

Creating Something New: Challenges and Choices

Breakfast Seminar – 16 June 2005

Summary of Discussion

The discussion covered the challenges and choices associated with creating something new: new ventures, new organisation structures, new ways of doing business. While no universally applicable rules were found, the group did identify a number of themes that should be borne in mind by any leader getting ready for those sorts of turning points.

However great your new idea, there will initially be resistance. Be ready for it. Whether you set things up as a separate entity or work within the existing structure, you need to protect new ideas from the natural forces of resistance. Keeping your board aligned and visible is key – both to managing their potential resistance and to bringing the rest of the organisation with you.

The most valuable change in business often occurs with the staff who interact with customers and other external groups on a daily basis. Telling people about the change isn't enough. You have to give them a way to experience it for themselves.

Your best people may be threatened by your new idea, or just by the unsettling nature of change itself. Be proactive and responsive to their situation. However much you are committed to your new idea, you too will likely find process of change unsettling. Reach outside your organisation for support.

Key

Major topics covered

Menkus & Associates summary conclusions, based on

- Comments, observations and questions from participants

Expect resistance

However great your new idea, there will initially be resistance. Be ready for it.

- The people element can be the biggest weakness: they don't want to change, they know their job, have a house, a car, don't want to rock the boat.
- Most organisations actively train their people to resist change. The rewards are based on maximising the existing model, not changing it.
- 30% of your people will be on board, 30% will watch what happens, 30% will actively block
- You need to guard your flanks. People will come at you from any direction if they are against the change.
- You need a way to get feedback. The dangerous ones are the ones you just don't know about.

- Your brand can get in the way of doing something new. Coutts Commercial Banking was seen as potentially cheapening the Coutts brand. But, it hasn't done so.
- Change can be a catastrophe.

Protect your new ideas from resistance

Whether you set things up as a separate entity or work within the existing structure, you need to protect new ideas from the natural forces of resistance.

- The hardest part is the people. I started 2 new businesses, 1 successful, 1 not. The approach was the same, but the people were different. In one, the team was completely new. There were no barriers to change. The key was protecting them from the rest of the organisation. We kicked it off outside the main part of the business, and only when it had some strength did we release it back into the rest of the organisation.
- Protecting a new idea means giving it capital, backing the need to bring in new skills, taking some risks with people, and neutralising the blockers
- You need to choose your battles. If you set it up as a separate thing, and then protect it, that works great within that separate group. It gets a lot of juice going, but it breeds envy in the rest of the organisation. Any chink in your protective armour gets attacked. On the other hand, with the joined up model you get the people who are blatantly against, the terrorists who attack secretly, and then those who are just outside the conflict zone. If you can get those who are blatantly against to come with you, then they can be some of your strongest supporters.
- You need to go after the terrorists with military precision and execution. But, you also need to be flexible.
- One idea is to have the good guys lead the change. It keeps them on board, and means you don't end up with everybody thinking that the new idea isn't important.
- Communication is key. People like to be included. Get the next level down to plan out the communications to the rest of the organisation. In identifying what others will be concerned about and how to address those concerns, they get their own concerns on the table.

Keep yourself and your board aligned and visible

Keeping your board aligned and visible is key – both to managing their potential resistance and to bringing the rest of the organisation with you.

- The biggest variable is aligned leadership. You need to be crystal clear where you are going and that it is a great place to go.
- Leadership is key. It is about mindset.
- You need to focus on keeping your board together. If you don't think there are board members who aren't fully on board, you just don't know it yet.
- Often people in your management team say "yes" to change, but they don't mean it

- You need to shock your board members with quotes from around the organisation.
- You need support from the top. A clear vision and lots of communication.
- You need to transmit the board's energy and enthusiasm for the new idea.
- It is important for the Board to meet people in lots of settings: town meetings, breakfast events, etc.

Get close to the front line

The most valuable change in business often occurs with the staff who interact with customers and other external groups on a daily basis.

- I recently moved to a new building, and also took on running the part of the business that was housed there. I spent a day just walking the floor, talking to people individually and in small groups. It was one of the best things I've done recently.
- The bigger the need, the easier it is to get alignment. People at the front end (who have customer interaction) get the need for change. But, middle management can get cozy, they want to protect things the way they are. You have to bypass them and get outside.
- You have to put yourself in the shoes of your followers. For many people, if they aren't involved, aren't consulted, they just see it as "BOHICA: bend over here it come again.
- You can get a lot of value from suspending judgement. You have to know when to make the call. How long do you consult? It is instinctive.
- We've used formal surveys of employees as well as informal means to understand how people are thinking and feeling about the change.
- You need to understand why people are against it.
- You need to get people together more often. The ones who are for the idea will infect others with their enthusiasm.

Show that the change can work

Telling people about the change isn't enough. You have to give them a way to experience it for themselves.

- There is a huge gap between knowing and doing.
- You need to demonstrate what you are trying to do. We wanted to set up a new store format. So, we completely bypassed the existing structure until we had three stores up and running. Then they understood what we were going to do.
- Empowerment is key. If you give people freedom, that is the most crucial thing.
- We have four values in our organisation. One of them is empowerment, which we call: "the freedom to succeed". But, we don't have the courage to call it "the freedom to fail". I've had arguments with my colleagues that we need to have more courage.
- Success is a drug. Once people have tried something new and it is successful, they will try more.

Focus on stabilising your top people

Your best people may be threatened by your new idea, or just by the unsettling nature of change itself. Be proactive and responsive to their situation.

- When things are changing, some of your best people are the first to go. They have the most options. How do you keep the people you want to keep? Particularly when you don't know exactly how things are going to turn out.
- I let my stars know that they can go whenever they want. I just ask that they talk to me first, to see if I can offer them what they want here.
- You need to understand why people want to work for you.
- If people can be open about their situation, you can manage the transition better.

Maintain your own support network

However much you are committed to your new idea, you too will likely find process of change unsettling. Reach outside your organisation for support.

- The leader's role can be lonely. I while ago I had to take 10% of my staff out. There were supporters internally, but what kept me sane was my network with other senior leaders.
- I've used a retired director from my business as a sounding board. He knew the business, but he could also be impartial.
- It has to be someone that you trust.

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