

BY MICHELLE GIBBINGS

ARE YOU OUTSOURCING YOUR *change leadership?*

Everywhere you look, change is on the horizon. Change that is driven from both internal and external drivers, including regulation, consumer expectations, market forces, technology, new board members or a new CEO. These drivers are changing not just the 'what' people do at work, but the 'how' they do it, with consequent increase in pressure and demand for results.

The rate of change is exponential, but as governance professionals know all too well, many workplaces are struggling to deal with it. Uplifting the ability of organisations to thrive in a complex, changing world starts with equipping senior leaders with the capability, capacity and courage to lead the change. It means challenging the role that directors and executives see themselves playing in times of change.

Let's get real

Leaders talk a lot about the importance of change, but when you ask CEOs what keeps them awake at night, as PwC does in their annual CEO survey (PwC, 21st Annual Global CEO Survey, 2018), the capacity and ability to lead change doesn't rate a mention.

As the report notes, "The threats that trouble CEOs are increasingly existential". For example, over-regulation, terrorism, geopolitical

uncertainty, cyber threats, and speed of technological change.

The report also highlights that comparatively few CEOs highlight 'potential ethical scandals' as a threat – despite the growing number of organisations that have suffered reputational damage from such issues in recent times.

At the same time, the 2016 study on the State of Australian Leadership by the Centre for Workplace Leadership found there are significant gaps in Australia's leadership. This landmark

study, one of the largest of its kind, found that many workplaces are:

- Underperforming with more than 40% of workplaces not meeting their performance targets for ROI and profitability;
- Not getting the basics right on fundamental issues such as performance monitoring, target setting and appropriate use of incentives;
- Underinvesting in leadership development with many spending none or little, and for those that do little is spent on frontline leaders; or
- Not drawing enough on strategic advice, with few senior leaders seeking advice from external sources when making strategic decisions.

The issues confronting boards and executives are increasingly complex. The report card on performance highlights that there is more work that needs to be done in a range of domains. Central to these issues is the ability to lead in times of change; and this isn't a task to be outsourced to someone else in the organisational hierarchy.

It's time to shift the lens

When leaders face these crunch points of pressure, they are often far more willing to look at others – their colleagues, direct reports or



team members – and identify how they need to change. Rather than to identify what may need to change in them.

To effectively lead change and make it stick, leaders need to first understand themselves, and then be open to shifting their mindset, operating style and behaviour to suit the context of the change.

Robert Kegan and Lisa Lahey, who have studied why many crucial change efforts fail, found that one of the core problems is the gap between what is required and a leader's own level of development.

In their book, *How The Way We Talk Can Change The Way We Work*, they state: "...it may be nearly impossible for us to bring about any important change in a system or organisation without changing ourselves (at least somewhat) ..."

Be willing to change

It's easy for directors and executives to get stuck in their ways and to see the traits that got them to their role as the skills and capability that will carry them forward. However, in a world that is constantly changing, success requires leaders to embrace the notion that successful organisational transformation, requires not just change for those around them, but personal change for themselves.

Understanding what changes are required goes beyond pinpointing new technical, operating or

governance skills.

It's about delving into the meaning that drives a leader's behaviour, and the mental models they apply to the decisions they make. The prism through which a leader views the world shapes how they think, react and act.

If they let assumptions and pre-conceived ideas dictate the decisions they make, they are entering dangerous territory.

This is because our brain prefers to take the well-trodden route and takes comfort in what is familiar. However, in times of change and uncertainty, it can be the decision or idea that makes the leader feel uncomfortable that can be the best course of action.

As Voltaire said, "*Doubt is an uncomfortable condition, but certainty is a ridiculous one*".

Accept they don't have all the answers

The downfall of many great organisations can be traced to the hubris and arrogance of its leaders. Having a fixed mindset and seeing themselves as the smartest person in the room, the leaders close themselves off from feedback and feel they have nothing more to learn. This is exacerbated when a person feels powerful.

Organisational hierarchies are the very definition of power structures. The further up the totem pole a

person rises the more power they have.

Research shows that humans are often over-confident in their belief about their abilities; it's one of the many brain-based biases that exist. The problem is that it's worse the further up the organisational totem pole a person rises.

A 2010 study by the University of Southern California and London Business School (*Power and over confident decision making*) found there's a correlation between over-confidence and how much power a person has.

The more power a person feels the more confident they are of the accuracy of their thoughts and beliefs. This means people in powerful positions are more confident that their opinions are right.

For leaders who are being charged with solving complex problems and making difficult decisions, being overly confident may result in them failing to heed advice or look for alternative opinions. In turn, leading to ineffective decision making.

Successful leaders know they don't have the mandate on good ideas, and therefore actively seek people around them who challenge how they think. It's this diversity of thought that aids 'out of the box' thinking.

It is often the person with the dissenting opinion or probing question who generates the much-

needed perspective and new approach.

Strive to maintain momentum

It's easy to get excited about a new change initiative. A leader can get swept up in the initial enthusiasm for the change, and then be overly optimistic about delivery timelines and benefit schedules.

This needs to be considered as decisions are made at Board level about what projects to support and when to invest. Governance professionals can help to ensure that the decision-making process is robust, as well as to provide counsel when the change work begins, and inevitable roadblocks and challenges arise.

Making change happen is always much harder than how it is detailed in a board paper. What looked simple on paper, and easy in the beginning, becomes much harder in the middle.

It is at this point that deliverables start to be de-scoped, activities re-prioritised, the project team is often restructured, and executives and board members can lose their nerve.

Harvard Professor, Rosabeth Moss Kanter, talks about the trap of failing in the middle. In relation to getting change to happen she says: *"Everyone loves inspiring beginnings and happy endings; it is just the middles that involve hard work"*.

This is the time that change

leadership really needs to come to the fore. Leaders have two options: they can lose their nerve, or they can confront the challenges head on.

It's important that the right questions are asked at the board level, and discussions are held to help maintain momentum, or where necessary, quickly stop funding. This can include for example questions around:

- How to eliminate the friction in the system that makes the change harder than it needs to be. This may involve removing bureaucratic processes and unnecessary activities; and
- How to make it safe to fail so that the team is encouraged to try new things and new ways of working.

Leaders can't make change happen alone, and they need experts around them who can hold the mirror up and challenge them about the role they are playing, versus the role they should be playing.

Michelle Gibbings is a change leadership and career expert and founder of Change Meridian. Michelle works with leaders and teams to help them accelerate progress. She is the Author of 'Step Up: How to Build Your Influence at Work' and 'Career Leap: How to Reinvent and Liberate your Career'. For more information:

www.michellegibbings.com or contact michelle@michellegibbings.com.

