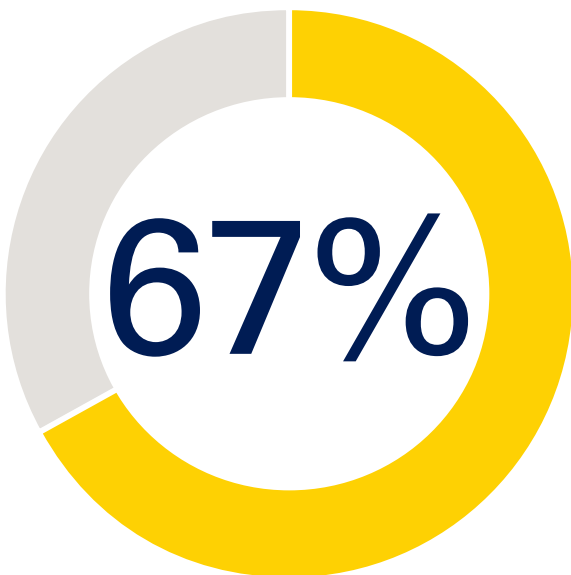
67% of senior leaders have experienced at least one underperforming transformation in the last five years.

Identifying the six key drivers of transformation

To identify which transformation practices drive success, we asked respondents to self-assess the extent to which their organisation adopted 50 leading practices in 11 areas of the transformation. We used a logistic regression model with maximum likelihood estimates to determine which of the 11 areas increase the likelihood of success. We used odds ratios to quantify the impact of each area on success and identified six areas with a statistically significant and positive impact on transformation success. To demonstrate the importance of doing well in all six areas, we used our predictive model and bootstrapping to estimate the likelihood of success for transformations with below average (-1SD), average, or above average (+1SD) performance in our six key areas. This demonstrated an increase in the likelihood of success by 2.6 times, from below average in all six areas (28% chance of success) to above average in all six areas (73% chance of success).

Making sense of the paradoxes of change

The ability to embrace change is one of the defining characteristics that makes humans human. In his book *Sapiens: A Brief History of Humankind,* Yuval Noah Harari highlights that Homo sapiens is the only species with the ability to adapt its social structure and shift its cooperation with strangers to influence change without changing its DNA (Harari, 2015).

Yet as adaptable as humans may be, people struggle to change their behaviour. In a medical study conducted several years ago, one in seven heart patients, when told that persisting with a destructive habit, such as smoking or drinking, would kill them, still couldn't make the change (Kegan & Lahey, 2009).

It's a paradox. On the one hand, humans have survived to become the dominant species on the planet because of our ability to change. On the other hand, humans struggle to change, even when threatened with death. At the centre of our research, we found a series of paradoxes that, when improperly addressed, have hampered the success of transformations. The handling of these paradoxes may answer the meta paradox of why leaders and organisations frequently appear to freeze in the face of transformational challenges. These paradoxes bring to life the fact that transformation is as much a human and emotional challenge as it is a logical and rational challenge. Further, the key to succeeding rather than failing relies on the ability of organisations to completely rethink and redesign transformations with human emotions as the focal point.

As you read them you will see that both sides of these paradoxes, while seemingly in tension with each other, are necessary in a transformation journey. They're like Möbius strips, loops with a half twist that create single-sided, non-orientable surfaces without boundaries. If you draw a line along the centre of the strip, you'll see that the line seems to run along both sides of the loop. Similarly, organisations that successfully solve these paradoxes go through this half twist, with each paradox building on the other to create a dynamic, interwoven interdependence. Organisations that are unable to work through these paradoxes are increasingly likely to descend into the abyss of underperformance and even failure.
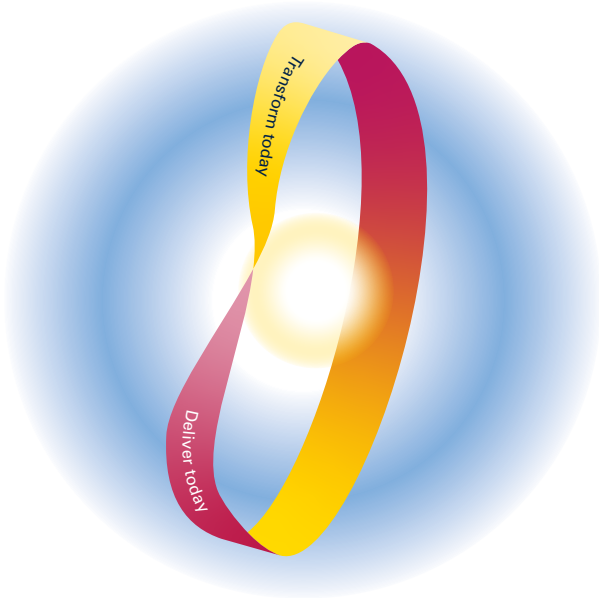
Paradox 1: Deliver today, transform today. Leaders are under constant pressure to deliver financial results – to shareholders, investors and the markets. At the same time, the pressure of constant disruption is challenging leaders to shake their organisations out of stasis. Leaders need the courage to challenge the status quo – to understand the areas of the organisation that are fit for purpose and which areas are in need of radical disruption so that the organisation can thrive in the future.

Paradox 2: Clarity of vision, place of not knowing. Vision forms the foundation of a transformation. Leaders with clarity of vision lean into the disruptive environment and identify a path that will take the organisation forward. This vision embodies why the organisation exists and for whom. However, while looking to achieve this clarity, leaders also have to enter a place of not knowing, to have the humility to admit that they don't know everything. Transformations are not linear. They are learning processes – and leaders need to be open to shifting their thinking and understanding. The heart of this paradox is the need to have a deep belief lightly held. Leaders need to be open to a variety of perspectives that may challenge their current assumptions. Because only through listening and co-creating a shared belief through a collective and compelling 'why', can leaders galvanise a movement within the organisation that brings that vision to life.

Paradox 3: Create alignment, learn from dissent.
Most organisational theory suggests that a key task for leaders is to quickly get alignment across their organisation and ensure that everyone is working towards a common goal. To assure alignment, leaders need to overcome resistance. While alignment is important, transformation requires leaders to lean in and learn from dissonance rather than suppress it quickly. Leaders will achieve true alignment through dialogue and listening. When transformation appears on the horizon, leaders and workers have opinions and questions: What decisions do I need to make? How will this affect me? How will this change our culture? The emotions behind these questions can include anxiety, excitement, anger and calmness. The questions and emotions can be as diverse as the number of people and will often change on an individual basis over time. Leaders need to listen to the questions and be empathetic to the emotions behind them at an individual level before they can build a collective and compelling 'why'. By creating safe spaces for all voices – including those of resisters – leaders can begin to transform the emotional state of the organisation. Listening with empathy can come through one-on-one conversations, small groups or town halls. Leaders will also benefit from creating a leadership culture by investing in digital platforms that allow leaders to listen and respond to large groups of people. It is through the exploration of all emotions – positive and negative – that transformation happens, and individual voices emerge into a collective endeavour.

Paradox 4: Disciplined delivery, freedom to create. Leaders are tasked with getting from point A to point B quickly. They need to set an ambition and get the organisation to deliver within a prescribed timeline. They set a clear direction and then push resources at the goal to get there. The challenge is that transformation, by its very nature, is not a linear process. It's more of a corkscrew, with ups and downs and twists and turns. Leaders need to allow opportunities for experimentation and new ideas, create a culture of acceptance around failure and learning, and foster a mindset of adopt versus adapt. By giving workers the freedom to create (within clear boundaries), transformations can often achieve their objectives faster than travelling from point A to point B.

Recognising the whole human (rational and emotional) is key to transformation

Historically, leaders have focused on the rational, logical journey of transformation. Yet when we look at our research, we can see the importance of the emotional journey to the success or failure of a transformation.

As we can see in Figure 1, successful transformation leaders remained positive throughout the transformation process. At the end of the transformation, the majority of leaders expressed 'happiness' or 'excitement'. Workers began slightly less positive than leaders, but ultimately ended up 12 percentage points more positive.

Conversely, in underperforming transformations, senior leaders started out as positively as leaders of successful transformations. However, partway through, negative emotions overtook positive emotions. By the end, the majority of leaders expressed being 'upset' or 'depressed'. Similarly, workers generally felt positive about the journey ahead, but partway through emotions soured. By the end, the underperforming transformation workforce experienced 13 percentage points more negative emotions than their leaders.
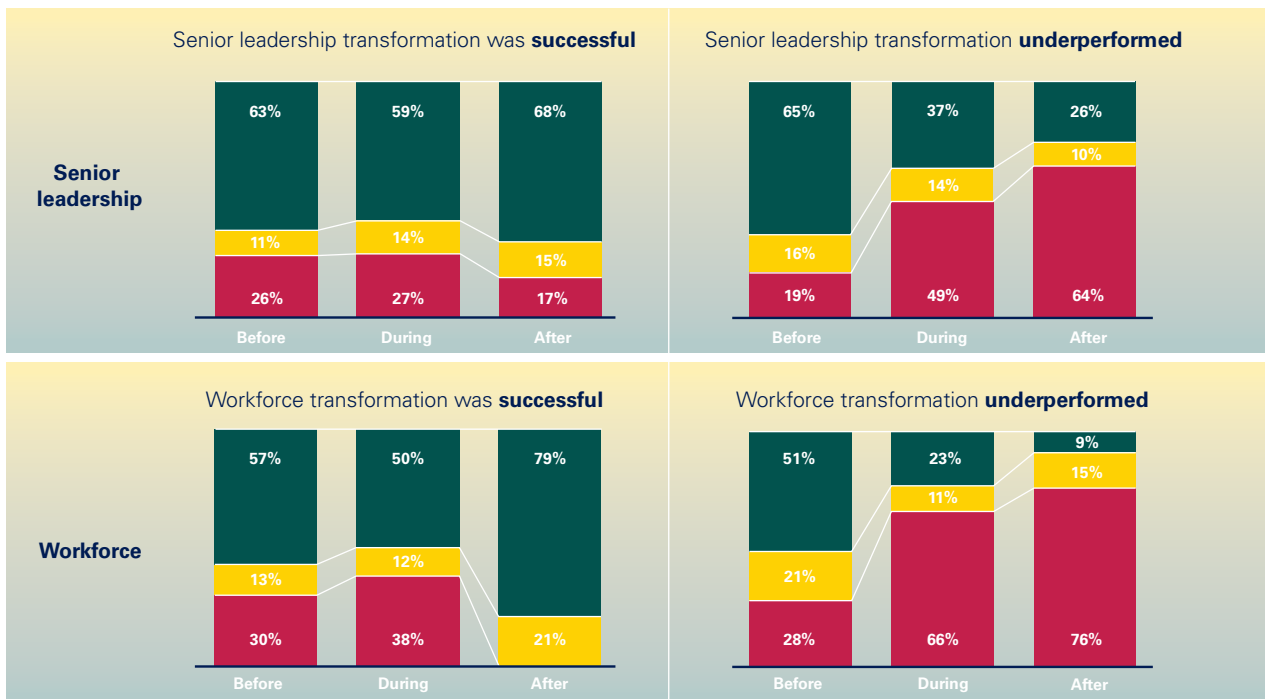
High-performing transformations

To identify high-performing transformations, we created a transformation index based on respondents' adoption of 30 best practices mapped to the six key drivers of success. We then segmented respondents using latent class regression based on their transformation index score and how well their transformation achieved its KPIs. This identified two groups with clear differences in transformation outcomes. High-performing transformations were successful 76% of the time and overperformed their KPIs 36% of the time. They also had high adoption of leading practices in the six key areas of success. Conversely, low-performing transformations underperformed their KPIs 77% of the time and had significantly lower adoption of leading practices in the six key areas.

Figure 1 – Deep-dive on the data

Emotional journeys are the key: Deep-dive on the data

Q: Which emotions describe how you felt during the following stages of the transformation?

- Positive emotions
- Neutral emotions
- Negative emotions

Negative emotions increase **25%** among workers during transformations that will succeed.

Negative emotions spike **136%** among workers during transformations that will underperform.

Successful business transformations invest up front in building the human conditions for success
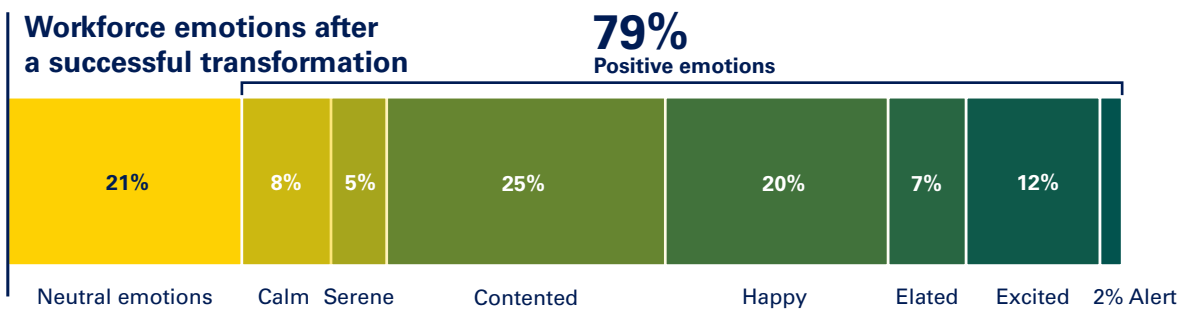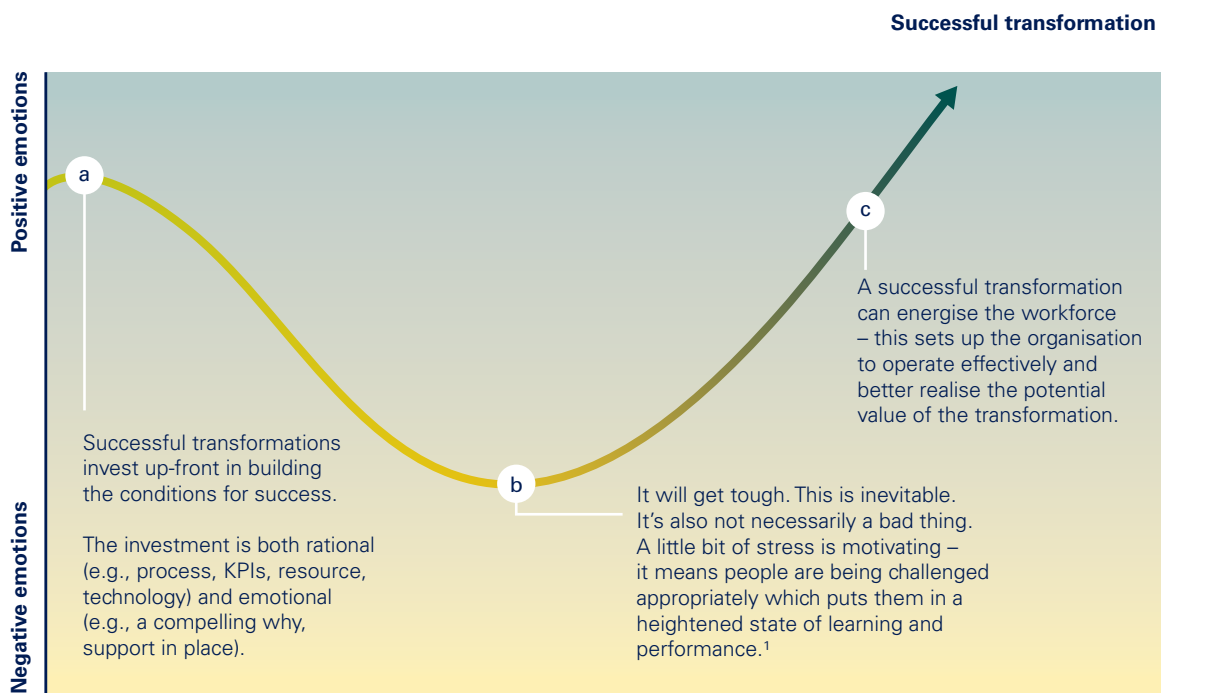
To achieve a high-performing transformation, leaders need to invest up front in building the human conditions to address the paradoxes. The investment is both rational (process, KPIs, resource and technology) and emotional (a compelling 'why' that everyone can believe in, two-way communication and empathy). The rational investment provides discipline, structure and platforms to manifest the shift quickly, while the emotional investment helps everyone to keep pushing forward, especially during the messy times.

As the organisational pressure increases, the support given to people needs to increase. Successful leaders adjust resources, use technology that makes the vision real, and make coaching and emotional support available to both leaders and the workforce throughout the transformation.

With these conditions in place, the heightened stress has the potential to raise performance rather than lower it. Leaders and the workforce can lean in and learn from the stress. This maintains a zone of high performance and sets up the organisation well for the next phase of transformation – applying lessons learned and new experiences to continuously improve. Figure 2 illustrates the emotional journey for successful transformations.

Figure 2 – Successful transformations embrace emotions

Emotional journeys are the key: Successful transformations embrace them

Successful transformation

Positive emotions

Negative emotions

a Successful transformations invest up-front in building the conditions for success.

The investment is both rational (e.g., process, KPIs, resource, technology) and emotional (e.g., a compelling why, support in place).

b It will get tough. This is inevitable. It's also not necessarily a bad thing. A little bit of stress is motivating – it means people are being challenged appropriately which puts them in a heightened state of learning and performance.[1]

c A successful transformation can energise the workforce – this sets up the organisation to operate effectively and better realise the potential value of the transformation.

Workforce emotions after a successful transformation

79% Positive emotions

Neutral emotions	Calm	Serene	Contented	Happy	Elated	Excited	2% Alert
21%	8%	5%	25%	20%	7%	12%	

1 Cohen, Sheldon; Kamarck, Tom; Mermelstein, Robin; "A global measure of perceived stress," Journal of Health and Social Behavior, jstor.org/stable/2136404?origin=crossref, accessed 4 May 2022.

Unsuccessful transformations spiral down

When transformations underperform, there is little or no upfront investment. Emotional resilience falters. When leaders and key stakeholders stop believing in the transformation, they begin to distance themselves from it to minimise their own brand damage. This leaves the workforce to bear the brunt of the failed transformation – and the emotional damage is substantial. Three-quarters (76%) of workers in an underperforming transformation experienced negative emotions (sadness, depression, nervousness, upset, tension, stress).

As the pressure increases, there is no balancing increase in emotional support. Workers are left feeling anxious and overworked. There is no compelling vision, technology investments are poor (or poorly executed), and there is no agility or learning in the process. Instead, the focus reverts to hitting targets, with missed targets categorised as failures rather than feedback.
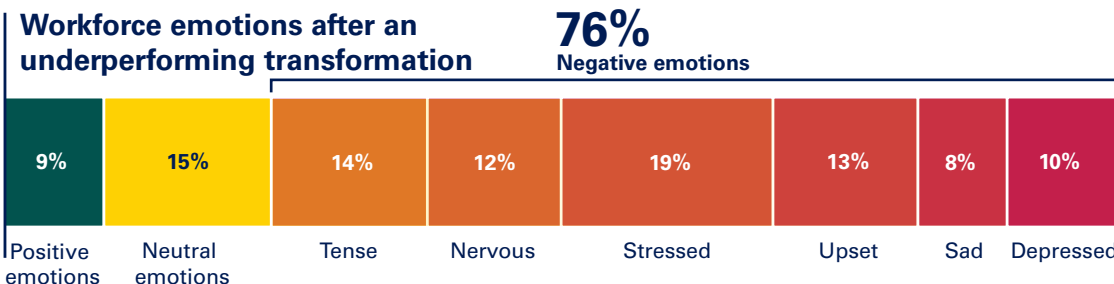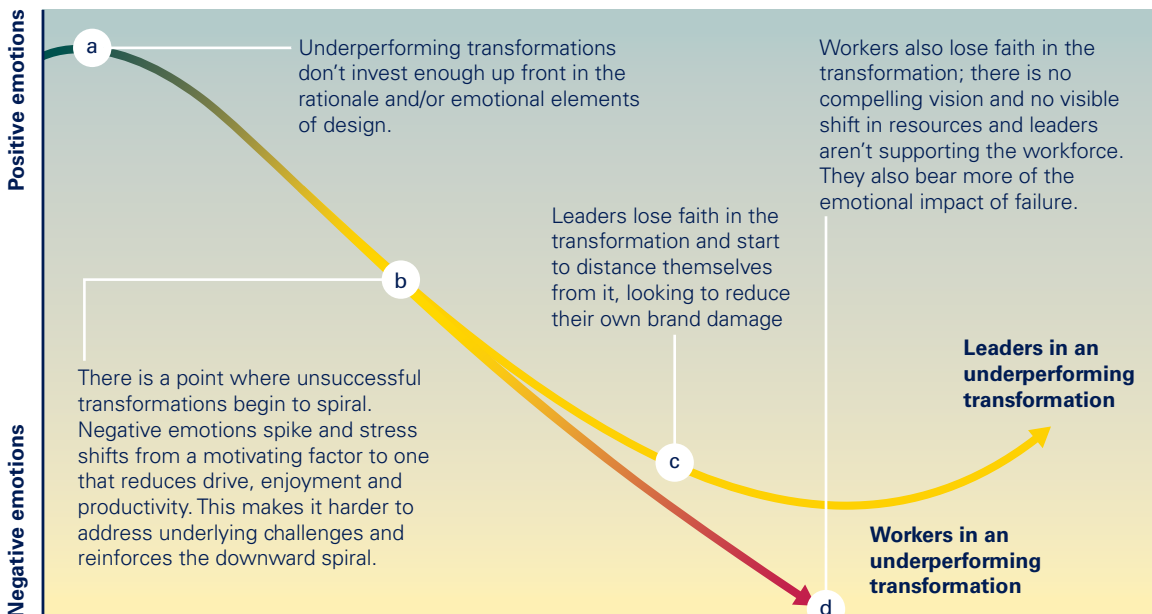
The organisation fails in the transformation. Our experience suggests that this results in irreparable damage to workers and an erosion of confidence among leaders. Moreover, the appetite to take on further transformation disappears.

This is particularly evident among workers. Our free-text analyses revealed that workers involved in underperforming transformations felt unheard, unsupported and stressed during and after the transformation. Figure 3 illustrates the emotional journey for underperforming transformations.

50%

of workers who experienced an underperforming transformation agreed that transformation was just another word for layoffs.

Figure 3 – Underperforming transformations ignore emotions and spiral into the abyss

Emotional journeys are the key: Underperforming transformations lose control and spiral

a — Underperforming transformations don't invest enough up front in the rationale and/or emotional elements of design.

b — There is a point where unsuccessful transformations begin to spiral. Negative emotions spike and stress shifts from a motivating factor to one that reduces drive, enjoyment and productivity. This makes it harder to address underlying challenges and reinforces the downward spiral.

c — Leaders lose faith in the transformation and start to distance themselves from it, looking to reduce their own brand damage

d — Workers also lose faith in the transformation; there is no compelling vision and no visible shift in resources and leaders aren't supporting the workforce. They also bear more of the emotional impact of failure.

Leaders in an underperforming transformation

Workers in an underperforming transformation

Workforce emotions after an underperforming transformation

76% Negative emotions

Positive emotions	Neutral emotions	Tense	Nervous	Stressed	Upset	Sad	Depressed
9%	15%	14%	12%	19%	13%	8%	10%

49%

of workers who experienced an underperforming transformation agreed that transformation leads to worry about job security versus 39% of those who experienced successful transformations.

Putting humans at the centre of transformation

How can leaders avoid the downward spiral and pivot their way to success? Using the findings of our research, we've developed a formula to demystify the process of transformation and transcend the paradoxes by putting humans at the centre of transformation.

Although paradoxes never completely resolve, the leaders we interviewed who found temporary transcendence by leaning into them were able to create the right level of tension to elevate their team's performance and accelerate their transformation to a successful outcome.

In the sections that follow, we outline how leaders can develop and adopt leading practices for six drivers to realise a heightened level of performance in their transformations.

Organisations that put humans at the centre of their transformation journey are 2.6 times more likely to be successful than those that do not (73% chance of success versus only 28%).

1 Lead: Adapting and nurturing the necessary leadership skills

52%[1]

of respondents in high-performing transformations said leaders made decisions that were best for the whole organisation, not just their areas of responsibilities (versus 31% of respondents in low-performing transformations).

52%

of respondents in high-performing transformations said leaders understood the needs and views of the workforce (versus 31% of respondents in low-performing transformations).

47%

of respondents in high-performing transformations said leaders accepted ideas from more junior personnel (versus 29% of respondents in low-performing transformations).

'I think the first thing we have to do is talk about self-transformation. If [as a leader] you are not ready to change yourself, forget about changing your team and your organisation.' – Dr. Patrick Liew, Executive Chairman, GEX Ventures

Key takeaways

- **Start by transforming yourself**. Emotional transformation is a perpetual journey. Constantly work on yourself to deepen your self-awareness so that you can manage your emotions and help your workforce navigate their emotions.

- **Demonstrate courage, curiosity and care**. Have the courage to challenge the status quo, the curiosity to consider the situation from multiple perspectives, and the care to listen and understand the fear and anxiety that the transformation might cause to surface.

- **Select the right team**. Put the right people in the right roles based on their skills and their willingness to embrace change. Know when to let go of those who are unwilling to change.

Throughout our interviews, we heard leaders say that they recognised the need to work on their own development to lead a successful transformation. Leaders of successful transformations develop a skilful blend of advocacy and inquiry, holding passionate beliefs that they can articulate, and demonstrating the capacity to shift their understanding of self and system through action and investigation.

[1] These percentages represent a high adoption of this practice, or those who did this to a significant extent, with a rating of 8 or higher on a scale from 0 to 10.

Start by transforming yourself

As a leader, the process of personal emotional development begins by recognising the limitations of your current mindset and capabilities, given the transformational challenge you're facing. You need to be brutally honest about the fear, anxiety and self-doubt you feel about what you can and can't do, what you do and don't know, and therefore what you need to learn. You also need to be aware of your relation to and emotional impact on others. By understanding your own emotional landscape and how to regulate and transform it, the better you will be at having a positive impact on others.

'I think I became even more aware of myself. Who I am. Being more vulnerable. Being more honest with myself and being able to tell people, hey, you know, I'm struggling here.' – Paul Nanninga, Senior VP, Ricoh Global Services

You may want to ask yourself the following questions:

- Have I recognised and worked through my own fears and anxieties about change? Or do I choose rational thought to avoid my emotional response?

- Am I comfortable verbally articulating my emotions regarding the transformation to others?

- Am I able to manage and address my own emotions so that I can listen more intently to the emotions others are experiencing and emotionally support them through the transformation?

The process of self-transformation must be a priority for the CEO and the executive team. It requires both money and time to create the space for you as a leader

Leaders rank leadership as the #1 driver when successful, but only #10 when the transformation underperforms. Workers rank leadership #1 regardless.

to go through your personal emotional journey. It may also require the right facilitators from inside or outside the company to help you navigate this change.

Our research shows that through their journey of self-transformation, leaders can develop the skills to excel in a continual state of transformation.

'As somebody who was tasked to lead this, if I'm being honest with you, it was pretty unsettling at the start, because I think by nature most of us like to know the path we're going on.' – Rob Thomas, COO, Mercedes-Benz Grand Prix Ltd

Demonstrate courage, curiosity and care

Bringing the whole human – rational and emotional – into a transformation allows leaders to work with the stress that everyone experiences in a productive way, using it to push forward and adapt. In his book *Images of Organization,* Gareth Morgan describes the organisation as a living organism that must adapt as the environment changes and one that is indivisible from its environment (Morgan, 2006). In transformation, leaders need to move from seeing the organisation as an inanimate and static construct to seeing it as a dynamic human system that lives in a state of continual evolution.

In our research, we saw high-performing leaders being courageous, curious and caring beyond the boundaries of their organisations. Through a human-centred perspective of transformation, leaders learn skills such as intensive listening to what is said or not said, genuine empathy to understand the fear and anxiety that transformation might invoke, and inspiration to propel them to a greater state of emotional awareness. The ability to suspend judgement and listen allows leaders to uncover resistance more constructively. They can avoid the emotional cliff that so many transformations stumble over and instead send the transformation in a positive direction.

As a leader, the more curiously and patiently you listen, the more workers will feel heard, and the more openly they will speak up. When this occurs, employees begin to feel 'held' and that their emotions are being taken seriously. This then becomes the basis of a real commitment between you as leader of the

transformation and the workforce being transformed. The more your people feel cared for, the more they are willing to invest.
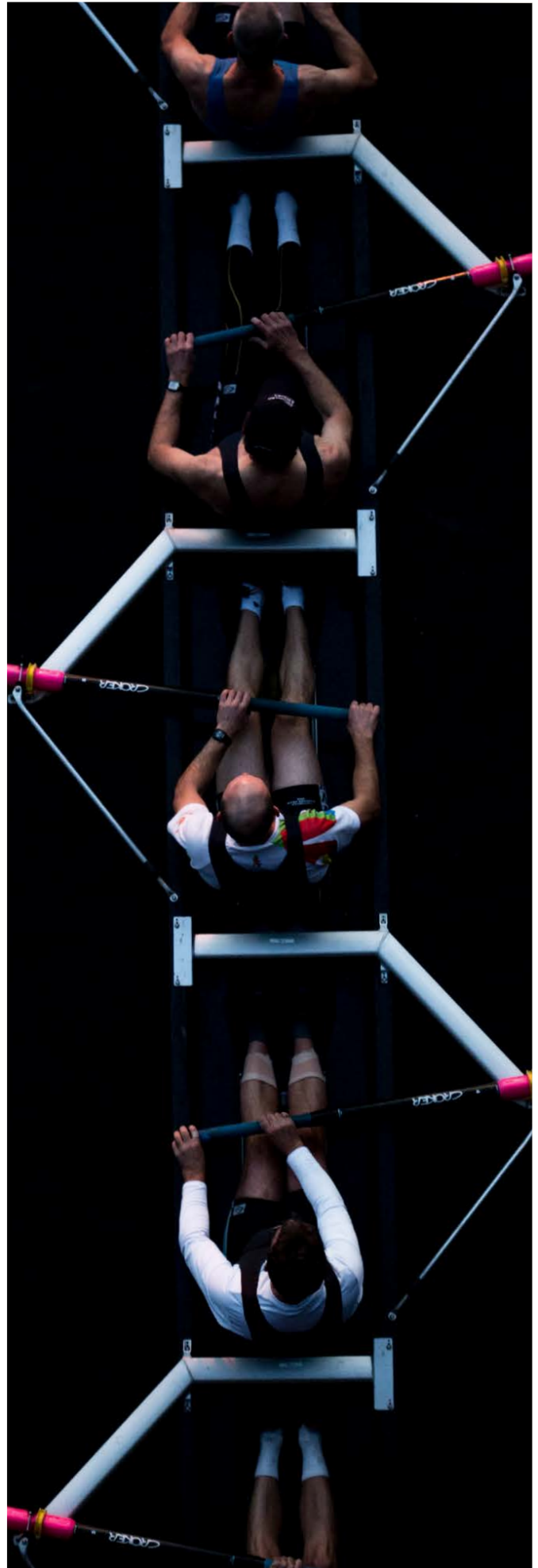
Based on our research, half (52%) of respondents in high-performing transformations said leaders understood the needs of their workforce versus only 31% of respondents in low-performing transformations.

Select the right team

As important as understanding and supporting the emotional journey is, as a leader, you need to get the right leadership executives in the right roles with the right skills and experience. It's about more than simply sliding in anyone available to fill the role. It requires ferocious selection based on an executive's skills as well as their willingness to embrace change. Some people are so connected to the status quo that they cannot see or do not want to see a role for themselves that may require leading, managing and behaving in a different way. As you begin to select your transformation executive team, you have to know whether you have the skills to identify who should fill which roles. If you don't, you'll need to find someone within or outside the organisation who can.

Change requires patience. But at some point, pace will need to supersede patience. We heard examples from some of the leaders we interviewed where executives were too scared or simply unwilling to learn the digital skills they needed or to embrace their evolving role within the organisation. If, after giving resisters the space and support needed, they continue to resist, you need to separate them from the project. These can be hard decisions in the near term but can prevent bigger challenges in the future.

'Often, you cannot bring all of the people along. So, the question is, how much buy-in do you need? What is the tipping point where you can move, even if it leaves some people behind on the platform as the train leaves the station?' – Christiane Wijsen, Head of Corporate Strategy, Boehringer Ingelheim

2 Inspire: Creating a vision for all to believe in

48%
of respondents in high-performing transformations said leadership clearly articulated why the organisation needed to change (versus 25% of respondents in low-performing transformations).

47%
of respondents in high-performing transformations said the transformation vision was clear and compelling (versus 26% of respondents in low-performing transformations).

50%
of respondents in high-performing transformations said the vision energised and inspired them to go the extra mile (versus 29% of respondents in low-performing transformations).

'A successful leader needs vision and motivation and a relentless desire to improve – that will equate to success.' – anonymous survey respondent

Key takeaways

- **Don't wait for the burning platform. Be the fire.** Don't wait until you need to transform. Be willing to self-disrupt, even if you are operating at peak performance, to explore why you exist as an organisation and what you want to be in the future.

- **Be open to being challenged.** You won't have all the answers. Look inside and outside the organisation to find the answers and be open to voices that may challenge your current assumptions.

- **Collaborate on a compelling 'why' to create a movement.** Focus on a collective and compelling 'why' in which both leaders and workers can find purpose.

- **Galvanise the movement.** To galvanise the movement, leaders need to foster a two-way dialogue that helps to create and reinforce a shared belief.

'I always tell my team [to embark on a transformation] when your company's performance is at its best.' – Mohamed Althaf, Director, Lulu Group International

Vision forms the foundation of a transformation. It embraces the need to disrupt the status quo and depicts a step change that takes the organisation forward. Leaders then translate the vision into a compelling emotional 'why' that workers can believe in and support.

Don't wait for the burning platform. Be the fire

Historically we have seen leaders waiting until the fire of change is very close to them – if not consuming them. Our research shows that rather than looking back to chart a course for the future, there are leaders who recognise the need for a future-back vision. They look ahead and envision multiple future scenarios and then create a multi-horizon strategic map that walks the future back to today. This requires leaders to consciously disconnect and deliberately enter a zone of discomfort and vulnerability to break with the status quo. They aren't waiting for the burning platform, whether it be declining sales, eroding profit margins or increased competition from unexpected competitors. They're starting the fire as a disruptor to imagine a new future.

Our research and experience suggest that the best time to enter a transformation is when things are going well. Transformation spurs change among resources, and especially in the level of motivation of the people leading and delivering it. Fifty per cent of respondents in high-performing transformations said that the transformation energised them to 'go the extra mile'.

'We visited all but one of the top ten Silicon Valley disrupters. Had access to their top brass … to basically bathe the top management team in the reality of disrupters … We were visiting companies and talking to CEOs and venture capitalists who were funding the next round of unicorn start-ups, to show how industries were being transformed in less than a decade, and to drive home to us this is what the digital revolution means.' – Geoff Skingsley, Chairman, UK & Ireland, L'Oreal

Be open to being challenged

To craft a future-back vision, you need to understand key megatrends, determine how they may impact market conditions and align these insights to your transformation vision. Despite the data and leading indicators to guide you, as a leader, you need to get comfortable with being uncomfortable. You need to recognise that you might be an expert in today's business but an amateur in the future business.

As a leader, having the courage and humility to accept that you don't have all the answers enables you to bring different voices into the business that challenge the dominant logic and assumptions about what underpins success. This can include bringing in leaders and employees from other companies, including partners and suppliers, who may see the world differently and can bring different capabilities to help shape the vision. It's important to cast a wide net to identify bold new opportunities.

'We had a session with the Executive Board and the major leaders of the company every month. We would invite an external speaker – a nuclear scientist, policy maker, another business leader or a technology expert. And we would discuss what was happening in the ecosystem; what was happening outside [our organisation].' – CEO, Logistics

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Collaborate on a compelling 'why' to create a movement

Once you, as a leader, have landed on a future-back vision, you will need to collaborate with workers involved in the transformation to get their buy-in – to give them a reason to follow you on this journey.

When people hear the term 'movement' they instantly think of individuals and groups seeking to bring about social change in areas such as environmental sustainability or justice challenges. However, our research suggests that transformation leaders and their employees should use a similar approach by collaborating on a compelling and collective 'why' that is separate and distinct from the organisation's corporate purpose. This approach of finding the emotional vision for transformation and then creating space for the individual belief of workers was described by one of our interviewees not as 'getting a pay cheque … but having a purpose in life'. This approach is about creating a movement that enables leaders and workers to make it through the inevitable challenges that will arise during a transformation.

'Having a purpose in life, especially when you look at COVID times and people are really down in the dumps, knowing you make a difference I think helps people a lot more than just getting a pay cheque.' – Allison Rossiter, Managing Director, Roche Diagnostics Australia

To create a movement successfully, the people affected need to understand why change is needed, not only what they need to do. Workers who understand why are more autonomous, creative and better able to remain positive and adaptive throughout the ups and downs of the transformation.

Galvanise the movement

To galvanise the movement there needs to be two-way dialogue, which allows all involved to feel a part of a shared belief. This goes far beyond traditional notions of installing a coalition to drive transformation adoption. Leaders we interviewed said they reached beyond the compromising associated with coalition-building and created commitment by offering their emotional investment. By embracing the emotional journey of the transformation, leaders turn the technical experience of transformation into a social one.

Simultaneously, some organisations have begun to move away from the hierarchical, top-down, command-and-control culture and towards a culture of collaboration and empowerment. In its ideal state, key leaders still provide guidance, orientation and direction, but the transformation's progress is driven by the energy of the movement. Executive leadership meets energetic groundswell, fuelled by a shared belief in the transformation. As one research participant put it: 'We tend not to push because we failed once. We wait a lot for pull.'

Galvanising such a movement, however, doesn't happen overnight. Many leaders in our study reported that, in retrospect, they wished they had had more patience during the transformation process. Reassuringly, workers suggested that a leader's ability to care and listen could easily make up for technical deficits. While many transformation leaders reflected that they wished they had more skills and knowledge relevant to technology, workers said that they wished leaders had been 'more supportive', had 'more patience and been calm under pressure', and had been there to 'motivate people'. The movement is emotional and social first, technical second.

'Things are moving so fast nowadays and can get so complex that you need a lot of supporters to make a transformation successful. Optimally, you create a kind of movement. Unexpected events will pop up all the time. When you have been able to create a movement, these supporters will buffer unplanned issues, and tweak plans where needed, in order to stay on course. When you don't have such a network, you're alone, and you will not be able to manage the complexity. This is not a time for super-hero's, but for super-teams' – Christiane Wijsen, Head of Corporate Strategy, Boehringer Ingelheim

3 Care: Building a culture where people's opinions are embraced and encouraged

52%

of respondents in high-performing transformations said the organisation provided the emotional support that they needed during the transformation process (versus 27% of respondents in low-performing transformations).

'They all want to make positive contributions, but they needed to be assured that moving out of their comfort zone wouldn't hurt them.' – Mohamed Althaf, Director, Lulu Group International

Key takeaways

- **Be transparent about the nature of the transformation**. Provide a realistic picture of the transformation and normalise anticipated stumbling blocks to prepare the workforce and engender trust to weather the storms ahead.

- **Don't wait for the 'speak up'. Call up**. Proactively create psychological safety by not only encouraging people to speak up, but also directly soliciting their opinion, or 'calling them up'. Show your respect and appreciation for the workforce and their insights by actively seeking their input.

With the benefit of hindsight, our interview respondents almost unanimously recognised that strong emotions were part of the transformation process. Research participants spoke of the need to anticipate, accept, acknowledge and work with these emotions in a positive and generative fashion. In both cases, the human costs and benefits are significant. Leaders must create the conditions for success.

As a leader, you need to be able to use your own emotional understanding and regulation to help workers navigate their emotional journey. You don't need to take their emotions away. You need to lean into them so that you can understand what's going on and use their emotions to drive the transformation forward. As you understand yourself more, you can clear out your own emotional baggage. This will allow you to create the right space to actively encourage emotional awareness and expression.

Be transparent about the nature of the transformation

There is often a temptation to create early buy-in by painting an overly simplistic or optimistic picture in which transformation leadership is in full control and everything will proceed in a predictable and timely manner.

Being overly optimistic typically faces challenges at some point in the transformation. Workers recognise this approach as naïve and question the transformation leader's insight and foresight. Alternatively, people initially buy in to the simplistic transformation story, but become more profoundly unsettled when the transformation stalls.

Painting a more realistic picture and normalising anticipated stumbling blocks will prepare the workforce better and create greater trust to weather the storms ahead.

'It is more like a spiral, where you just go up a little bit and the turning points are positive, and then a negative one. We came back a little bit and then we go up again and went to the second cycle.' – VP, Health & Life Sciences Industry

Don't wait for the 'speak up'. Call up

Even when you build trust and engagement at the beginning of the transformation, there will be people who resist the change. The ability to be respectful of this emotional resistance in workers allows leaders to leverage them as sources of learning.

If you, as a leader, have the courage to care, you can proactively find people who disagree with the transformation vision or process. You can then demonstrate intensive listening to understand their concerns and the source of their resistance. You can lean in by asking simple questions, such as: 'What are you feeling? Tell me more about that.' You can also use techniques, such as paraphrasing what you think you heard, to facilitate emotional regulation. Encouraging self-observation, self-compassion, focusing on the breath, and creating an environment free from judgement and reaction are all important here.

Take the opportunity to leverage their insights to surface misunderstandings, anticipate problems and remove barriers to implementation. As one of our research participants put it: 'The management can be out of touch with its staff and it is important for management to listen to them.'

This proactive seeking out of dissenting voices goes beyond the well-established need to provide 'psychological safety' (Edmondson, 1999). Psychological safety reassures workers that it is safe to speak up – that dissenting views will be welcomed and respected. Still, the onus to speak up and fill the available space rests on the workforce. By enabling employees to speak up, it allows for empowerment for employees (Stier & Driggs, 2022).

Successful leaders in our study were much more proactive in calling up workers. In some instances, they would literally pick up the phone to frontline staff to understand their concerns. In our study, 52% of high-performing transformations had leaders who understood the needs and views of the workforce, whereas this was the case for only 31% of the low-performing transformations.

To build a call-up culture, successful transformation leaders invested in platforms that helped convene disparate voices and enabled multi-directional dialogue. They also engaged in face-to-face communication, from one-on-one conversations to focus groups to town halls. In this sense, calling up the workforce was also radically different from well-rehearsed advice that transformation leaders must (over)-communicate their vision (Kotter, 1995). It's not only about broadcasting; it's also about establishing dialogue. Still, the effect is similar because dialogue creates alignment. The fundamental difference is that today's transformation leaders create alignment through listening.

"You've got to be very, very respectful of people at a working level. You've got to understand the emotional side and consider a completely different perspective, such as how is this transformation going to make their life easier.' — Thomas J Sebastian, London Market Joint Venture CEO, DXC Technology

4 Empower: Setting clear responsibilities and being prepared for change

48%
of respondents in high-performing transformations said the process was designed so that it ensured collaboration across different departments and units (versus 30% of respondents in low-performing transformations).

48%
of respondents in high-performing transformations said the process was designed so that failed experimentation would not negatively impact career or compensation (versus 29% of respondents in low-performing transformations).

46%
of respondents in high-performing transformations said the process encouraged innovative experimentation and new ideas (versus 29% of respondents in low-performing transformations).

"We create(d) some agreement and rules around how we interact with each other, mutual respect, actively listen and challenge the idea, not the person.'
– VP, Health & Life Sciences Industry

Key takeaways

- **Expect the corkscrew and plan accordingly**. Anticipate and prepare for the various ups and downs that characterise the transformation journey.

- **Realign power and resources**. Focus on the future state by delegating authority and shifting incentives.

- **Set the discipline, support the freedom to experiment**. Establish clear boundaries that delineate the scope for experimentation and trial and error, and create a safe space to explore without repercussions.

Historically, transformation recipes, principles and frameworks have described transformation as a strictly linear process by which organisations gradually fall in line behind their leader's vision. Our research paints a more nuanced and complex picture that combines the discipline to create genuine impact with the freedom to explore and let new ideas emerge. To move forward, transformations must endure ups and downs.

Small failures can lead to big success, while fear of failure can lead to missed opportunities.

Expect the corkscrew and plan accordingly

Our research suggests that planning for the shortest distance may not prove to be the fastest route. Instead, as with the emotional journey, it is more effective to anticipate and plan for the various ups and downs associated with transformation.

Leaders of successful transformations suggested that taking a step back or following another route wasn't necessarily a bad thing – as long as these shifts were articulated early as a natural and expected part of the process. Further, 43% of senior leaders in successful transformations agreed that transformation and strategy needed to evolve in tandem to deliver success. At the same time, leaders must be willing to make big decisions and to adjust the transformation vision when necessary, allowing vision and execution to evolve together.

This dynamic interplay of vision and execution means that the pace of transformation delivery is likely to fluctuate in ways that are not always fully under control by management. In fact, as one participant noted: 'It's not up to the senior leaders to get momentum in a bottom-up perspective, it's up to the appropriate level to get the momentum.' To handle these inconsistencies, patience is important, but persistence and tenacity are critical.

Realign power and resources

Within the guardrails of clear expectations, as a leader, you need to delegate significant decision-making authority in a clear and appropriate way. Ideally, this delegation cascades as low into the organisation as possible, getting frontline teams to deliver.

Paradoxically, delegating this freedom to execute lower down in the organisation is enabled by greater discipline higher up – specifically in the project management office (PMO). Respondents in our research identified the ability to make timely and tough decisions under pressure, supported by the requisite authority and resourcing, as some of the key ingredients in the success of an effective PMO. Effective PMOs then drive transformation progress by gradually shifting funding and capabilities away from the legacy business and towards the future organisation. This creates discipline around emergent ideas and makes the transformation vision an increasingly tangible reality with which to align.

Creating autonomy for the organisation to execute also means that you need to undergo a mindset shift from managing to facilitating. It's about teams that have the right skills to execute efficiently. In more than half

(52%) of high-performing transformations, employees were assigned clear roles and responsibilities versus 28% of low-performing transformations.

'Innovation requires the right people and processes – both are critical to encourage collaboration and experimentation.' – anonymous survey respondent

Set the discipline, support the freedom to experiment

In our study, 46% of respondents in high-performing transformations said the process encouraged innovative experimentation and new ideas versus 29% of respondents in low-performing transformations. Further, 48% of respondents in high-performing transformations reported that the process was designed so that failed experimentation would not negatively impact a person's career or compensation versus 29% in low-performing transformations.

If the expectation is for workers to experiment, you need to develop and communicate a culture of acceptance around failure and learning. In our research, leaders reported that they would deliberately create 'transformation labs' to provide a safe environment for exploration and learning. In this sense, the emergence of new ideas was more than serendipitous; it was carefully planned.

Senior executives in our study also suggested there were clear boundaries that delineated the scope for experimentation and trial and error, and that the process wasn't open-ended. As one participant described, to ensure transformation progress, he established a clear expectation that 'not everything was up for grabs,' creating realistic expectations around the acceptance of deviations by local offices and customisations by business units. By creating this level of clarity, he explained that 'a large chunk of the emotion got managed at the very beginning'.

Shifting away from a 'don't fail' culture can open new perspectives and unlock big insights from small failures. Conversely, fear of failure can lead to missed opportunities. To turn insights into action, however, you must be willing not only to generate occasions for learning, but also to accept and adopt the lessons learned.

5 Build: Using the technology and capabilities to drive visible action

48%
of respondents in high-performing transformations said their organisation invested in the right technologies to meet their transformation vision (versus 33% of respondents in low-performing transformations).

49%
of respondents in high-performing transformations said the organisation deployed the right technology for them to execute the transformation (versus 34% of respondents in low-performing transformations).

49%
of respondents in high-performing transformations said the organisation had the digital skills and mindset needed for transformation (versus 35% of respondents in low-performing transformations).

'I'm very thankful that we have a very committed, passionate and very competent team. They got together and within ten days they transformed my company into a digital company at a time when the world was still divided between bricks-and-mortar and digital.' – Dr. Patrick Liew, Executive Chairman, GEX Ventures

Key takeaways

- **Use technology to make the vision real.** Technology isn't the vision itself. But getting the technology right can bring the transformation vision to life.

- **Recognise the emotional impact of technology.** Be sure to build in the emotional dimensions of technology change (e.g. fear of losing one's job or fear of losing control).

- **Develop mindsets as well as skillsets.** Move from a 'we know the answers' fixed mindset to a 'no one knows the answers' growth mindset.

We have always known that getting the right technology is central to the success of organisational transformations. Yet our research suggests greater subtlety in this belief. It's not only about getting the right working technology, but also about understanding the purpose of the technology and the role it plays in getting work done and the related emotional impact on the workforce.

The human dimension of technology is critical for success and is a critical feedback mechanism. Many fear the impact of technology, whereas others see it as a substitute for the essential human interactions that are vital for organisations to function effectively.

Our research indicates that technology was the second biggest challenge that transformation leaders faced. However, it also suggests that there's been a shift in how organisations conceptualise technology, from a destination where activity, energy and focus became all about the technology, to an enabler, deployed to support the compelling vision for transformation. Nearly half (48%) of respondents in high-performing transformations said that their organisation invested in the right technologies to meet their transformation vision versus 33% of participants in low-performing transformations.

Getting the technology right can engage the workforce in active co-creation and put 'fuel into the tank' of a transformation. Our research findings further suggest that incremental enhancements in leading practices around investment and agile deployment of the right technology, having the right skills and mindset, and practising security by design can improve the average likelihood of success by 25%.

However, getting the technology right depends on the human factor: how both leaders and workers relate to the technology, how it shapes their belief in the purpose of the transformation and how it supports or challenges their meaning making capabilities.

'… we started imagining scenarios … before, it was all technology outsmarting you. So, I think now we have made our peace with the technology.' – Mohamed Althaf, Director, Lulu Group International

Technology isn't only a technology thing; it's a human thing too.

Use technology to make the vision real

Earlier we outlined the importance of creating a clear and compelling 'why' that people can believe in. Beliefs are critical in shaping how individuals see, understand and respond to the world around them. Investing in and delivering the right technology brings that vision to life. It signals the real intent of leadership and offers concrete evidence that 'things around here are changing'.

A number of our respondents argued that it was difficult to maintain belief in a hypothetical outcome. Making an early – and often bold – move provides

empirical evidence that change is real. One media executive we interviewed described how initial resistance to a digital platform evaporated when he engaged key leaders in developing and piloting new data applications. 'It wasn't resistance in the sense of being opposed,' he said. 'It was being unable to see the scale of change that was required to make it a reality.'

Recognise the emotional impact of technology

The same media executive described a very human challenge at the centre of any transformation, but especially those involving technology. He acknowledged that 'people intuitively felt that automation was going to be a threat to their jobs'.

Through our interviews, we found that those who led successful transformations recognised the emotional disturbance that surrounded the implementation of automation and technology-driven change, and actively took steps to work with their own emotions and those of their workers. Executives also acknowledged that although technology change could create emotional disequilibrium, if the organisation deployed early versions of the technology to concretely demonstrate the organisation was moving forward positively with transformation, they could re-establish emotional stability.

'Everybody needs to be onboard and continually communicating and monitoring and reporting in order to make it stick. We hadn't understood that it needed a full organisational effort to make it work.' – Stuart Bowden, Global Chief Strategy & Product Officer, Wavemaker

'Our focus was 10% on technology, 90% on our people.' – Stuart Bowden, Global Chief Strategy & Product Officer, Wavemaker

## Develop mindsets as well as skillsets

Having the right skillsets is important for transformation success. As roles change through the process of transformation, so too do the skills needed to perform them. As a leader, you will need to identify the skills gap and make training and learning programmes available for executives and workers to reskill or upskill for their new roles, along with any continuous evolution of that role. In addition to using technology to make the vision real, providing the right learning environment will give executives and workers confidence that they can excel in their new roles.

As important as the technical skills and emotional equilibrium are, success also hinges on developing the mindsets that help leaders and workers play complementary roles in shaping transformation. A growth mindset can help to build the skills, agility, disciplined freedom and emotional resilience to accelerate transformation. Among high-performing transformations, 49% of respondents indicated that they had the skills and mindset they needed for the transformation.

Several of our respondents recognised that getting the right skills as well as the right mindset prepared them for transformation.

You sat in the room and had a 31-year-old tell you how to re-look at your business. And you did it methodically, week-in, week-out with this person ... it's more than training … it's training "at base", but it becomes how to get them [executives] to re-understand the world they will operate in.' – Geoff Skingsley, Chairman, UK & Ireland, L'Oreal'

Technology, in its many forms, does more than deliver transactional benefits. Seen in the bigger picture of transformation it can bring the vision to life. It can make it real for the people who will drive the change.
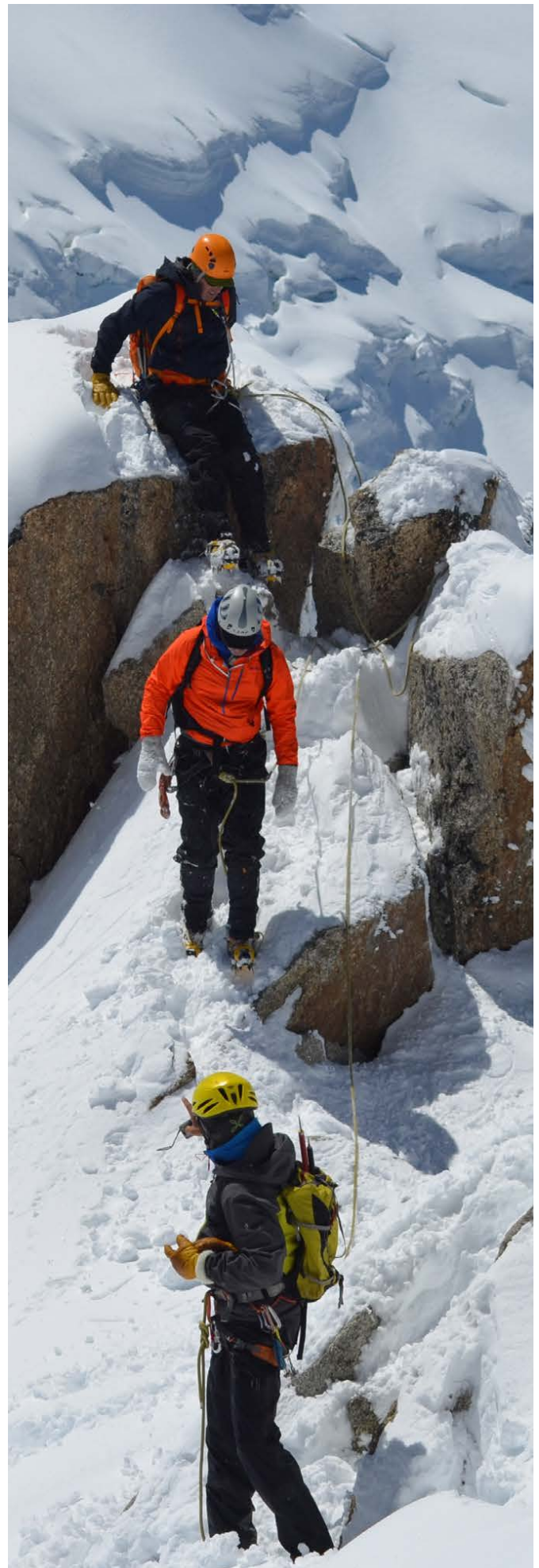
6 Collaborate: Finding the best ways to connect and co-create

44%

of respondents in high-performing transformations said their organisation's culture encouraged new ways of working (versus 28% of respondents in low-performing transformations).

44%

of respondents in high-performing transformations said their organisation's culture encouraged innovation and new thinking (versus 30% of respondents in low-performing transformations).

42%

of respondents in high-performing transformations said a new organisational culture was consciously defined and implemented as part of the transformation programme (versus 29% of respondents in low-performing transformations).

Key takeaways

- **Be deliberate in shifting to new ways of working**. Create a safe space within which new ways of working can emerge from the co-creation between leaders and workers.

- **Empower workers to redesign and redefine their own work**. Leaders and employees must identify together what work and behaviours need to shift and how work gets done to make the transformation successful.

- **Consciously build interdependency among teams**. Set boundaries for alignment across the organisation and teams to manage both the emotional and political aspects of change.

A recent MIT survey (Sull, Sull, & Zweig, 2022) suggests that a toxic culture is 10.4 times more likely to contribute to attrition than insufficient compensation and that it's a major factor driving the Great Resignation.

Conversely, our research suggests that consciously creating the space for new ways of working was vital to success: 42% of leaders of high-performing transformations consciously defined and implemented a new organisational culture as part of the transformation programme.

Be deliberate in shifting to new ways of working

Our research indicates that among successful transformations, the search for new ways of working was deliberate, and consciously involved both leaders and workers.

The traditional approach to transformation is one of separation and independence. Leaders do the thinking and workers do the doing; strategists strategise and managers implement. As the pace of change accelerates, we are seeing a shift towards interdependency. Leaders remain responsible for defining the vision, but they now acknowledge that they need the workforce to trust the vision at a very early stage and that the execution will be highly dependent on the momentum the workforce creates based on a compelling and collective 'why' – a belief in something bigger than themselves.

'Leadership sets the vision, they architect this, but they don't actually say this is what has to happen … it's not up to the senior leaders to get momentum in a bottom-up perspective, it's up to the appropriate level to get the momentum.' – VP, Health & Life Sciences Industry

For new ways of working to be successful, leaders and workers need to work together to reimagine the constructs of process, delegation, ownership and empowerment. In our research, we saw leaders deliberately seeking to create the space through meetings, conversations and processes. This allowed others to explore and gain a deeper understanding of the transformation's direction and to broaden their view of the wider world in which they operated so that a common perspective could emerge.

For example, to create new ways of working, the leadership team of a multinational corporation had to learn to accept challenges to their current assumptions and world view from within and outside the organisation. The CEO regularly invited outside speakers to team meetings, deliberately selecting those who would bring a different point of view that would challenge the status quo. The new perspectives then cascaded and created the space for new thinking about the transformation. The CEO decided not to take the more traditional 'hero' journey and bend

the organisation to his will. Rather, he chose to be a humanistic leader, guiding the team and creating spaces for conversations, challenges and buy-in.

This approach to culture creates a safe space within which new ways of working can emerge from the co-creation between leaders and workers.

Empower workers to redesign and redefine their own work

Our research suggests a shift in how transformation leaders engage employees to help instil new ways of working. Buy-in cannot be a passive acceptance of change. New ways of working need to be co-created with the workforce. As a leader, you must collaborate with employees to identify how work needs to change and what behaviours need to shift to make the transformation successful.

There is a set of very human qualities that can elicit the co-creation of new practices. These include:

- **Clarity.** One executive in our research described a culture that encouraged bottom-up engagement and direct involvement in the practices the organisation adopted to deliver the transformation. This clarity began at the top with the role of the leader who used a four-action approach.

  o **Envision**. Assume accountability for clarifying and articulating the vision, which itself has been the subject of discussion and consultation.
  o **Architect.** Build the literal and metaphorical infrastructure necessary to enable the workforce to respond positively to the change.
  o **Catalyse**. Decentralise decision-making authority and build confidence to avoid 'upward delegation'.
  o **Coach.** Systematically develop the workforce as they work through the transformation.

  As a leader, you can use this approach to move away from trying to control or know everything, to being able to take a step back (within reason) and let the workforce create and sustain the momentum.

  Clarity is also about communicating in ways that make sense to workers and encouraging them to contribute rather than retreat from the process. An engineering executive described how the traditional response to transformation communications was to take the English version of the communication and translate it into various other languages. He recognised that 'doing a large broadcast and sending out 30-page follow points and all that sort of thing is pointless'.

- **Patience.** Leaders saw patience as a signal to the workforce that their input and engagement would not be sacrificed on the altar of deadlines. For many, the priority was co-creation rather than control. This didn't mean ceding management responsibility. Rather, many of the leaders we interviewed paired patience with tenacity as key qualities. Patience also allowed space for experimentation and the acceptance of trial and error as a legitimate response to change.

'We had a few stops and starts. We had to be a little bit more patient. But the patience and the tenacity in working through those relationships to create buy-in has ultimately meant that we now have one global technology ecosystem for learning that is very agile.' – Marc Howells, VP & Head of Global Talent & Organisational Development, AstraZeneca

- **Respect.** We heard many employees say they welcomed change and recognised it as essential to sustain the business but felt excluded from the process. They felt it was something being done to them, not with them. Consensus building is an active strategy to bring new thinking, ideas and perspectives into the implementation process.

'You can't tell someone who's worked 25 years of his life as an accounts payable clerk, "Andrew, I think your life has been a complete waste." That's effectively what you're telling him when you say that the process he's been using all these years is completely inefficient & ineffective and this new transformed way is the really cool way of doing it.' – Thomas J Sebastian, London Market Joint Venture CEO, DXC Technology

Consciously build interdependency among teams

To create a culture where collaboration thrives, leaders need to set boundaries for alignment across the organisation and peer groups. One executive described how various departments had agreed to the design principle of 'adopt' rather than 'adapt' so that they could avoid over-customisation. Setting these boundaries early on helped the team manage both the emotional and political aspects of change.

As we mentioned earlier, in his book *Images of Organization,* Morgan suggests that an organisation is an ever-changing system that is dependent on and indivisible from its environment (Morgan, 2006). In our research, we saw several examples where leaders worked not only within the boundaries of their organisation, but also with and across their ecosystem. They recognised the radical interdependencies and sought to strengthen them.

Conclusion

Harness the people power to drive transformation success

Today's leaders stand at the precipice of an uncertain world. The nature and impact of disruption are accelerating. Leaders know that their organisations need to transform, but many stand paralysed by the paradoxes of change. This doesn't need to be the case.

By adopting leading practices around six key drivers to harness both the rational and emotional power of their people, leaders can deliver the organisation's transformation to its optimal conclusion and measure its success by the following outcomes.

1. **A shared understanding, clarity and belief**. When you, as a leader, have followed your own personal emotional journey in preparation for the transformation, and championed a purposeful vision that leaders and workers alike can believe in, success can follow. You have learned the skills that orchestrate collective action around the transformation, creating a shared understanding of the current reality (Arias et al., 2000) and a shared belief in where the organisation is headed.

2. **Effective management of the emotional journey**. You have learned to provide the right levels of emotional support to workers – intensive listening, empathy, respect – at the right times to manage the emotional journey throughout the transformation.

3. **The ability to turn vision into reality**. You constantly built confidence across the organisation and brought the transformation to life through consistent process, proper investment and quick implementation of technology, as well as a culture of experimentation and co-creation, which has led to new ways of working.

The alchemy of these outcomes creates a space where leaders and workers can transcend the paradoxes, leaving a legacy that reaches beyond whether the transformation delivered as intended. The more impressive inheritance will be a growth-minded workforce that performs better with each new transformation.

This project is not a one-off activity. Oxford Saïd and EY plan to continue our collaboration by recruiting a global group of companies teams to explore specific elements of transformation in greater detail. Topics will include key turning points for better or worse, specific activities that can have the greatest impact on the success of transformation projects, and the impact of collective transformation programmes on the organisation and broader stakeholders.

'Transformation comes through a change in people. This isn't new. What is new, based on our research with the University of Oxford, is the need to balance the rational with the emotional – the need to equilibrate heightened pressure and stress with an ameliorating level of support to keep people learning and performing. Transformations are made sustainable through deep personal change, among both leaders and workers. Our research demonstrates how successful transformations can be when leaders perfect the mix among challenge, process and emotional support.' – Adam Canwell, Project Lead, Transformation Leadership: Humans @ Centre Research, Ernst & Young LLP

'Our project with the EY organisation set out to demystify how leaders can successfully lead transformation programmes. This is in the contemporary context of where success is increasingly important to all stakeholders of organisations. Profitable growth, digital change, competitive advantage, attracting and retaining the right employees and addressing challenges such as climate change are all increasing the pace and scope of transformation – shifting it from being an episodic to a continual state.' – Andrew White, Project Lead, Transformation Leadership: Humans @ Centre Research, Saïd Business School, University of Oxford

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