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These cases are for Leaders, Students and Teachers

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The cases are designed to cover the essential areas of being a skilled, high impact leader and will produce a clear understanding of how the lessons can be applied.

- **Students:**

Students will quickly grasp the methods that leaders use to achieve extraordinary results.

- **Teachers:**

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D. D. Warrick

University
of Colorado,
Colorado Springs,
USA



Jens Mueller

Waikato
Management
School,
Hamilton,
New Zealand



Don Warrick &
Jens Mueller

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Lessons in Leadership

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Book Sales and Online Download Sales: **RossiSmith Ltd.** www.publicationsales.com

RRP €49.95

ISBN 0-9864597-3-9



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3**Leadership Lessons in
Whole System Transformation™**

Susan Donnan, William J. Rothwell, Roland Sullivan & Tom Dick

Major Focus Of The Case

This case describes how the Whole System Transformation (WST) methodology was used to exceed the expectations of internal customers by engaging the critical mass of a world-renowned Information Technology and Communication (ICT) function to (1) transform the executive leadership team; (2) transform the critical mass of people in ICT; (3) transfer WST technology to the internal change agent; and (4) ensure the organization sustains a “built-to-change” capability.

One important lesson learned in the case was that, to succeed with change, the top management team of any organization must first “walk the talk.” The top team members must experience transformation first before engaging others. While 60 to 70 percent of all change management cases in today’s organizations fail, 98 percent of our cases succeed. One reason most change efforts fail is that executive teams dictate what they want others to do and be rather than, to paraphrase Gandhi, be the change they wish to see in the world. Secondly, leadership pushes down the change rather than engages the system in the change journey.

The entry phase of this case aligned a transformed leadership team as it learned to lead organization transformation so that overall performance would be enhanced. A special transformation network was established to represent the whole function. The network performed courageously in moving the system forward in a truly dramatic fashion. A key to the success was experienced, qualified and competent internal change agent leadership.

The Organizational Context

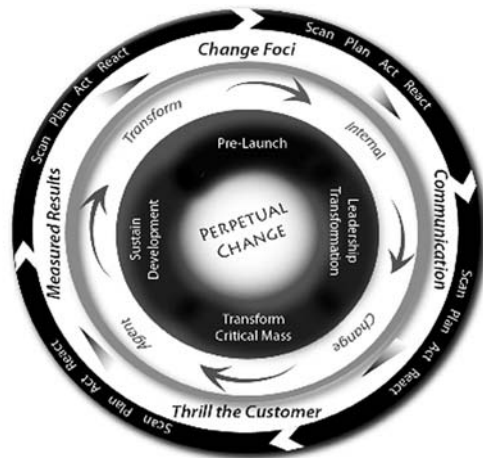
This case describes what happened in an anonymous global corporation, a large manufacturer with 55,000 employees worldwide. A new Chief Information Office (CIO) was appointed. He inherited a function with 1,200 staff. The function had been integrated, split, and reorganized numerous times over a seven year period. Within the context of the global financial and economic crisis, the CIO also faced challenges resulting from a decreasing budget, growing business demands, a changing business model, and increasingly disenchanted internal customers. To do more and better with less, his function could not afford the baby steps of incremental change management. The organization needed to make a quantum leap to change. Transformational change was thus essential if the company was to remain the world leader in its industry.

In the CIO’s first year, he worked with his new executive leadership team and a core group of middle managers to define a new vision, mission, and customer-facing transnational organization. However, he knew that these changes were only the beginning. It could take months, or even years, to formulate and implement the necessary change. But the company’s COO was impatient and demanded immediate results.

At the recommendation of an internal change consultant, the WST methodology was selected to accelerate a paradigm shift in the function. (See Figure 1.)

Figure 1:

THE WHOLE SYSTEM TRANSFORMATION MODEL



The CIO wanted a self-sustaining change process that would have a positive ripple effect. An experienced external change consultant was engaged to help make that happen. Since the internal change agent had pursued graduate work in WST and other large group interactive events, she was successful in selling the methodology effectively to her internal clients.

The Whole System Transformation Model

The whole system transformation journey is a dynamic “holistic” process designed to help leaders engage a critical mass of the organization in reinventing itself and creating a future of aligned and committed action.

At the core, the process begins with transforming the leader and his or her team so they’re aligned both intellectually and emotionally around a compelling and new vision.

Once leadership is aligned, then and only then can the process move into transforming the critical mass. This is accomplished through the design and execution of a powerful large-group interactive event where enough people within the system participate to drive a significant shift for the organization. These people go through a process that fully and safely engages them in a dialog addressing the most significant issues. They come away feeling valued. They know they have made an important contribution to moving the organization forward. They are now aligned with the leadership; all are “one brain and one heart”.

Throughout the journey, it is critical that there is at least one internal change agent participating in and learning this process. Their role is to carry the shift forward as the organization navigates its way through perpetual change in the future.

Transform The Executive Leadership Team

The start up phase of the intervention, in this case, was a 3-day leadership retreat for the CIO and his direct reports. Its aim was to improve the effectiveness and align the efforts of the ICT

executive leadership team. As a result of the retreat, the team members became more cohesive and learned to speak as one voice.

Transform A Microcosm Of The Critical Mass: Designing The Summit

Immediately following the retreat, twelve people--representing all units, levels, and locations--were nominated to work together to design a 300-person transformation summit. This group originally named the design team, eventually re-named themselves as the *transformation agent network*.

The internal and external change consultants jointly facilitated three 2- or 3-day design team sessions over a three-month period. These sessions followed a customized agenda allowing open conversations around what was not working, what was working and what needed to happen in a large meeting to reshape the organization. This democratic and engaging approach is distinctly different from a typical change management program where an external consulting firm essentially drives the process and controls the change agenda.

People resist what others try to sell them but usually support changes that they have been authentically involved in. The CIO and his direct reports took turns participating in the design sessions, giving both their support and their input. During this time, the twelve strangers, who were initially skeptical and confused, became transformed into a high-performing team. They worked together to design a 3-day summit that would transform a critical mass of people into a unified team with a unified spirit.

Transform The Critical Mass: The Summit

The 300 participants were a carefully selected microcosm of ICT. They represented all units, levels, and locations. For the first time in their history with the company, the participants found themselves sitting face-to-face with their colleagues, middle managers and senior managers. They worked together as equals. The deep-seated feelings of some participants lingered, resulting from the devastation their parents experienced with each other in World War II. As they rallied, they realized a oneness that dissipated past feelings and current work tensions.

The summit exceeded participant expectations. By focusing on strengths, the participants felt good about their action plans. The participants expressed their appreciation by standing ovations during the event, generally not part of the group’s behavioral norm. One highlight of the session: of the 40 or so robust group activities during the summit, the CIO and his direct reports openly and transparently answered anonymously-submitted “elephant in the room” questions. They answered the questions frankly-- much to the joy of all. Another highlight of the session: after listening intensely to the business intelligence generated by all, the executive leadership team made personal commitments and action plans that would transfigure the function on stage in front of all. The plans were on target. They created a great deal of excitement because they were influenced by the key business intelligence generated by the 300. **The participants left the summit with a clear understanding of the rationale for change, vivid pictures of what success would look like, and clear first steps at the individual, unit, and system-wide levels.**

The CIO reported in his interview for this chapter that the “ripple effect (of the large meeting) was unbelievable.” “A miracle had been promised and a miracle was delivered.” Since the summit, the twelve design team members have continued to drive change as transformation agents. Initially they were to be a temporary team. But, at their request, they have become a standing team to govern the change effort.

The Payoffs And Sustaining Transformation After The Summit

The internal change agent regularly reviews progress with the transformation agent network, the CIO, and his direct reports. Early indicators of success include the immediate engagement of the entire organization, the translation of actions and commitments from the summit into projects and personal objectives, improved communication, greater empowerment, grass roots initiatives, an increased capacity to act, reduced noise in the system and system-wide learnings

that will propel even greater success as the entire cycle repeats itself. At the same time, ICT is getting significantly, and measurably, better at delivering on its projects, services and cost promises to its internal customers. It is expected that more transformational events will be held as required while the CIO remains the function's leader.

The Financial Controller on the ICT Executive Team said: "The difference between the work of large traditional consulting firms and this process is that we pay them big money for their ideas that may or may not be right. Here the best and right ideas surfaced from our people and our people accepted the results because the structure and process were created by our employees through the design team".

The Journey Continues

As this case goes to press, the internal consultant is preparing a second annual executive renewal session to be followed by a second large group of the top 225 managers. The initial assessment of the executive group verified that they have learned how to lead transformation.

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Discussion

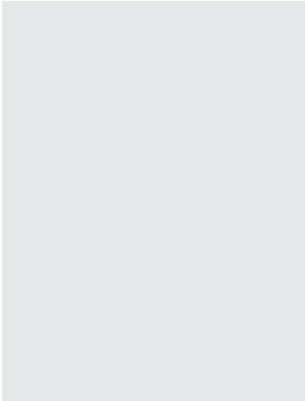
1. Discuss the Whole System Transformation process used in this case and why it is likely to cause change and accelerate the change process.
2. Discuss and list the five major challenges you believe leaders face when making and leading changes and how could you address each challenge based on what you learned in this case and from other insights about change you may have?
3. What were the payoffs of the change process used in this case and what was done to sustain the changes?
4. What are some insights you gained about leading change, involving people in the change process, and sustaining changes you gained from this case?
5. Based on the case and other insights you may have, what does a leader need to "know" and to "be" to successfully guide change?

Key Leadership Lessons

One major challenge of OD is to deal with the critical role of leaders in the change process and keeping them actively engaged and involved (Warrick, 2009, p. 631). The Key Leadership Lessons below were gleaned from dialogs with the executive team and transformation agent network, from a diagnostic instrument and interview process that was used, and from the experience of the authors of the case.

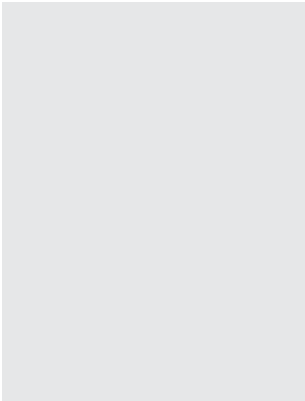
1. **Leaders must model the requirements of the change and, as Gandhi said, "be the change you wish to see in the world."** This means leaders must demonstrate the key behaviors they wish to see; make sure that what they say matches what they do; show that they have a mindset that is open to innovation, creativity and change; remain flexible, agile and adaptable; maintain healthy and effective relationships; are trustful and respectful while actively listening; and, consider the whole as more important than the parts or one's own domain.
2. **Leaders need to become "one heart and one brain" as they convey one voice.** Leaders must speak as one voice that incorporates one heart and one brain; provide a unified direction in vision and strategy; show their unity in their sense of urgency; and show that they are an harmonious choir rather than a solo singer for the team.
3. **Leaders need to empower, involve and engage all human dimensions.** Engagement: produces emotionally committed employees that contribute their best ideas and result in higher enterprise performance; creates a ripple affect because positive change from one person or team simulates change in other parts of the organization; is a democratic process that makes change happen as people support what they have helped co-create. The day of push-down autocratic leadership for the most part no longer works.
4. **Leaders need to assimilate General System Theory into their daily behavior and mind set.** Similar to a human being, all parts of an open system are interconnected in a holistic manner; whole system change is more effective than incremental and disconnected micro-changes; the collective wisdom of the whole system supersedes that of executives alone; interdependences rather than independent silos are able to respond more effectively to today's rapid pace of change; and of utmost importance is to create experiences of relational connectivity so that all people can collaboratively pursue transversal or cross boundary opportunities.
5. **Organization change is a long term journey that takes time.** A transformation or change effort is a long-term journey; it requires persistent use of action research focused on the generation of real-time knowledge that emerges from all parts of the system in creating a new future state; continual evaluation of current states and lessons learned drive future activities; leadership lessons are derived from diverse truths from different parts of the system through a democratic process; internal transformation agents need to be listened to as they represent their perceived truth from their part of the organization; and an ongoing change infrastructure needs to be set up, resourced and empowered for a sustainable long-term effort to be effective. Most organizations are in a crucible today. They will either transform in continual bold new effective beginnings or windup hopelessly broken. Leaders who learn to master change will manifest their organization's light to brighten their future.

BIOGRAPHY



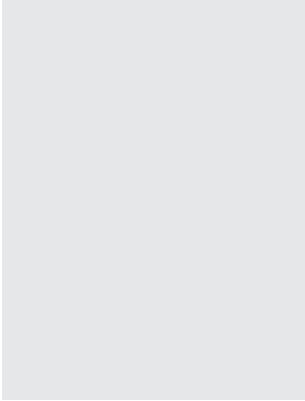
Susan Donnan was initiated into the world of OD with Pat William's MSOD program at Pepperdine University in 1997. She has 30 years of diverse business experience, facilitating complex change in large organizations. She consults cross-culturally in global and trans-national settings. She is currently working in Europe as an internal change agent for a global manufacturer.

Susan Donnan
sdonnan@metavolution.com



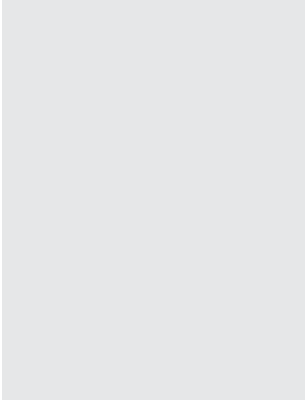
William J. Rothwell is a Professor on the University Park campus at Penn State University. Author, coauthor, editor or coeditor of over 70 books and 230 articles, he directs a graduate program in learning and performance and also leads his own consulting company known as Rothwell and Associates, Inc. Before arriving at Penn State in 1993, he had 20 years of HR work experience in the public and private sectors.

William J. Rothwell The Pennsylvania State University
Tel. 814-863-2581 · www.rothwell-associates.com



Roland Sullivan was initiated into the world of OD with a Charlie Seashore HR Lab in 1962 at NTL. Roland coined the phrase "Whole System Transformation" in 1974. He is known for "actually" transforming large systems. He has been involved in OD change efforts with over 1,000 organizations in 30 countries. With Rothwell and Pareek, he co-founded the Asian OD Network.

Roland Sullivan Sullivan Transformation Agents Pte. Ltd.
Tel. 952-818-4744 · Email: R@rolandsullivan.com



Tom Dick has over 22 years of experience working as an internal and external change consultant in a broad set of industries. He has performed numerous strategic and change implementation engagements with a diverse set of organizations ranging from startups to fortune 50 corporations.

Tom DickSolutia Consulting
Tel. 651-439-6505 · Email: Tom_Dick@msn.com