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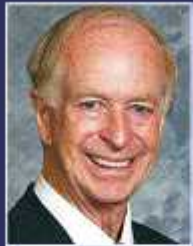
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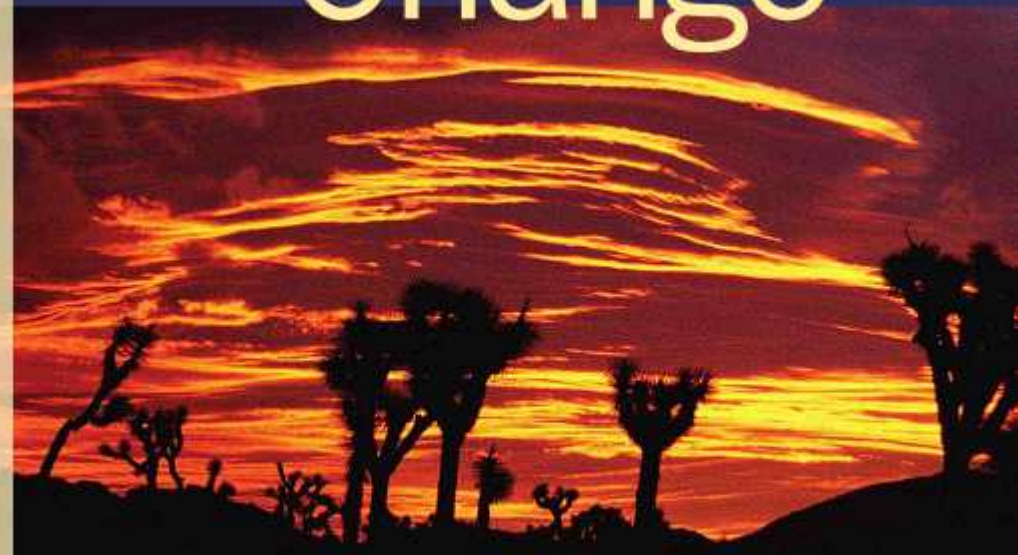**RossiSmith www.publicationsales.com**

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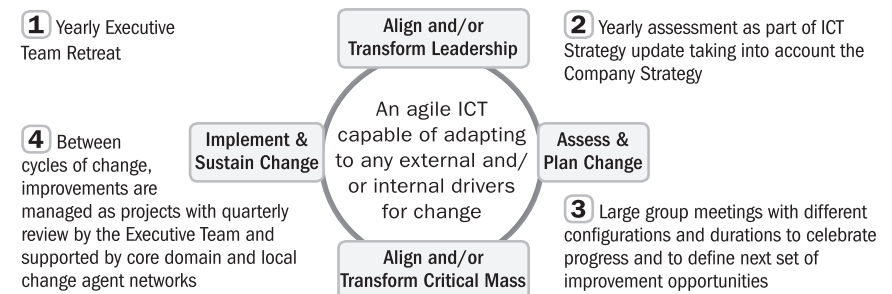**RᴑS**
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Change Lessons in Whole System Transformation™

Susan Donnan & Roland Sullivan

Whole System Transformation (WST) is the methodology chosen to drive transformation in the Information and Communication Technology (ICT) function of an anonymous global corporation, a large manufacturer with 55,000 employees worldwide. WST has been institutionalized to develop ICT into an agile organization capable of adapting to any external and/or internal drivers for change.

An agile organization changes on a dime to respond to arising internal and external customer needs. It is a resilient system that has the capacity to handle disruptions or new business demands and to re-organize itself while preserving its core values and its essential historical identity.

Each successive cycle of change has four phases: (1) Yearly retreat to align or transform the executive leadership team; (2) Yearly assessments of next changes as part of strategy update; (3) Large group interactive event to align or transform a critical mass; and (4) Implementation of planned change projects as defined by the event participants.

One key element of WST is the use of large group interactive event to generate excitement, enthusiasm and energy for change. However, when participants leave the bubble of the event and get back to their daily life, reality tends to take over very quickly. The focus of this case is on how ICT has learned to sustain the momentum for change between cycles of change.

Figure 1: **Whole System Transformation**

1 Yearly Executive Team Retreat

2 Yearly assessment as part of ICT Strategy update taking into account the Company Strategy

Align and/or Transform Leadership

An agile ICT capable of adapting to any external and/or internal drivers for change

Implement & Sustain Change

Assess & Plan Change

Align and/or Transform Critical Mass

4 Between cycles of change, improvements are managed as projects with quarterly review by the Executive Team and supported by core domain and local change agent networks

3 Large group meetings with different configurations and durations to celebrate progress and to define next set of improvement opportunities

The Case Study

This case describes the continual application of Whole System Transformation (WST) in the Information and Communication Technology (ICT) function of an anonymous global corporation, a large manufacturer with 55,000 employees worldwide. WST allows leaders to engage all parts of an organization in a paradigm shift to accelerate sustainable positive results.

Our story began with the appointment of a new Chief Information Office (CIO) who inherited a function with 1,200 staff. In his first year, the CIO worked with his new executive leadership team and a core group of middle managers to define its 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 changes.

In his second year, he chose to use WST to drive the transformation. A summit was held with 300 participants, a carefully-selected microcosm of ICT. They represented all units, levels, and locations. The outcomes of this first summit were 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 summit was followed by immediate engagement of the entire organization and the translation of actions and commitments from the summit into change projects and individual objectives. The ICT Executive Team and the internal change agent regularly reviewed the progress of projects and objectives. In addition to improved communication, greater empowerment, grass roots initiatives and an increased capacity to act, ICT is getting significantly, and measurably, better at delivering on its projects, services and cost promises to its internal customers.

Our story continues with the CIO's third year and the second application of WST. At the last annual ICT Executive Team retreat, the team celebrated a multitude of transformation achievements and explored the next steps for transformation. They decided that the next areas of focus would be cross-unit or transversal breakthroughs and involvement of the entire ICT formal leadership population. A 12-person design team representative the ICT leadership was empowered to design the large group interactive event. A summit with all of the top 200 ICT managers was convened.

A key theme at the summit was "Leading as ONE". The managers explored the current leadership practices that keep ICT stuck and prevent it from further transforming and from implementing its strategy. They then discussed the positive leadership practices that if increased, enhanced, and developed would significantly help ICT transformation and its strategy implementation.

A key module of the summit was "Hot Potatoes". The managers were asked to identify and describe the top undesirable current situations that prevent them from delivering effectively and efficiently as well as from implementing the ICT strategy. The whole room voted on the top 12 undesirable current situations ("Hot Potatoes") that they most want to transform within the next 12 months. This resulted in 12 traversal transformation projects such as: Leadership alignment; Empowerment; Decision making; Cross-unit working; Management of remote teams; Balance between management and leadership; Budgeting; Sourcing etc. The CIO spontaneously allocated a 7-digit budget for the projects.

Following the summit, each of the 12 projects is sponsored by an ICT Executive, led by a project leader, and supported by one or more Design Team member(s). Each and every ICT manager is expected to work on one of the 12 projects. A formal business improvement methodology is used for the projects. Delegation is not allowed until after the milestone where the as-is analysis is completed and the to-be solutions are defined. The internal change agent and the Design Team perform the programme management and steering functions for the 12 projects to ensure that they will deliver concrete results and reach successful conclusions.

The ICT managers are fully engaged in the 12 projects despite having to work on them on top of their operational activities. This is because they were the ones who decided that these were the right issues to address and they are empowered to address them in the way they see fit. An added benefit of the projects is the increased capacity and capability of the mangers to work across organizational and geographical boundaries as well as in virtual settings. A true community is naturally developing.

In working with the managers, the internal change agent observed that all 12 projects are interrelated and they shine the light on a deeper core systemic issue round time, a rare resource that money cannot buy. ICT is part of a global organization that has experienced and continues to experience tremendous growth. In general, people are already overloaded and stressed in keeping today's business running. At the same time, they are also being asked to transform the business for the future. Focusing on the true top priorities and saying no to lesser priorities still remain difficult for the majority of the people in this global manufacturer.

At the time of this writing, the ICT Executive Team is preparing for its next annual retreat. New conversations are being identified. Like the metaphor of putting the oxygen mask on yourself first before helping others, ICT transformation has been focused mostly, although not exclusively, internally for the last two years. It is now ready to focus outward towards customers and suppliers. The third summit is planned and a new design team that represents the participants (potentially including customers and suppliers) will be nominated by the Executive Team.

At recent communication sessions with the ICT Community, the CIO thanked everyone for their contributions in services and project deliveries as well as progress in transformation. He added:"ICT Transformation has been institutionalized and is delivering credible results. Our journey continues."

Conclusion

David Houle said: "We now live in the Shift Age, a time of transformation that will be regarded by future historians as one of the most significant periods in human history." www.davidhoule.com

For organizations to thrive in the new "Shift Age", we have shared with you a new and what we believe a very powerful methodology that is relevant in helping organizations deal with the rapid, surprising and chaotic global transformation that is occurring at an increased pace.

Our dream is that you will take what we have shared and evolve even more effective and powerful system-wide transformation and change processes that will enable organizations to take advantage of the incredible opportunities that exist in our new globalizing world!

Discussion Questions

1. Discuss the four phases of Whole Systems Transformation and why each is important to the change process.

2. The purpose of change is to improve business results in the triple bottom lines: profit, people and planet. How would you measure progress and results along your transformation journey?

3. Large group events create tremendous excitement, enthusiasm and energy for change. However, when participants leave the bubble of the event and get back to their daily life, reality tends to take over very quickly. How would you make sure that you capitalize on the momentum generated at the event until the next large group event?

4. Organizing change teams is a critical part of the success of efforts to make significant and lasting changes. Discuss how the various change teams (Leadership Team, 12 Person Design Team, 12 Project Teams) were structured to plan and implement changes.

5. In an organization struggling with growth, a key challenge is to prioritize one's time and activities in order to focus limited resources on the highest priorities. In reality we know that most organizations are incapable of doing this. They are responding to the customer and feel tremendous anxiety and stress to meet the customer deadlines. How do you help the system to find resources and time to deal with the additional change and organizational transformation work?

6. What are the major insights you gained from this case about how to transform organizations?

Key Lessons In Leading Change

1. **Sustaining momentum for change after the large group interactive event**

   The paradigm shift happens during the carefully designed interactive group events. Yet the real work of transformation occurs between interactive events. The structured follow up approach after the second summit proved to be effective. The definition of the 12 transversal projects with descriptions of the undesirable current situations and the desirable future states; the use of a formal improvement methodology as well as project and program management; the executive sponsorship; the engagement of participants in the projects; and the allocation of sufficient funds; ensure the delivery of concrete results. In practice, a core group of people naturally emerged in each project to lead and drive it. The remaining project team members contributed by reviewing and validating the project deliverables. In additional to these formal projects, individual and local initiatives continued to be encouraged and welcomed.

   A significant momentum motivator was the commitment to repeat the 4-phase cycle cited in the beginning of the chapter. All managers know that they must face themselves as a system as new members gather in the third large summit. Current project team members wish to pass on to the next group their results which will motivate effective work on newly arising challenges.

2. **Finding the resources and time for transformation**

   We have no great answers to offer and still have a lot to learn about the important issue of finding resources, especially time, in an organization challenged with growth. A hypothesis we have about this global manufacturer is that managers at different levels of the organization are doing the same level of work. One way to free up resources and time is to help everyone in the system to do the right level of work by improving empowerment, delegation, decision-making, alignment and leadership. Another way is to be realistic with the transformation workload that the system can handle on top of operational activities. ICT has learned that it is better to complete a few priority projects effectively within 12 months then to start many initiatives all at once and not achieve results for a long time.

   Additional suggestions for finding resources and time:

   - Determine as a whole system to stop current activities that are adding the least value.

   - Determine planned changes that will create more efficiency so more time is freed up.
   - Delegate or outsource tasks that can be done more economically by purchased services.
   - Help individuals and teams manage their time better. Especially find ways to have more effective meetings.
   - Do more virtual work so time is saved from traveling from country to country. This assumes that great relationships exist between members of virtual teams.

3. **Ensuring a long-term sustained journey**

   In today's uncertain and complex world, the ability to change and adapt is the only sustainable competitive advantage. The WST process must be repeated regularly to ensure a sustained long-term journey. We have observed that everyone who experienced the WST process, regardless of his/her role in the process (design team, logistics team, executive team or participants), develops greater understanding and competences in leading, driving and making change. A total of 33% of the ICT population have been through the transformation process. Over several years, it is possible to engage 100% of the population.

   After transferring the WST competences to the internal change agent, the next challenge is for the internal agent to transfer the same to the organization leaders and members themselves so that they can sustain the journey on their own. When this is achieved, ICT would be a truly agile and resilient organization capable of adapting to any external and/or internal challenges. However, ICT is a system embedded within a larger system. Eventually, other parts of the system must also evolve in order for ICT to evolve. The ICT executives have identified five or more potential areas in the larger organization that could benefit from WST.

   Going forward the internal change agent has established a core change facilitation team as well as local change agent networks. Although the best way to learn WST is experientially (i.e. by doing), advanced training in facilitating organizational change is recommended.

4. **Lead and lag indicators for measuring progress and results**

   Following a large group interactive event, the lead indicators of success are team spirit, confidence, commitment, relationships, energy, trust, inclusiveness, transparency and alignment which are difficult to measure but can be felt, observed, and captured in anecdotal stories. This is followed by more tangible indicators such as behavioral changes

and the definition of improvement projects. However, it is only when the improvement projects are successfully deployed before improved business results, the lag indictors of success, can be measured. It is important that ICT executives and managers understand that easy-to-measure lag indicators of success will come if they recognize, support and nurture the difficult-to-measure but equally valuable lead indicators of success. To create a change receptive and agile culture takes time and requires incredible patience. People often resist change when it is dictated or imposed from the top. Given the opportunity, people willingly support and embrace change that they help to define and create. They do so because at the core we all want to be included, to have our voices heard, and to have a significant role to play in defining and creating a desirable shared future.

Figure 2:

LEAD AND LAG INDICATORS ALONG TRANSFORMATION JOURNEY
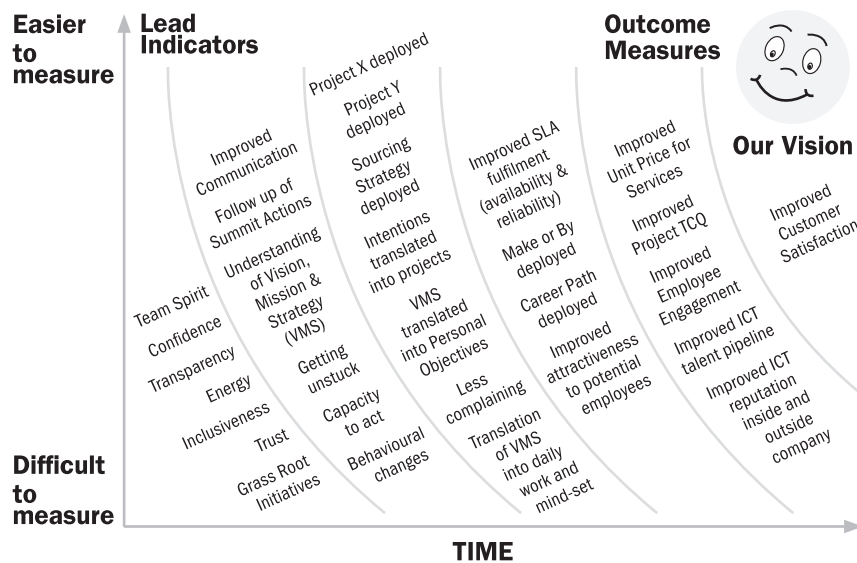
5. WST Differentiators

The synergistic integration of the following elements, applied holistically, are the key differentiators for WST journeys:

- We co-create a compelling purpose with the whole organization.
- We focus on transforming the top leaders and core leadership team before engaging the rest of the organization. The result is a genuinely unified and aligned leadership team on what must

change in order to enhance the achievement of business results. Also a commitment to sustaining the journey arises.

- We co-design the entire process with a diverse set of people from within the system (i.e. the design team).
- We take the participants through a real-time experience of dissatisfaction, aspiration, first steps and belief that lead to transformation.
- We build strong committed relationships across, up and down the organization by initiating meaningful dialog on significant issues that are typically not discussed.
- We empower people with critical knowledge at all levels of the organization by creating a safe environment in which to share their truths. The system wide business intelligence ensures the right changes are put into play.

6. Key competencies for change agents and facilitating large groups

The following are the top ten competences that we have identified:

- Knowledge of the business and its language.
- Ability to explain OD and intervention approaches in plain English.
- Ability to intervene from units of one person to small teams ... to the whole system.
- Ability to work with the CEO, executive team, middle managers, and front line employees.
- Good project and programme management skills to drive change implementation.
- Ability to partner with HR.
- Ability to build internal capacities and to know when to get the help of a guru.
- Access to a support network outside of own organization.
- Ability to attract followers and enroll others for a greater cause than themselves (i.e. Level 5 leadership).
- Know thyself, your strengths and your weaknesses.

For more competencies go to: http://x.co/aRqT *(is case sensitive)*

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.

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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.

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