

THE BULLETIN

OUR VIEW ON CORPORATE GOVERNANCE MATTERS

VOLUME 8, ISSUE 8

When Executives Stand in the Way – Create the Right Tone at the Top for Change

*by Fran Maxwell, Managing Director
People Advisory and Organizational Change Global Leader, Protiviti*


In the race toward innovation and transformation, it can be easy for leadership to overlook their crucial role in driving change in the organization, including fostering vital new mindsets and behaviors. In fact, leadership teams often become obstacles to, rather than catalysts for, the very change they're striving to achieve in people and behaviors.

Executive engagement is a critical component to enable change. It's important to make the distinction that leaders and managers don't "manage" change; they "enable" change. If executives do not engage in change enablement processes, align themselves with the intended changes and "walk the talk" by adopting the behaviors they expect from their workforce, key enterprise initiatives risk not meeting expectations, or worse, will fail. Lapses in change enablement lead to a lack of buy-in throughout the enterprise, project failures, lower levels of trust throughout the workforce, negative employee experience, and declines in people productivity and engagement.

The need for more executives to focus on supporting and leading change cannot be overstated. Dissension can arise among leadership when just one executive pays lip service to the need for a large-scale change but undermines efforts behind the scenes. This and other forms of misalignment regarding the rationale for, and benefits of, the change also can reduce trust

among executive team members, motivating some to seek opportunities with other companies. Further, a poor or inconsistent tone at the top also can lead to higher turnover rates and create mistrust in an era when access to top talent and high-performing teams represent important competitive advantages.¹

These issues should motivate the C-suite and other senior leaders to examine how, unintentionally or otherwise, they may be impeding major change efforts and consider ways to inspire the adoption of new behaviors.



According to research from multiple consulting firms and based on our own experience, more than 70% of major change initiatives (including digital transformation) experience some level of failure.

Why leaders resist change

According to research from multiple consulting firms and based on our own experience, more than 70% of major change initiatives (including digital transformation) experience some level of failure.² Similar comprehensive change efforts focused on innovation, organizational resilience and talent management do not fare much better. While these failure rates have elevated the focus on change management fundamentals and prioritized the formation of project management offices within many enterprises, relatively little attention has been devoted to leadership's role in change management breakdowns.

“Leaders frequently underestimate the amount of work required for the change, overestimate the organization's capacity to make the change, and misjudge how the organization views their connection to the change,” Navalent Co-Founder and Managing Partner Ron Carucci wrote in a *Harvard Business Review* article three years ago. “Despite the vast body of knowledge available to leaders on how to effect lasting, positive organizational change, too many executives continue reaching for the same comfortable levers that consistently miss the mark.”³

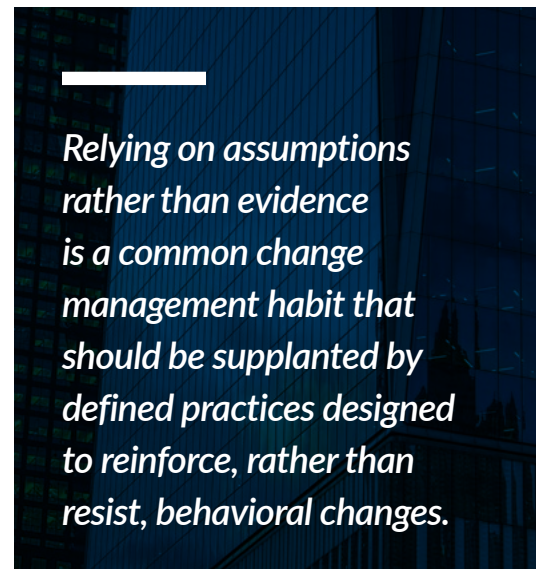
¹ “Organizational Culture Is a Competitive Advantage,” *The Bulletin*, Volume 8, Issue 5, May 2023, Protiviti: www.protiviti.com/us-en/newsletter/bulletinv8i5-organizational-culture.

² “12 Reasons Your Digital Transformation Will Fail,” by Dr. Corrie Block, PhD, DBA, *Forbes*, March 16, 2022: www.forbes.com/sites/forbescoachescouncil/2022/03/16/12-reasons-your-digital-transformation-will-fail/?sh=43f6b2021f1e.

³ “How Leaders Get in the Way of Organizational Change,” by Ron Carucci, *Harvard Business Review*, April 30, 2021: <https://hbr.org/2021/04/how-leaders-get-in-the-way-of-organizational-change>.

While these missteps are rarely intentional, they should be understood, discussed candidly and avoided. Large-scale organizational transformations are, of course, difficult. Successful change efforts require:

- Leaders to make a compelling case for the change;
- The entire leadership team to align on (even if it means disagreeing and still committing) and communicate a consistent message about the rationale for, and benefits of, the initiative to the workforce; and
- Leaders to drive consistent behaviors (those required to effect the change) throughout the organization — largely by modeling the behaviors that leaders want the rest of the workforce to adopt (i.e., walking the talk).



In practice, we find that change management best practices, from engaging people to defining and promoting critical new behaviors, are often an afterthought, taking a back seat to technical processes and technology components of the initiative. Common ways in which leaders obstruct change include failing to:

- Clarify the business rationale for the change.
- Model the behaviors that the change requires.
- Create and sustain alignment (regarding the “why” behind the initiative) across leadership teams.
- Verify assumptions that this alignment exists.
- Break old leadership habits.

In addition, relying on assumptions rather than evidence is a common change management habit that should be supplanted by defined practices designed to reinforce, rather than resist, behavioral changes.


Seven leading change management practices

From a people and culture perspective, along with adhering to fundamental change management practices, we recommend leaders take the following steps to help cultivate change while instilling new behaviors throughout their organization:

1. Start by slowing down. Transformation, resilience and innovation are broad terms that are ripe for numerous interpretations and misinterpretations. Before initiating a sweeping change effort focused on one of these goals, leaders should step back and define what these types of terms mean to the organization. Ultimately, leaders also must be aligned on their definition, to the point that they can finish each other's sentences when describing to the workforce the endeavor's rationale and objectives. If resilience is the focus of the change, clarify how the C-suite defines that term: *What does it mean for our organization? What three to five resilient behaviors do we want our employees to perform? How can we convey succinctly to our people how these behaviors will benefit them, our organization and other stakeholders?* While this work is not complex, it is crucial.

Devoting time upfront to defining terms like “resilience,” “customer centricity” or “employer of choice” helps blunt the negative impacts of assumptions that the organization's people know what these terms – and broader objectives like “transformation” and “innovation” – mean specifically to the organization, its strategy and its workforce.

2. Build the why. Leaders should state clearly and succinctly why the change is needed from a business perspective guided by first-principle thinking. For a resilience-related initiative, for example, the CEO might explain that the economic landscape and talent pool continue to change, and the business needs to evolve in response: *It is imperative that we become more resilient in the face of these changes, and that means A, B, C and D for the business. Here's what it means for you.* Keep in mind that financial and efficiency-related metrics (e.g., a 4% increase in shareholder value) generally do not inspire people as effectively as purpose-related goals (e.g., *this cloud-based project management tool will enable us to be more agile and effective in how we support our clients, improve their customer experience and generate new business and revenue from them*).



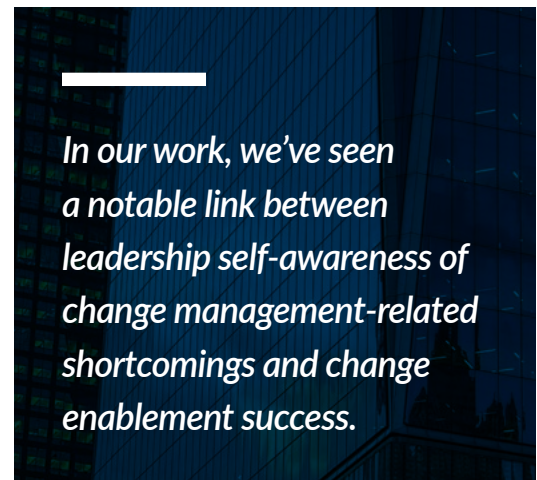
Research conducted by the London School of Economics and Protiviti shows that intergenerationally-inclusive work practices correlate with higher levels of employee productivity and job satisfaction.

3. Drive intergenerational inclusiveness. Different employee segments, including those tied to generational cohorts, have their own unique expectations of the employer-employee compact. These expectations should be considered and addressed in communications regarding the change initiative. Research conducted by the London School of Economics and Protiviti shows that intergenerationally-inclusive work practices correlate with higher

levels of employee productivity and job satisfaction.⁴ Intergenerationally-inclusive work practices include making it easier for different employee age groups to fit in and work together, and having leaders who manage people from diverse generational backgrounds effectively. These practices should extend to enterprise change efforts, which need to demonstrate similar intergenerational awareness to resonate with their audience.

4. Promote less, listen more. Assess the typical communications plan for a large-scale project and chances are you'll see a hefty dose of one-way messaging going *from* the leaders to the workforce. The efficacy of this messaging hinges on the extent to which leadership understands the workforce's mindset prior to the change effort. Leadership teams that conduct regular (e.g., quarterly) "reverse mentoring" sessions tend to craft more nuanced, informed and empathetic project communications because they're attuned to their workforce's priorities, motivations, expectations and concerns. These free-flowing conversations, perhaps over lunch or coffee with groups of employees who occupy deeper levels of the organizational hierarchy, enable leaders to take the pulse of the organization — i.e., gain a better understanding of the tone in the middle — and connect more effectively with employees at all levels.

5. Seek out sounding boards. Successful change efforts require leaders to adjust their own behaviors. This requires a hard look in the mirror, which can be difficult to do given that top-performing leaders typically possess high levels of self-assuredness, decisiveness and confidence. It often helps for executives to enlist a trusted adviser or coach to "hold up the mirror" so that they can objectively assess their ability to model the new behaviors the change effort requires. In our work, we've seen a notable link between leadership self-awareness of change management-related shortcomings and change enablement success.



6. Commit to accountability. For some enterprise initiatives, accountability can be addressed via links to performance management incentives. In most cases, however, performance management links are not viable. In these situations, leaders should establish a feedback loop regarding their and their colleagues' decisions and behaviors. When one leader's actions conflict with the behaviors the change effort is intended to foster, other executives should be ready to call out the contradiction. When a leader's actions embody the sought-after behaviors,

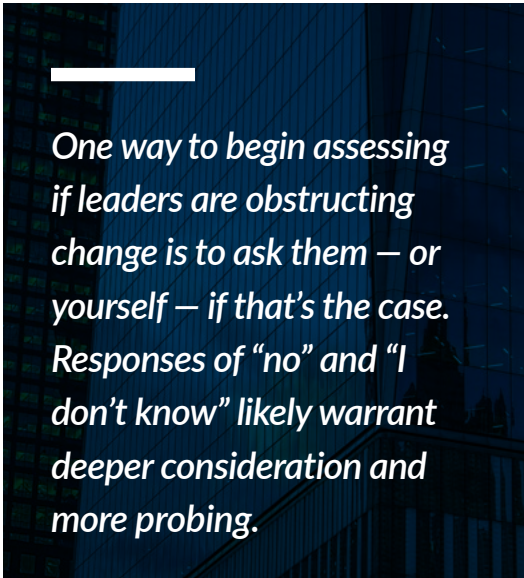
⁴ GENERATIONS: Unlocking the Productivity Potential of a Multigenerational Workforce, by Dr. Daniel Jolles and Dr. Grace Lordan, The Inclusion Initiative, London School of Economics; Protiviti, 2024: www.protiviti.com/us-en/survey/lse-generations-survey.

those actions and words should be held up as an example. More of a marathon than a sprint, this work requires focus, commitment and perseverance throughout the leadership ranks. Consider this from a practical standpoint: When you question whether you should pause a meeting to comment on a decision, behavior or statement that is at odds with the change that leaders are driving, the answer is almost always a firm “yes.”

- 7. Disagree and commit.** Leadership decision-making that relies too heavily on consensus may give leaders a false sense that they’re aligned on the business rationale for the change — as well as on how the initiative is proceeding according to plan. While a consensus may have been reached at the senior decision-making table, that may not prevent leaders who disagree with the rationale for the change from behaving in ways that neglect or even undermine the endeavor once they leave the conference room and return to their respective domains. A better approach is for executives skeptical of the initiative to express their disagreement upfront while committing to the change. By providing this type of forum for dissent, leaders skeptical of the change can have their reservations heard — a pressure release that reduces the chance that they will undermine the effort. Plus, well-founded reservations may lead to adjustments and improvements that ultimately strengthen the initiative.

In closing — align and communicate

One way to begin assessing if leaders are obstructing change is to ask them — or yourself — if that’s the case. Responses of “no” and “I don’t know” likely warrant deeper consideration and more probing. Leaders who have learned the hard way that they can get in the way of the very changes they’re investing in heavily tend to answer the question less categorically, but with more nuance: *It’s certainly a risk my colleagues and I recognize, and here are the actions we’re taking to avoid hindering the change effort and support its success.*



One way to begin assessing if leaders are obstructing change is to ask them — or yourself — if that’s the case. Responses of “no” and “I don’t know” likely warrant deeper consideration and more probing.

Bottom line, executives need to align on their views and approaches with regard to setting the right tone at the top for change. They need to communicate clearly and effectively with the workforce. They need to ensure there is two-way communication in place so that important feedback is gathered from employees on the most effective change management best practices as well as actions to avoid. And they need to model the very behaviors they want to see in their employees.

By undertaking these measures and mindsets, the C-suite will set the right tone for change and lead the way in undertaking successful innovation and transformation in their organizations.

About the Author



Fran Maxwell is Protiviti's People Advisory and Organizational Change Global Leader. Based in Phoenix, he brings more than 21 years of experience in HR consulting to Protiviti.

Contact Fran at fran.maxwell@protiviti.com.

Protiviti (www.protiviti.com) is a global consulting firm that delivers deep expertise, objective insights, a tailored approach and unparalleled collaboration to help leaders confidently face the future. Protiviti and our independent and locally owned Member Firms provide clients with consulting and managed solutions in finance, technology, operations, data, analytics, digital, legal, HR, governance, risk and internal audit through our network of more than 85 offices in over 25 countries.

Named to the 2023 *Fortune* 100 Best Companies to Work For® list, Protiviti has served more than 80 percent of *Fortune* 100 and nearly 80 percent of *Fortune* 500 companies. The firm also works with smaller, growing companies, including those looking to go public, as well as with government agencies. Protiviti is a wholly owned subsidiary of Robert Half (NYSE: RHI). Founded in 1948, Robert Half is a member of the S&P 500 index.