

Leading Performance Change

RFLC in conversation at Tate Modern

Session I: Introduction - Roger Bellis, RFLC Senior Consultant

Welcome! This journey started over three years ago when, as a result of our experience working with change in organisations, we asked the question “Is Change Changing...?” We saw that there were differences in how organisations were approaching and managing change, and that some organisations were being more successful than others – and we got curious about any relationship there might be between change approach and success. So, with the help of our Chairman, Professor Malcolm Higgs – who is also Director of Research at Henley Management College - we conducted some research into this, involving a variety of organisations, and discovered some very interesting correlations. These have been written up elsewhere in both academic and journalistic papers – and have proven very useful to both our clients and our consulting practice.

(See www.rflc.co.uk/news.html)

One of the major findings of this original research was that it seemed to really matter how you lead change. And because it seemed so important and so powerful, this year we have done some further research looking specifically at the issue of change leadership. This is what we want to share with you today.

When we talk about change, we’re not thinking of a project or taskforce or a programme. We’re talking about leading change in the performance of an organisation. Furthermore, leaders such as yourselves were saying: “Well, fine, if it’s that important, please tell us what you actually do. What does good change leadership mean in practice?” So, over the last two years we’ve evolved and developed this leadership framework - for which we’re still seeking a name, but which we currently call “Framcap” - because it brings together the leadership practices around framing, which you’ll hear more about, and the leadership practices associated with building, or creating, capacity in an organisation.

What we are going to cover

So our journey this afternoon is about exploring what this leadership frame is. It’ll take us through, not just the findings of our research, but the process that we went through - because this hasn’t just been us walking around interviewing a couple of people. It’s been a bit more rigorous than that.

But the research is one thing, and the framework’s another. What really matters is how you bring it to life. And so we will be using the vehicle of stories to do that, and stories from people who have led very big changes: Sir David Henshaw, formerly Chief Executive of Liverpool City Council, Lynn Elsenhans, Vice-President of Manufacturing at Shell and Peter Molengraaf who has led an impressive turnaround of the Customer Care Centre at Nuon.

So we’ll be hearing some real live stories from leaders who have been trying to make things happen and allow you to start to bring some of these leadership ideas and practices to life. And then there’s the big question: it’s all very well to know what seems to work, but then: what do I actually do to make a difference in my organisation? So we’ll bring the afternoon towards a close by focusing on how you can learn this leadership approach and what your options might be moving forward.

Introducing 'Framcap'

Framcap is about creating movement. It's leadership that gets something moving, and keeps it moving - because change is about movement; it's not about being stuck. What Framcap isn't is a competency framework – you might be relieved to know (although there might be some real passionate advocates of competency frameworks here, so I'll be careful!) Framcap is a grouping of leadership practices that we have found to be simple and accessible, and perhaps more importantly, learnable. We are finding in our practice that this is something leaders can get their heads around, and can use to shift their leadership - so that it starts to make a difference in the performance of the organisations that they're trying to lead.

All leadership has a kind of shadow to it, and we found in our original research that there's a shadow called 'Shaping' - which we'll come back to, but our basic advice as we talk about what shaping is 'try and avoid it'!

Leadership "shaping" behaviours - the shadow side

Personally acting as a catalyst

- Sets the pace for others to follow
- Expects others to do what they do
- Seeks to personally "move and shake"
- Deliberately takes radical approaches
- Personally goes around the organisation persuading people to their point of view
- Tries to exude charisma by expressing strong feelings & enthusiasms

Making others accountable

- Sets out tasks & timelines for others to deliver
- Has set of detailed measures against which people are judged
- Monitors progress frequently & in detail
- Requires regular reports & updates
- Personally controls what gets done

Thinking about change

- Expresses personal theories about change or leadership
- Develops own rules of thumb

This is not a leadership practice, but about leaders who express beliefs

Using an individual focus

- Deals with people often on a 1:1 basis
- Considers an individual's reaction to a change & acts to support them
- Plans for individuals resisting or rejecting change
- Looks to persuade people one at a time

One other caveat: if you're running an organisation which is very stable, and doesn't need any shifts in performance, then this probably isn't for you.... Is anyone here in this situation?! Because if so, you could probably save a couple of hundred quid now!

So this is about trying to lead a performance transformation, a performance change... As you'll see, Framcap comprises four leadership 'factors', which essentially involve a set of practices with a common underlying theme. And we've found that when leaders do these in combination, they are especially powerful. Furthermore, the really skilful leaders are very skilled at what we call 'multi-hit interventions': that is, they do one thing, but manage to hit several of these 'factors' at once. And, indeed, there are one or two people in the room who are particularly adept at this....

Attractor

Anyway, the first factor is what we call 'Attractor' and describes a sort of magnetic energy. This isn't like gravity - it's more the kind of energy that's almost invisible, and it's the energy that allows someone to pull people within an organisation towards its strategic intent, towards its purpose. It helps to create shared meaning in the organisation, and helps to produce a sense of belonging and togetherness. So this is about leaders who are able to do that: to pull people in the direction of the intent of the organisation, as opposed to towards themselves. This is not about heroic leadership. So, 'attractor' is about pulling people towards what the organisation is trying to do, not towards the leader, him- or herself.

Edge and Tension

The second factor we've named 'Edge and Tension'. That is, if you've got people heading in a particular direction, then you need something to stoke the fires of movement. And stoking the fires of movement is, for us, really about creating some edge and tension. The leaders who do this look to create disturbance in their organisation, because disturbance moves stuck-ness and disturbance releases energy. So they look to create disturbance by naming the things that need to be named, by challenging paradigms, by challenging assumptions, by constantly lifting the bar - not to the point where it's unattainable, but providing a stretch that people can just about get to. The problem is that if you overdo that, and some leaders get obsessed about this - to the point where it virtually becomes bullying - the organisation switches off. The performance targets become completely unattainable, and the strategy's for the birds.

Container

And good Edge and Tension works in a kind of yin and yang way with the third of our factors: Container. Because if you create lots of disturbance and lots of energy, it's not much use to you if it all gets dissipated in anxiety. What you need is Edge and Tension that is channelled, so that the resulting energy is channelled... And so what Container is about, is setting boundaries and hard rules that channels energy in the direction you want it to go. So the movement is purposeful, and it's also about containing the anxiety in the organisation - because anxious people get paralysed.

'Framcap' - at a glance

Magnetic energy



Attractor

Essence

Pulls people towards the organisation purpose and strategic intent through constantly creating shared atmosphere, spirit and meaning across the organisation.

Sample practices:-

- Connects with others at an emotional level, embodies the future intent of the organisation
- Visibly works beyond personal ambition to serve higher purpose, the organisation, and its wider community

Amplifies disturbance



Edge and Tension

Essence

Names and confronts tough issues, especially strongly held assumptions, beliefs and ways of doing things, with the intention of shifting the organisation's capacity to perform.

Sample practices:-

- Sets the bar high and keeps it there – stretches the goals & limits of what's possible
- Does not compromise on talent – pays attention to getting and keeping "A" players

Creates movement



Transforming space

Essence

Makes and takes opportunities to shift things in the "here and now".

Sample practices:-

- Frees people to new possibilities through making self vulnerable and open
- Powerfully inquires into ripe systemic issues to enable deep change to happen

Holding structure



Container

Essence

Sets boundaries, expectations and hard rules, and gives affirming signals that channels the energy of the organisation in the direction you want it to go.

Sample practices:-

- Provides affirming & encouraging signals; creates ownership, trust & confidence
- Makes it "safe" to say risky things & have the "hard to have conversations" via empathy & high quality dialogue skills

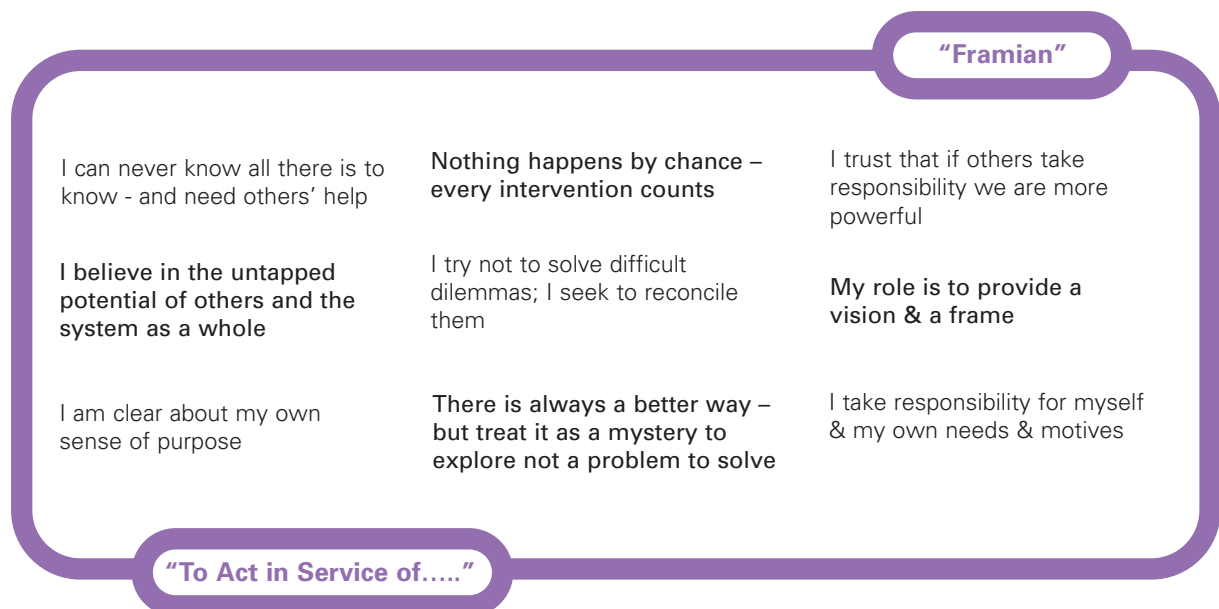
Transforming Space

Finally, the fourth factor is Transforming Space - and what this is not is taking people away for an offsite! This is about using every interaction going as a possibility to create movement. Leaders do this by the coffee machine. You're looking for movement in the here and now, rather than talking about something you'll do later. It's about shifting something in somebody right now: hence, creating a 'transforming space'.

The Spirit of Framcap

There is a kind of spirit that underpins all of these by the way. When we were reflecting on this together a team, we looked up the word 'framing' in the big Oxford dictionary – because framing is such a key part of this work - and there's quite a long entry. And right down the bottom it says that it's derived from an old English word – framian - which actually means 'to act in service of...'. So this is the kind of leadership, we think, ultimately, that's about acting in service of the organisation – and of its customers, its community, its people - towards an end. It certainly isn't about acting in service of oneself as leader.

Underlying beliefs



Framcap illustrated

To sum up this introduction, we've another little exhibit here. It's a traction engine. This is a real traction engine in miniature, so it actually works. It's a miniature, steam-driven traction engine. Now it clearly has some intent, because it's a model dray lorry. It's purpose is taking barrels of beer to the pub...

So I've come to see this as a way of representing what Framcap is all about. Because if you want this to move, I can move it. I can carry it around and I can move it quite quickly. The only problem is that as it gets a bit heavy and when I put it down again, it stops moving. That's one of the limits of so-called 'shaping' leadership – where everything is dependent on the leader.

Alternatively, I can start to create the conditions when this thing can start to move on its own. To do that, there's a little firebox in here and we light the coal, and the coal creates disturbance when we've added some water into the cylinder. In fact, it creates huge disturbance because it turns the water into steam, and the steam creates huge pressure. Now, if we didn't contain it, the steam would just dissipate. So there's a little tube that comes out of here, that channels the steam into this cylinder, and the pressure of the steam forces the cylinder down which, through a crankshaft and this flywheel here, drives these rear wheels. So now it actually moves - and I've created conditions where it can move on its own.

Because there is always waste that you need to get rid of – the classic 80:20, with the 80% you need to get rid of - the used steam goes out through the funnel on the exhaust stroke and doesn't get in the way. So, for those of you who like models, we had great fun getting this to work last night - and it does work, it will move of its own accord. We felt that we had transformed something when it moved across the floor of our flat and crashed into the radiator at the far end! (We hadn't learnt how to steer it at that stage!!).

In conclusion

So, we're really excited by this leadership work. We're excited because we see it making a difference in organisations, and we're excited because we see also see it making a difference, via those organisations, in the world. We're excited because it's accessible to leaders; it isn't just theory. We're excited because it's simple, and we're excited because it's learnable. And we hope that by the end of the afternoon, as you've started to move on this journey with us, you will start to become excited by the possibilities it creates for your organisation as well.

Session II - Deborah Rowland, RFLC Chief Executive, on the research process and findings

Why we do research into change leadership

We do research at RFLC because we want to work with rigour – and we've committed to that in a big way. Over the last four years we have engaged over 100 leaders in a "behavioural event interview" process. In other words, our research is driven from the field back; we don't sit in a laboratory and think about leadership, we go out into the world, into organisations... The 100+ leaders have come from the private sector, public sector, NGOs... internationally too.

So it's big what we do, and requires a substantial amount of time and effort. We also want it to be credible. So, we work with our Chair, Professor Malcolm Higgs, who heads up research at Henley Management College. He supervises all our research and drags us kicking and screaming towards making sure that everything can be substantiated and has rigour!

What I'm going to do now is share the story of our latest round of research – and, in particular, the insights we've gained into the four change leadership factors we're talking about today and that Roger was describing earlier. This latest round of research focussed on leadership, and what leaders actually do.

When we started our inquiry four years ago the question we asked was: Is change changing? We researched what kind of change interventions work in different organisations in different contexts, and as part of that we looked at leadership as well. What this revealed was that, of all the variables that can have an impact on successful change, what leaders do has the most impact. So we wanted to explore this further: what do leaders do that makes the biggest difference in organisational performance change...

Let's deal first with our research process

It's been interesting this time around - because three or four years ago, when we were trying to enrol participants in the research, it took us quite a few months. This time round, we got over 40 people signing up almost instantaneously. The response was: "This is a subject that matters to me. I want to get involved". So we felt a shift in the "attractor", or pulling power, of the research question...

We particularly wanted to interview leaders who were trying to pull off big change across a complex organisation. So those were the people we enrolled. And this involved them being interviewed for between one and one and a half hours. What you do in 'behavioural event interviews' is focus on stories and behaviour, not the interviewee's opinions. So, for example, we said: "David, take us through a story. What actually did you do? Who was there and what happened? What was the outcome of it?" You make it very anchored in what people do, rather than their hypotheses about why they think they're great at leading change!

Once that's done, we transcribed the interviews and coded them. So we had 40 transcripts, 30

pages each and we rigorously went through them all. First we identified what was code-able data. Then we coded every leadership practice against our four change leadership factors. We did the coding ourselves. We didn't outsource - unlike the interviews - because we believe it's very good for RFLC consultants to get into these stories, to understand what's happening, and to discover what it is that leaders are doing that makes the difference. All the coding data was entered into a spreadsheet: for example, the leadership practices, the contexts for the change story, and its success rating.

Then we did various quantitative analyses on the data. We looked at the relationships between the leadership practices, the contexts, and success of the outcomes. Context can include timescale for the change, i.e. did the change have to happen in 12 months, or was it a long-term change process? Was the change high-magnitude i.e. did it affect the whole company, or just one particular business unit in the organisation? Was it externally driven by the regulator? Or was it something that was initiated internally? So, we looked at the context, because we wanted to test how different leadership practices work differently in different contexts. And we looked at the success rating of the story, because we want to correlate what works, in what context and to what degree of success.

We looked at success on a one-to-five rating scale. We asked the interviewee to say how well they thought the change went, and we asked the coder to rate the story's success. And then we had an independent panel of people who didn't do any of the coding, who weren't the participants either, and who looked at all of the 40 transcripts to cross-reference and validate the success ratings. Then we took the mean of all the above to come up with the final success rating.

We then did a quantitative and qualitative analysis of the findings. In the quantitative analysis we primarily looked at two things:- correlations i.e. what is associated with what; and regression analysis, which looks at what makes the biggest difference in terms of the outcome. In the qualitative analysis, we conducted a content analysis to identify the primary stories, or examples of our four change leadership factors in action, from which we were able to identify the specific practices that leaders were engaged in that really made the difference under each of the four factors. We then undertook a cross-case analysis to compare the top five scoring transcripts of leaders who visibly and frequently demonstrated all of the four practices - often in single interventions! - and contrasted this with the lowest five scoring transcripts. This enabled us to identify what differentiated the outstanding leaders who can put all of the four change leadership practices together.

The final qualitative analysis we did was to more deeply investigate the "transforming space" change leadership factor, which had thrown up intriguing findings from the quantitative research....When used alone it was dangerous, yet when combined with the other three could have a very positive impact on the change outcome.

Finally, it's worth saying that we also coded the transcripts for the shadow, or "shaping", change leadership behaviours that, in our initial round of research, had been shown to be negatively correlated with leading successful change.

So what are the big messages from this latest round of research?

The first big finding is that leadership practice accounted for almost half of the difference between success and failure in change outcome. This is why leadership matters and this is why you're probably here today... If you are the biggest single reason for the difference between success and failure, that's a really big piece of data! So, you could say that if you're trying to bring about change in your organisation and you ignore the leadership dimension i.e. you don't spend time on it with your leadership team and you don't pay attention to your own leadership, you reduce your chances of success by half.

The second big message is that our change leadership framework - currently called "Framcap" - works in pretty much every context we researched.... It's like that Martini advert from the 1970s: "any time, any place, anywhere - do Framcap!" - and avoid "Shaping" at all costs. So, going back to the correlation and the regressions, in every situation Framcap leadership was the most strongly correlated with successful change outcomes. And Shaping was once again significantly negatively correlated.

The third finding is the strength of the correlation that exists between Framcap and success. The 'standardised beta' measures the strength of the power of the correlation - and Framcap has a standardised beta of 0.627. Now anything over 0.3 is regarded as hugely powerful. So, again, if you can really figure out how to do the practices described under these four leadership practices.... well, they're pretty powerfully associated with successful change implementation.

The fourth finding relates to a question we had which was: is it enough to be able to do one or two of these leadership practices, or is it better to practice all four? If, for example, I've got a leadership team, and everyone has different styles, different strengths, different backgrounds, is it okay to just blend all of our styles together? As a team, can we have the same impact? So, on the quantitative analysis, we separated out in the sample those leaders who strongly practiced all four, and those who were good at one or two or three. And we found that the leaders who can put all of these together are markedly more successful at leading change than those who do not. So another big finding is that if you can balance and integrate these four change leadership practices, then it really makes a difference to the change outcome you're trying to achieve.

The fifth finding relates to the differing degrees of impact that these four change leadership practices have. We did a 'factor analysis' to find out whether there were any groupings between the four practices. We found that "Edge & Tension" and "Container" (Factor A) were strongly linked, and so were "Attractor" and "Transforming Space" (Factor B). And Factor A seemed to be the most strongly correlated to the success of the change outcome.

So while it's powerful to be able to practice all four, the former two seem to be especially important. The 'factor analysis' didn't surprise us since 'Edge' and 'Containment' would seem to be necessary and complementary bedfellows: Edge without Containment in a leader can result in unchannelled energy and unnecessary anxiety. Meanwhile, you can maybe see that Attractor and Transforming Space might have similar qualities and energies associated with them.

The sixth finding relates to the negative impact of a leader practising Transforming Space in isolation. It seems if that if all a leader does is try to create movement in the “here and now”, opening themselves up, and being vulnerable without a clear context and intent (Attractor), without goals and stretch (Edge & Tension), and without some safety (Containment), then it can be quite dangerous. Often in change processes you hear about leaders who are doing “spooky” things, which can lead to resistance elsewhere in the organisation and limit the credibility and relevance of the change process. On the other hand, when we saw the Transforming Space practice being done in combination with the other three leadership practices, it had an amplifying, positive impact on the success of the intervention.

Finally, we found that the RFLC change leadership framework seems to have high face-validity... It appears to be an accessible and practical framework about which people can say, “Ah yes, I get that”. We don’t do research just to come up with statistical findings; we do research because we want people to use it. So our final ‘finding’ is that leaders “get” these four practices quite easily - in theory at least! It’s a framework that’s not psychometrically driven; it’s a framework that is accessible and, more importantly, learnable and so has resonance with practitioners.

Questions and Discussion

Q1 Just a quick question about your sources. The companies that you interviewed were public and private, and mainly European-based?

DR They weren’t just European - we went to the US, South Africa and so on. In fact, the list of organisations represented is just here. (See Endnote below.)

Q1 The background to my question is: is this applicable worldwide, or is this only applicable to western working styles? That’s what I’m asking.

DR I think that’s something that we need to continue to test out. We have certainly used it beyond western cultures, and it has worked. But whether it works in all cultures is a different question.

Q2 I must say that I think one of the things you have to be very careful of is language. At the core very often, you and the client are talking about the same things, but the descriptors used can make it quite difficult to get there.

DR Yes, because sometimes if you’re in a culture where, for example, face-saving is really important, using “edge and tension” directly in front of others can be taboo. So there has to be some care.

Q3 Did you have a very hard definition of success or failure when you interviewed your interviewees? Or did you leave it up to them?

DR The latter. And we debated that and we said, well shouldn’t you actually define it so everyone will then rate it in the right kind of way? And our Professor Higgs said ‘No!’ It depends on what the intent and the goals and the objectives of the change were - and did it hit those outcomes - because the purpose of the change might be different in the different stories. So having a too hard and fast rule about ‘what success looks like’ would have been too constricting.

Q3 But you could corroborate the success? If they set their success targets, you could independently corroborate their success? You didn't just rely on their assessment?

DR Exactly. So we had two other data points: there was the coder and also the independent panel. And when you start to rank, you can clearly see the difference between the more successful and the less successful change stories. So we tried to dice it and slice it various ways.

Q4 Just a question on the quantitative analysis. You mentioned regression analysis, but I think you missed the other bit of quantitative analysis that you did.

DR Correlation analysis... looking at the strength of an association. So for example, if something goes higher, what goes higher with it? That's what correlation is all about. So the more change success went up, what leadership practices increased with that success - when you look at the association?

RFLC colleague Yes, with correlation, you can think of it as a confidence level. So what is the chance that this association level could have happened by chance? And we only took findings to be meaningful if that figure is almost zero – if there's less than 1% chance that it could have happened by chance.

Q4 And was there a clear indication of what was the cause? I mean, were there some behaviours that you saw in successful leaders, but where the behaviour was caused by the success? Rather than the success being caused by the behaviour...? Do you know what I mean?

DR Correlation doesn't imply cause. It just says there's a relationship happening there. That's why it's dangerous to say this has predictive validity, because predictive validity suggests we have worked out the causality. All we know that there is a strong relationship between these four change leadership factors and the success of the change outcome.

Endnote: The organisations of leaders participating in the research

The UK Pensions Service
One World
Shell Commercial Fuels
British Technology Group plc
Starbucks
PricewaterhouseCoopers
DeBeers
RRC Business Training
Anglican Church
Shell Latin America
Grosvenor
West Of England Partnership
The Hub
Shell Germany
Barclays
Pepsico
AVON Cosmetics
Shell Global Lubricants
Shell Manufacturing
UK Department of Work and Pensions
Scotts
Nelsonbach
Northern Foods
Rolls Royce
Nuon
Shell Global Retail
New Economics Foundation
Liverpool City Council
Proctor and Gamble
National Australia Bank
Isles of Scilly Digital Workshop
African Bank of South Africa
Barclaycard