

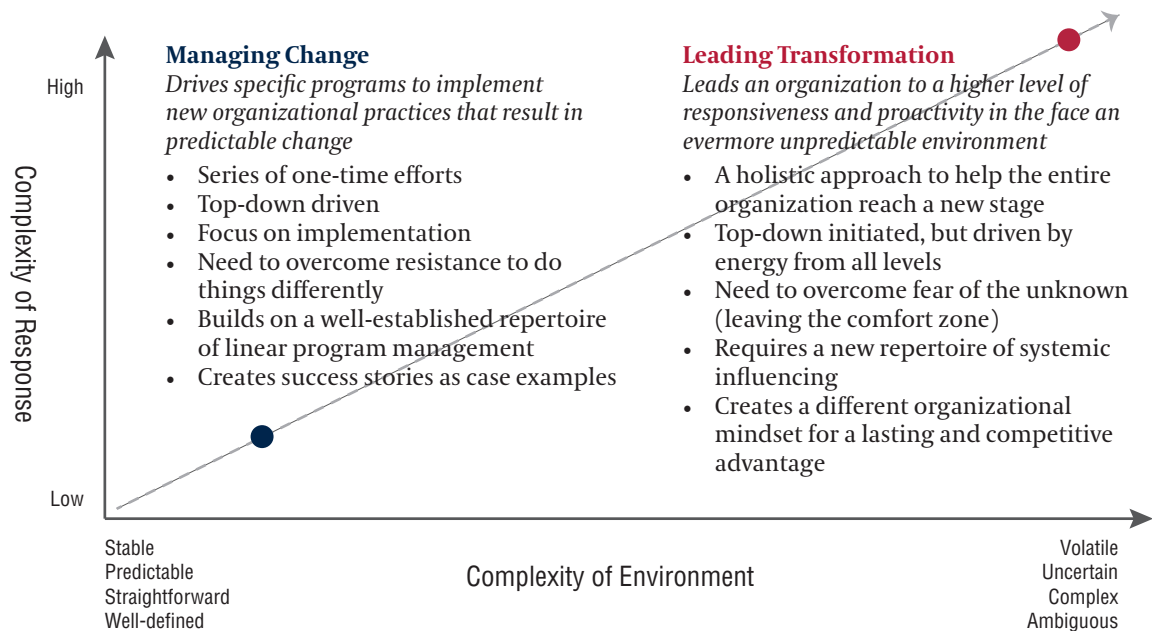
A New Leadership Paradigm for Successful Organizational Transformation

A blueprint for leaders implementing disruptive change

Today, virtually every organization is having to rethink how it adds value, meets the evolving expectations of customers and remains relevant in a world driven by continual innovation. But forming a strategic vision to meet these challenges is only the first step; the future of both the enterprise and its leaders depends on how well those leaders can translate vision into action. And it is here where reality frequently falls short of intention — with significant costs in assets, goodwill and momentum. This occurs because, in our view, transformations many times do not go far enough. Too often, transformation is approached as if it is a ramped-up version of incremental change, when it is in fact a very different thing, requiring an overhaul of fundamental assumptions and ways of thinking throughout the organization.

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FIGURE 1
MANAGING CHANGE VS. LEADING TRANSFORMATION



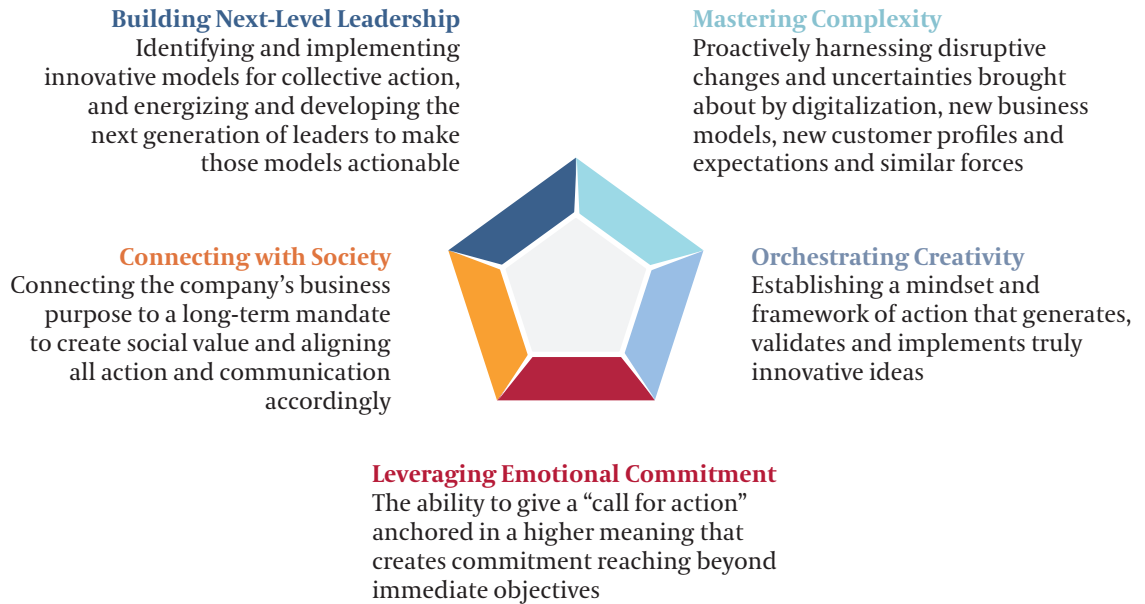
In helping many leaders devise effective strategies to transform their business, we have observed that those who are most successful in this process are the ones that understand that true transformation must reach down to the cultural roots of the enterprise.

But if culture is the most important part of a successful transformation, it is also the most elusive. How exactly does a leader go about rewiring an organization's priorities and values? Our research has shown that while lasting transformations may appear from the outside to be unique, they have five critical elements in common: they help the organization better master the complexity of its environment; they foster the creativity of the organization's employees; they reinforce the emotional commitment of those employees; they strengthen the organization's larger role in society; and they build leaders and a leadership structure to guide the organization into the future. These five critical elements of successful transformations provide a roadmap leaders can use to harness their culture to drive disruptive change.

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FIGURE 2

THE FIVE DIMENSIONS OF TRANSFORMATIONAL LEADERSHIP



Case Study

A major multinational regulatory body had recently restructured itself to more effectively execute its charter, requiring a significant increase in the organization's size, scope and complexity. Egon Zehnder was asked to help the enterprise chart the changes needed to embrace this new reality. Our engagement team began by conducting nearly 100 in-depth interviews with the organization's senior leaders and key external partners. These interviews, which were supplemented with a broader survey of 350 junior managers, probed for the organization's challenges and strengths as it faced this sweeping initiative.

The engagement team analyzed these findings through the lens of the five critical dimensions of transformation leadership and identified six specific high-priority areas for change. Workshops were then held for each area, allowing leaders from throughout the organization to create agendas for each item. Once consensus was reached, "workstream" teams involving 80 leaders were formed to develop and execute implementation plans. These teams were each led by an executive who had been identified as having the leadership potential to flourish in the transformed organization. The resulting implementation plans included a steady stream of tangible "quick wins" to build momentum and demonstrate proof of concept. The team-based approach also signaled a collaborative, inclusive approach to change that was supported with an extensive internal communications effort.

In a short period of time, more than 50 "quick wins" were achieved and the complete set of plans were ratified by the board, resulting in the broadest transformation in the organization's history.

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As the case study illustrates, the key is to ask the right questions to assess the organization against each of the five dimensions; an organization's ability to master complexity may be more fully developed than its connection with society. Further, certain dimensions may be more important than others for the transformation at hand. Each organization thus will have its own portfolio of issues to be tackled, depending on its starting point and where it needs to be for the transformation to succeed. The dimensions of transformational leadership are constant, but each implementation of the model is unique.

In the end, the transformational leadership model does more than provide a framework for large-scale change. It also gives those involved in the process a heightened awareness of the alignment between organizational culture and business goals, and provides the vocabulary for informed discussions that can help keep transformations on track as they unfold and as circumstances change.

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