



The Delve Group, Inc.

Delve's Marketing Change Offering  
Research and Background Information

[www.delvegroupp.com](http://www.delvegroupp.com)  
[info@delvegroupp.com](mailto:info@delvegroupp.com)

## The Rationale for this Offering is Clear.

### Relevant "Water-Cooler" Talk:

- Culture eats strategy for breakfast....
- "What worked in the past is good enough."
- The absence of a threat protects status quo, or maybe "a little change."
- Silence does not mean agreement. It means "this too will go away."  
(aka- hunker in the bunker mentality.)
- The odds of people changing are....nine to one.  
Source: *Change or Die* - Fast Company Magazine
- 80% of an audience will forget a message after 24 hrs.  
Source: *The Washington Informer*

### Highlights from Salient Articles:

- Asked about the mechanisms the executives used to mobilize and sustain energy, they strongly emphasize the impact of clear, comprehensive, and compelling communication. A majority of all respondents say their organization sought to define clear goals for the next one to two years and communicated the transformation as a compelling story, and a little under half say that their company offered an inspiring view of a better long-term future.  
Source: *Organizing for Successful Change Management*, a McKinsey Global Survey
- ...engaging people at all levels of the organization, including a clear and coordinated program design, and making the change visible—  
Source: *Organizing for Successful Change Management*, a McKinsey Global Survey
- Emotions play a leading role in a performance transformation.  
Source: *Organizing for Successful Change Management*, a McKinsey Global Survey

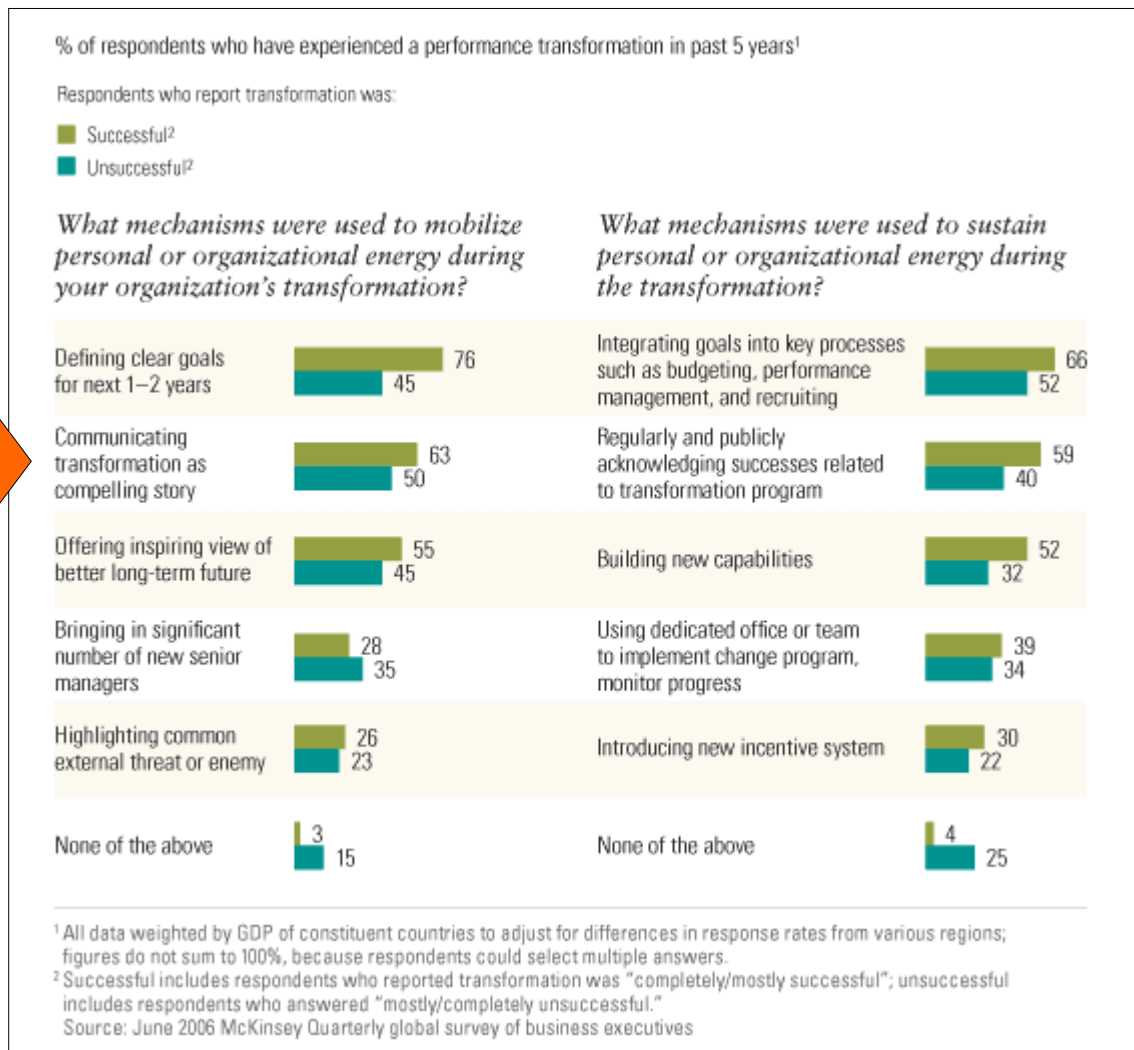
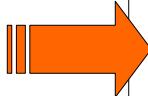
- Transformation is impossible unless hundreds or thousands of people are willing to help, often to the point of making short-term sacrifices. Employees will not make sacrifices, even if they are unhappy with the status quo, unless they believe that useful change is possible. Without credible communication, and a lot of it, the hearts and minds of the troops are never captured.  
 Source: *Leading Change - Why Transformation Efforts Fail*, John P. Kotter, Harvard Business Review
- In more successful transformation efforts, executives use all existing communication channels to broadcast the vision. They turn boring, unread company newsletters into lively articles about the vision. They take ritualistic, tedious quarterly management meetings and turn them into exciting discussions of the transformation.  
 Source: *Leading Change - Why Transformation Efforts Fail*, John P. Kotter, Harvard Business Review
- Communication comes in both words and deeds, and the latter are often the most powerful form. Nothing undermines change more than behavior by important individuals that is inconsistent with their words.  
 Source: *Leading Change - Why Transformation Efforts Fail*, John P. Kotter, Harvard Business Review
- But to succeed, they also must have an intimate understanding of the human side of change management — the alignment of the company’s culture, values, people, and behaviors — to encourage the desired results. Plans themselves do not capture value; value is realized only through the sustained, collective actions of the thousands  
 Source: *10 Principles of Change Management*, Booz Allen Hamilton
- When asked what keeps them up at night, CEOs involved in transformation often say they are concerned about how the work force will react, how they can get their team to work together, and how they will be able to lead their people. They also worry about retaining their company’s unique values and sense of identity and about creating a culture of commitment and performance.  
 Source: *10 Principles of Change Management*, Booz Allen Hamilton
- Team leaders should be as honest and explicit as possible. People will react to what they see and hear around them, and need to be involved in the change process.  
 Source: *10 Principles of Change Management*, Booz Allen Hamilton
- Most leaders contemplating change know that people matter. It is all too tempting, however, to dwell on the plans and processes, which don’t talk back and don’t respond emotionally, rather than face up to the more difficult and more critical human issues. But mastering the “soft” side of change management needn’t be a mystery.  
 Source: *10 Principles of Change Management*, Booz Allen Hamilton

## Organizing for successful change management: A McKinsey Global Survey.

Contributors to the development and analysis of this survey include **Marc Vinson** and **Caroline Pung**, consultants in McKinsey's London office, and **Javier Muñoz González-Blanch**, a consultant in the Madrid office.

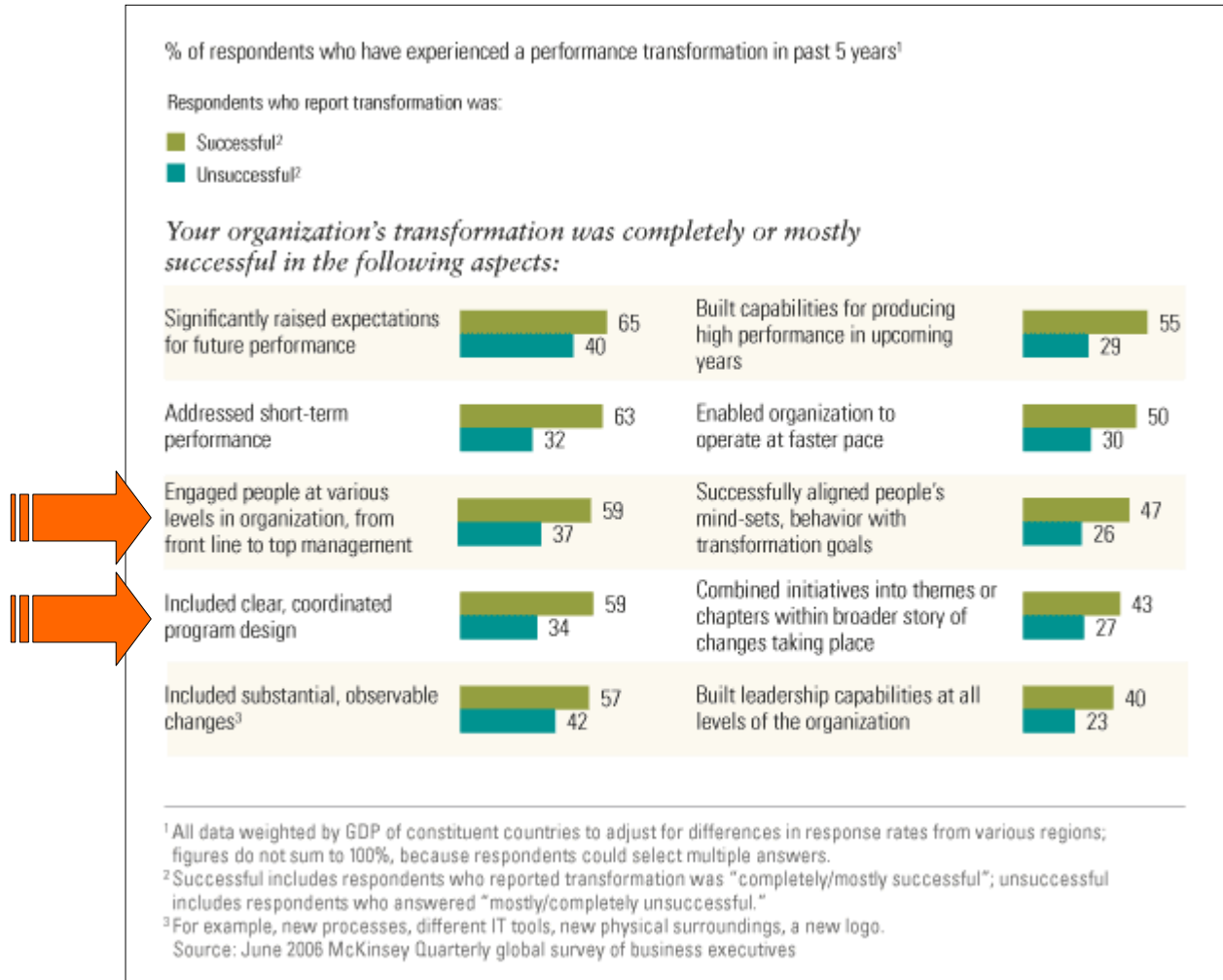
### Energy boosters

Asked about the mechanisms the executives used to mobilize and sustain energy, they strongly emphasize the impact of clear, comprehensive, and compelling communication. A majority of all respondents say their organization sought to define clear goals for the next one to two years and communicated the transformation as a compelling story, and a little under half say that their company offered an inspiring view of a better long-term future. Again, the top performers are markedly more enthusiastic about some of the factors that underpin these themes. Three in four, for instance, say that the setting of clear goals was a part of their program. Two-thirds of those respondents say that their company integrated the goals of the transformation program into processes such as budgeting, performance management, and recruiting. And nearly three in five of them say that successes were acknowledged regularly and publicly (Exhibit 4).



**The ingredients of success**

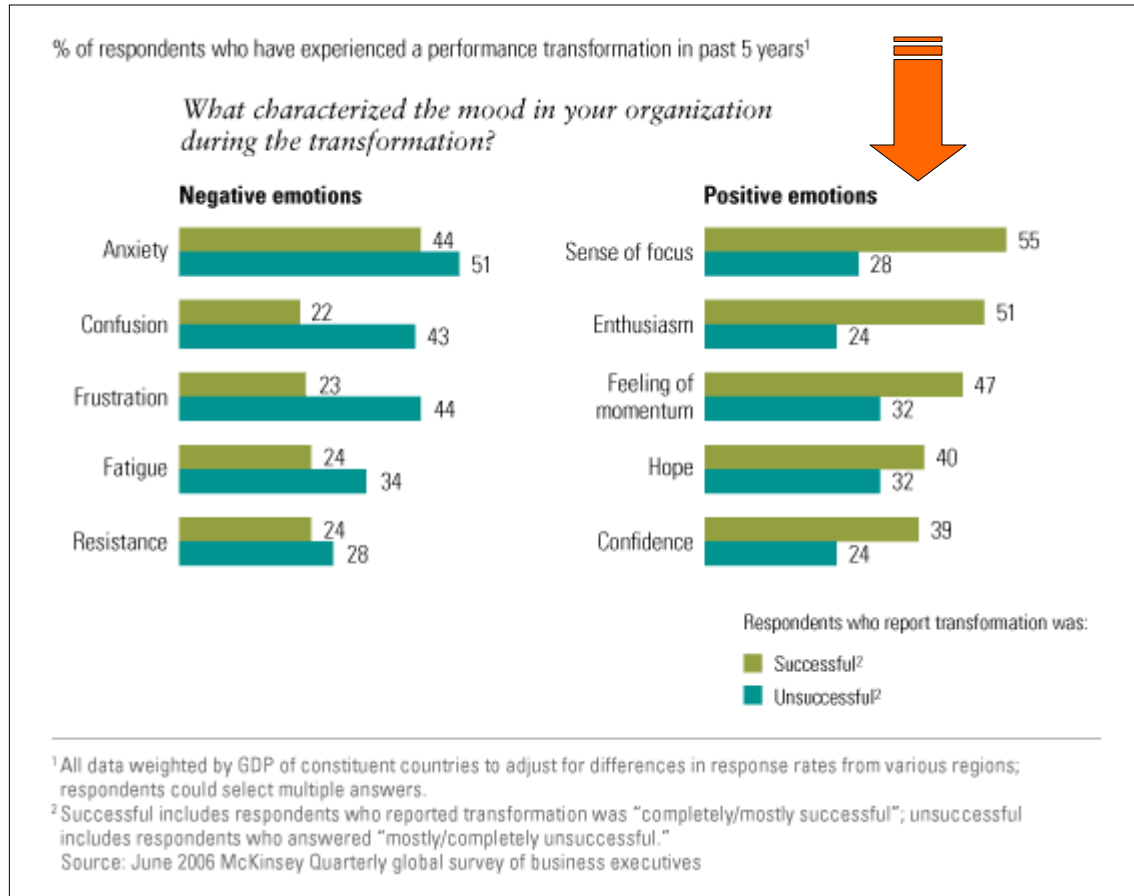
Further correlations can be made between executives' reports of success in their transformation efforts and specific features of their transformation programs. Respondents with the most successful transformations reckon that their company was conspicuously more effective than the others at raising expectations about future performance, addressing short-term performance, **engaging people at all levels of the organization, including a clear and coordinated program design, and making the change visible**—through, say, new IT tools or physical surroundings (Exhibit 5). These results reinforce our conviction that confronting these challenges significantly increases the odds for successful change.



**What transformation feels like**

The survey, meanwhile, sheds new light on the nature of the transformation experience for those involved. More than 80 percent of the executives agree that it changed the way they work, though 36 percent of that group say that it did so in ways that differ from the original intentions of the change program. Those affiliated with top-performing organizations are significantly more likely to say they changed in ways that line up with the program's original goals.

Emotions play a leading role in a performance transformation. Overall, the respondents report negative and positive moods in roughly equal proportions, with anxiety (mentioned by 46 percent of all respondents) as the most common negative feeling, well ahead of confusion, frustration, fatigue, and resistance. Among the positives, a sense of focus, enthusiasm, and feelings of momentum occur roughly equally. Not surprisingly, more of the top performers report experiencing the positive emotions—especially focus and enthusiasm (Exhibit 6).



Excerpted from the January 2007 article by John P. Kotter from Harvard Business Review, OnPoint

## Leading Change - Why Transformation Efforts Fail

### The Idea in Practice

Most major change initiatives—whether intended to boost quality, improve culture, or reverse a corporate death spiral—generate only lukewarm results. Many fail miserably.

Why? Kotter maintains that too many managers don't realize transformation is a *process*, not an event. It advances through stages that build on each other. And it takes years. Pressured to accelerate the process, managers skip stages. But shortcuts never work. Equally troubling, even highly capable managers make critical mistakes—such as declaring victory too soon. Result? Loss of momentum, reversal of hard-won gains, and devastation of the entire transformation effort.

By understanding the stages of change— and the pitfalls unique to each stage—you boost your chances of a successful transformation. The payoff? Your organization flexes with tectonic shifts in competitors, markets, and technologies—leaving rivals far behind. To give your transformation effort the best chance of succeeding, take the right actions at each stage—and avoid common pitfalls.

Stage	Actions Needed	Pitfalls
Establish a sense of urgency	<ul style="list-style-type: none"> <li>Examine market and competitive realities for potential crises and untapped opportunities.</li> <li>Convince at least 75% of your managers that the status quo is more dangerous than the unknown.</li> </ul>	<ul style="list-style-type: none"> <li>Underestimating the difficulty of driving people from their comfort zones</li> <li>Becoming paralyzed by risks</li> </ul>
Form a powerful guiding coalition	<ul style="list-style-type: none"> <li>Assemble a group with shared commitment and enough power to lead the change effort.</li> <li>Encourage them to work as a team outside the normal hierarchy.</li> </ul>	<ul style="list-style-type: none"> <li>No prior experience in teamwork at the top</li> <li>Relegating team leadership to an HR, quality, or strategic-planning executive rather than a senior line manager</li> </ul>
Create a vision	<ul style="list-style-type: none"> <li>Create a vision to direct the change effort.</li> <li>Develop strategies for realizing that vision.</li> </ul>	<ul style="list-style-type: none"> <li>Presenting a vision that's too complicated or vague to be communicated in five minutes</li> </ul>
Communicate the vision	<ul style="list-style-type: none"> <li>Use every vehicle possible to communicate the new vision and strategies for achieving it.</li> <li>Teach new behaviors by the example of the guiding coalition.</li> </ul>	<ul style="list-style-type: none"> <li>Undercommunicating the vision</li> <li>Behaving in ways antithetical to the vision</li> </ul>
Empower others to act on the vision	<ul style="list-style-type: none"> <li>Remove or alter systems or structures undermining the vision.</li> <li>Encourage risk taking and nontraditional ideas, activities, and actions.</li> </ul>	<ul style="list-style-type: none"> <li>Failing to remove powerful individuals who resist the change effort</li> </ul>
Plan for and create short term wins	<ul style="list-style-type: none"> <li>Define and engineer visible performance improvements.</li> <li>Recognize and reward employees contributing to those improvements.</li> </ul>	<ul style="list-style-type: none"> <li>Leaving short-term successes up to chance</li> <li>Failing to score successes early enough (12-24 months into the change effort)</li> </ul>
Consolidate improvements and produce more change	<ul style="list-style-type: none"> <li>Use increased credibility from early wins to change systems, structures, and policies undermining the vision.</li> <li>Hire, promote, and develop employees who can implement the vision.</li> <li>Reinvigorate the change process with new projects and change agents.</li> </ul>	<ul style="list-style-type: none"> <li>Declaring victory too soon—with the first performance improvement</li> <li>Allowing resisters to convince "troops" that the war has been won</li> </ul>
Institutionalize new approaches	<ul style="list-style-type: none"> <li>Articulate connections between new behaviors and corporate success.</li> <li>Create leadership development and succession plans consistent with the new approach.</li> </ul>	<ul style="list-style-type: none"> <li>Not creating new social norms and shared values consistent with changes</li> <li>Promoting people into leadership positions who don't personify the new approach</li> </ul>

**Error 4: Undercommunicating the Vision by a Factor of Ten**

I've seen three patterns with respect to communication, all very common. In the first, a group actually does develop a pretty good transformation vision and then proceeds to communicate it by holding a single meeting or sending out a single communication. Having used about 0.0001% of the yearly intracompany communication, the group is startled when few people seem to understand the new approach. In the second pattern, the head of the organization spends a considerable amount of time making speeches to employee groups, but most people still don't get it (not surprising, since vision captures only 0.0005% of the total yearly communication). In the third pattern, much more effort goes into newsletters and speeches, but some very visible senior executives still behave in ways that are antithetical to the vision. The net result is that cynicism among the troops goes up, while belief in the communication goes down.

Transformation is impossible unless hundreds or thousands of people are willing to help, often to the point of making short-term sacrifices. Employees will not make sacrifices, even if they are unhappy with the status quo, unless they believe that useful change is possible. Without credible communication, and a lot of it, the hearts and minds of the troops are never captured.

This fourth phase is particularly challenging if the short-term sacrifices include job losses. Gaining understanding and support is tough when downsizing is a part of the vision. For this reason, successful visions usually include new growth possibilities and the commitment to treat fairly anyone who is laid off.

Executives who communicate well incorporate messages into their hour-by-hour activities. In a routine discussion about a business problem, they talk about how proposed solutions fit (or don't fit) into the bigger picture. In a regular performance appraisal, they talk about how the employee's behavior helps or undermines the vision. In a review of a division's quarterly performance, they talk not only about the numbers but also about how the division's executives are contributing to the transformation. In a routine Q&A with employees at a company facility, they tie their answers back to renewal goals.

In more successful transformation efforts, executives use all existing communication channels to broadcast the vision. They turn boring, unread company newsletters into lively articles about the vision. They take ritualistic, tedious quarterly management meetings and turn them into exciting discussions of the transformation. They throw out much of the company's generic management education and replace it with courses that focus on business problems and the new vision. The guiding principle is simple: Use every possible channel, especially those that are being wasted on nonessential information.

Perhaps even more important, most of the executives I have known in successful cases of major change learn to "walk the talk." They consciously attempt to become a living symbol of the new corporate culture. This is often not easy. A 60-year-old plant manager who has spent precious little time over 40 years thinking about customers will not suddenly behave in a customer-oriented way. But I have witnessed just such a person change, and change a great deal. In that case, a high level of urgency helped. The fact that the man was a part of the guiding coalition and the vision-creation team also helped. So did all the communication, which kept reminding him of the desired behavior, and all the feedback from his peers and subordinates, which helped him see when he was not engaging in that behavior.

Communication comes in both words and deeds, and the latter are often the most powerful form. Nothing undermines change more than behavior by important individuals that is inconsistent with their words.

#### **Error 8: Not Anchoring Changes in the Corporation's Culture**

In the final analysis, change sticks when it becomes "the way we do things around here," when it seeps into the bloodstream of the corporate body. Until new behaviors are rooted in social norms and shared values, they are subject to degradation as soon as the pressure for change is removed.

Two factors are particularly important in institutionalizing change in corporate culture. The first is a conscious attempt to show people how the new approaches, behaviors, and attitudes have helped improve performance. When people are left on their own to make the connections, they sometimes create very inaccurate links. For example, because results improved while charismatic Harry was boss, the troops link his mostly idiosyncratic style with those results instead of seeing how their own improved customer service and productivity were instrumental. Helping people see the right connections requires communication. Indeed, one company was relentless, and it paid off enormously. Time was spent at every major management meeting to discuss why performance was increasing. The company newspaper ran article after article showing how changes had boosted earnings.

## 10 Principles of Change Management

### Tools and techniques to help companies transform quickly.

Way back when (pick your date), senior executives in large companies had a simple goal for themselves and their organizations: stability. Shareholders wanted little more than predictable earnings growth. Because so many markets were either closed or undeveloped, leaders could deliver on those expectations through annual exercises that offered only modest modifications to the strategic plan. Prices stayed in check; people stayed in their jobs; life was good.

Market transparency, labor mobility, global capital flows, and instantaneous communications have blown that comfortable scenario to smithereens. In most industries — and in almost all companies, from giants on down — heightened global competition has concentrated management's collective mind on something that, in the past, it happily avoided: change. Successful companies, as Harvard Business School professor Rosabeth Moss Kanter told *s+b* in 1999, develop "a culture that just keeps moving all the time."

This presents most senior executives with an unfamiliar challenge. In major transformations of large enterprises, they and their advisors conventionally focus their attention on devising the best strategic and tactical plans. **But to succeed, they also must have an intimate understanding of the human side of change management — the alignment of the company's culture, values, people, and behaviors — to encourage the desired results. Plans themselves do not capture value; value is realized only through the sustained, collective actions of the thousands** — perhaps the tens of thousands — of employees who are responsible for designing, executing, and living with the changed environment.

Long-term structural transformation has four characteristics: scale (the change affects all or most of the organization), magnitude (it involves significant alterations of the status quo), duration (it lasts for months, if not years), and strategic importance. Yet companies will reap the rewards only when change occurs at the level of the individual employee.

Many senior executives know this and worry about it. **When asked what keeps them up at night, CEOs involved in transformation often say they are concerned about how the work force will react, how they can get their team to work together, and how they will be able to lead their people. They also worry about retaining their company's unique values and sense of identity and about creating a culture of commitment and performance.** Leadership teams that fail to plan for the human side of change often find themselves wondering why their best-laid plans have gone awry.

No single methodology fits every company, but there is a set of practices, tools, and techniques that can be adapted to a variety of situations. What follows is a "Top 10" list of guiding principles for change management. Using these as a systematic, comprehensive framework, executives can understand what to expect, how to manage their own personal change, and how to engage the entire organization in the process.

### **1. Address the "human side" systematically.**

Any significant transformation creates "people issues." New leaders will be asked to step up, jobs will be changed, new skills and capabilities must be developed, and employees will be uncertain and resistant. Dealing with these issues on a reactive, case-by-case basis

puts speed, morale, and results at risk. A formal approach for managing change — beginning with the leadership team and then engaging key stakeholders and leaders — should be developed early, and adapted often as change moves through the organization. This demands as much data collection and analysis, planning, and implementation discipline as does a redesign of strategy, systems, or processes. The change-management approach should be fully integrated into program design and decision making, both informing and enabling strategic direction. It should be based on a realistic assessment of the organization's history, readiness, and capacity to change.

## **2. Start at the top.**

Because change is inherently unsettling for people at all levels of an organization, when it is on the horizon, all eyes will turn to the CEO and the leadership team for strength, support, and direction. The leaders themselves must embrace the new approaches first, both to challenge and to motivate the rest of the institution. They must speak with one voice and model the desired behaviors. The executive team also needs to understand that, although its public face may be one of unity, it, too, is composed of individuals who are going through stressful times and need to be supported.

Executive teams that work well together are best positioned for success. They are aligned and committed to the direction of change, understand the culture and behaviors the changes intend to introduce, and can model those changes themselves. *At one large transportation company, the senior team rolled out an initiative to improve the efficiency and performance of its corporate and field staff before addressing change issues at the officer level. The initiative realized initial cost savings but stalled as employees began to question the leadership team's vision and commitment. Only after the leadership team went through the process of aligning and committing to the change initiative was the work force able to deliver downstream results.*

## **3. Involve every layer.**

As transformation programs progress from defining strategy and setting targets to design and implementation, they affect different levels of the organization. **Change efforts must include plans for identifying leaders throughout the company and pushing responsibility for design and implementation down, so that change “cascades” through the organization.** At each layer of the organization, the leaders who are identified and trained must be aligned to the company's vision, equipped to execute their specific mission, and motivated to make change happen.

*A major multiline insurer with consistently flat earnings decided to change performance and behavior in preparation for going public. The company followed this “cascading leadership” methodology, training and supporting teams at each stage. First, 10 officers set the strategy, vision, and targets. Next, more than 60 senior executives and managers designed the core of the change initiative. Then 500 leaders from the field drove implementation. The structure remained in place throughout the change program, which doubled the company's earnings far ahead of schedule. This approach is also a superb way for a company to identify its next generation of leadership.*

## **4. Make the formal case.**

Individuals are inherently rational and will question to what extent change is needed, whether the company is headed in the right direction, and whether they want to commit personally to making change happen. They will look to the leadership for answers. **The articulation of a formal case for change and the creation of a written vision statement are invaluable opportunities to create or compel leadership-team alignment.**

Three steps should be followed in developing the case: First, confront reality and articulate a convincing need for change. Second, demonstrate faith that the company has a viable future and the leadership to get there. Finally, provide a road map to guide behavior and decision making. Leaders must then customize this message for various internal audiences, describing the pending change in terms that matter to the individuals.

*A consumer packaged-goods company experiencing years of steadily declining earnings determined that it needed to significantly restructure its operations — instituting, among other things, a 30 percent work force reduction — to remain competitive. In a series of offsite meetings, the executive team built a brutally honest business case that downsizing was the only way to keep the business viable, and drew on the company's proud heritage to craft a compelling vision to lead the company forward. By confronting reality and helping employees understand the necessity for change, leaders were able to motivate the organization to follow the new direction in the midst of the largest downsizing in the company's history. Instead of being shell-shocked and demoralized, those who stayed felt a renewed resolve to help the enterprise advance.*

#### **5. Create ownership.**

Leaders of large change programs must overperform during the transformation and be the zealots who create a critical mass among the work force in favor of change. This requires more than mere buy-in or passive agreement that the direction of change is acceptable. It demands ownership by leaders willing to accept responsibility for making change happen in all of the areas they influence or control. Ownership is often best created by involving people in identifying problems and crafting solutions. It is reinforced by incentives and rewards. These can be tangible (for example, financial compensation) or psychological (for example, camaraderie and a sense of shared destiny).

*At a large health-care organization that was moving to a shared-services model for administrative support, the first department to create detailed designs for the new organization was human resources. Its personnel worked with advisors in cross-functional teams for more than six months. But as the designs were being finalized, top departmental executives began to resist the move to implementation. While agreeing that the work was top-notch, the executives realized they hadn't invested enough individual time in the design process to feel the ownership required to begin implementation. On the basis of their feedback, the process was modified to include a "deep dive." The departmental executives worked with the design teams to learn more, and get further exposure to changes that would occur. This was the turning point; the transition then happened quickly. It also created a forum for top executives to work as a team, creating a sense of alignment and unity that the group hadn't felt before.*

#### **6. Communicate the message.**

Too often, change leaders make the mistake of believing that others understand the issues, feel the need to change, and see the new direction as clearly as they do. The best change programs reinforce core messages through regular, timely advice that is both inspirational and practicable. Communications flow in from the bottom and out from the top, and are targeted to provide employees the right information at the right time and to solicit their input and feedback. Often this will require overcommunication through multiple, redundant channels.

*In the late 1990s, the commissioner of the Internal Revenue Service, Charles O. Rossotti, had a vision: The IRS could treat taxpayers as customers and turn a feared bureaucracy into a world-class service organization. Getting more than 100,000 employees to think and act differently required more than just systems redesign and process change. IRS leadership designed and executed an ambitious communications program including*

*daily voice mails from the commissioner and his top staff, training sessions, videotapes, newsletters, and town hall meetings that continued through the transformation. Timely, constant, practical communication was at the heart of the program, which brought the IRS's customer ratings from the lowest in various surveys to its current ranking above the likes of McDonald's and most airlines.*

#### **7. Assess the cultural landscape.**

Successful change programs pick up speed and intensity as they cascade down, making it critically important that leaders understand and account for culture and behaviors at each level of the organization. Companies often make the mistake of assessing culture either too late or not at all. Thorough cultural diagnostics can assess organizational readiness to change, bring major problems to the surface, identify conflicts, and define factors that can recognize and influence sources of leadership and resistance. These diagnostics identify the core values, beliefs, behaviors, and perceptions that must be taken into account for successful change to occur. They serve as the common baseline for designing essential change elements, such as the new corporate vision, and building the infrastructure and programs needed to drive change.

#### **8. Address culture explicitly.**

Once the culture is understood, it should be addressed as thoroughly as any other area in a change program. Leaders should be explicit about the culture and underlying behaviors that will best support the new way of doing business, and find opportunities to model and reward those behaviors. This requires developing a baseline, defining an explicit end-state or desired culture, and devising detailed plans to make the transition.

Company culture is an amalgam of shared history, explicit values and beliefs, and common attitudes and behaviors. Change programs can involve creating a culture (in new companies or those built through multiple acquisitions), combining cultures (in mergers or acquisitions of large companies), or reinforcing cultures (in, say, long-established consumer goods or manufacturing companies). Understanding that all companies have a cultural center — the locus of thought, activity, influence, or personal identification — is often an effective way to jump-start culture change.

*A consumer goods company with a suite of premium brands determined that business realities demanded a greater focus on profitability and bottom-line accountability. In addition to redesigning metrics and incentives, it developed a plan to systematically change the company's culture, beginning with marketing, the company's historical center. It brought the marketing staff into the process early to create enthusiasts for the new philosophy who adapted marketing campaigns, spending plans, and incentive programs to be more accountable. Seeing these culture leaders grab onto the new program, the rest of the company quickly fell in line.*

#### **9. Prepare for the unexpected.**

No change program goes completely according to plan. People react in unexpected ways; areas of anticipated resistance fall away; and the external environment shifts. Effectively managing change requires continual reassessment of its impact and the organization's willingness and ability to adopt the next wave of transformation. Fed by real data from the field and supported by information and solid decision-making processes, change leaders can then make the adjustments necessary to maintain momentum and drive results.

*A leading U.S. health-care company was facing competitive and financial pressures from its inability to react to changes in the marketplace. A diagnosis revealed shortcomings in its organizational structure and governance, and the company decided*

*to implement a new operating model. In the midst of detailed design, a new CEO and leadership team took over. The new team was initially skeptical, but was ultimately convinced that a solid case for change, grounded in facts and supported by the organization at large, existed. Some adjustments were made to the speed and sequence of implementation, but the fundamentals of the new operating model remained unchanged.*

#### **10. Speak to the individual.**

Change is both an institutional journey and a very personal one. People spend many hours each week at work; many think of their colleagues as a second family. Individuals (or teams of individuals) need to know how their work will change, what is expected of them during and after the change program, how they will be measured, and what success or failure will mean for them and those around them. **Team leaders should be as honest and explicit as possible. People will react to what they see and hear around them, and need to be involved in the change process.** Highly visible rewards, such as promotion, recognition, and bonuses, should be provided as dramatic reinforcement for embracing change. Sanction or removal of people standing in the way of change will reinforce the institution's commitment.

**Most leaders contemplating change know that people matter. It is all too tempting, however, to dwell on the plans and processes, which don't talk back and don't respond emotionally, rather than face up to the more difficult and more critical human issues. But mastering the "soft" side of change management needn't be a mystery.**