



# WINNING THE CHANGE GAME

ORGANISATIONS DON'T CHANGE UNLESS LEADERS  
CHANGE THEIR BEHAVIOUR



*“Everyone thinks of changing the world, but no one thinks of changing themselves”*

LEO TOLSTOY



## JUSTIN'S STORY: LEARNING THE HARD WAY

Justin heads a division of a large bank. Two years ago, it was struggling. Sales were down and new products were failing to get traction with customers. Client surveys and feedback from the frontline suggested the business had lost the customer focus that had once been the basis of its success. Shareholders and senior management were demanding action to turn things around.

Justin responded with a plan to introduce more customer-friendly processes and systems, combined with front line training. He kicked off the change programme with a large town hall meeting, enthusiastically presenting his vision. Few questions came from the floor. But he wasn't concerned. That was how things generally went at his bank. Leaders were rarely challenged or engaged by their staff in large meetings.

Nine months later, after spending several million on the change programme, growth remained stagnant. Customers continued to report their frustrations and staff engagement measures were deteriorating. Something wasn't working. But what?

Justin's inspiration came from an unexpected source.

He had signed up to run a half-marathon for charity. This was going to be tough because Justin had not exercised regularly for years. So he engaged a personal trainer.

To Justin's surprise they didn't exercise in the first session. Instead, the trainer took a hard look at Justin and his lifestyle. Her diagnostic showed that Justin needed to do more than spend time on the treadmill. He needed to change what he ate and many of his daily behaviours. She even suggested Justin learn to run in a more efficient way, landing on the balls of his feet rather than his heels.

While walking home from the diagnostic session Justin had an insight about why he was struggling to change things at work. He had not been getting to the heart of the matter. Just as he needed to do more than simply pound the treadmill to complete the half-marathon, his division needed more than a new operating platform. Justin and the leadership team needed to learn to "run" differently, to take a different approach to changing their way of working with customers.

Justin initiated an assessment of the current change programme. It confirmed his suspicions. The leaders were not role models for the outcomes they sought. Staff commented that "the systems have improved but it's still the same old management, not listening to us, floating around the branches, not really knowing what is going on with our customers and just continuously launching faddish new campaigns to solve problems." The programme had been too narrow, addressing technical and process issues but paying little attention to some of the root causes around behaviour which began at the top.



Justin refocused his change agenda on the behaviour of his leadership team. He committed himself to some highly visible new behaviours that provided better service to their customers. The process was far more personally challenging than overseeing a systems upgrade. Like his marathon training, it required sustained effort to change deeply embedded habits. But a year on, the business is turning around. Customer complaints are down, employee engagement scores are up and so are revenues – by 30%.

## THE PROBLEM: LEADERS SELDOM LOOK AT THEIR OWN BEHAVIOUR WHEN SEEKING TO CHANGE THEIR BUSINESS

Justin's story is not unusual. Oliver Wyman's observations from working with thousands of clients across all sectors suggest that organisational performance is highly correlated with leaders' behaviours. And we aren't alone in thinking so. Researchers at the UK's Centre for Economic Performance (CEP), who tracked 160 British manufacturing companies over a 10-year period, found that the behaviour of the top team accounted for 43 percent of the variation in business's profitability.

The exceptional thing about Justin was his willingness to make an honest appraisal of his own behaviour and its effect on performance. Self-appraisal can be uncomfortable and the normal human response to problems is look for causes outside ourselves. Justin displayed honesty and courage in seeking to understand and tackle his own behaviour and encouraging his team to the same. His business was rewarded for it, and so was he.

How can a leader like Justin go about changing the behaviour of themselves and their senior team in a structured way that will translate into improved business performance?

## THE SOLUTION: CHANGING LEADERS BEHAVIOUR TO DRIVE PERFORMANCE

Our work with clients to generate behavioural change is grounded in the findings of the burgeoning field of behavioural science. The core belief is that behaviour rather than personality is the dominant driver of performance. As Professor Stuart-Kotze puts it: *"High level performance results from doing the right things at the right time. It is what you do that matters, not what you are or who you are."*<sup>1</sup>

The good news is that behaviour is changeable while personality is more or less fixed before we start our working careers. Unlike personality, much of our behaviour is shaped by recent experiences, the situation, our beliefs and a host of other changeable factors. According to Walter Mischel, a professor of Psychology at Columbia University, *"less than 10% of the variance in a person's behaviour is explained by personality. The driver of people's behaviour is the situation in which they find themselves; their behaviour changes as the situation changes."*<sup>2</sup>

<sup>1</sup> Robin Stuart-Kotze, *The Secrets of Successful Behaviour* (London, Prentice Hall, 2008)

<sup>2</sup> Mischel, W. (1973). Toward a cognitive social learning reconceptualisation of personality. *Psychological Review*, 80, 252-283

We have applied the insights of behavioural science to develop an approach to changing leaders' behaviour at scale across an organisation. There are two core steps. The first is the diagnostic process of understanding current behaviour and why it diverges from the behaviour needed to drive the desired performance. This is combined with work to understand the core business issue being addressed and organisation context. By ensuring the shifts in behaviour are focused on the desired business outcomes the changes are sustained. The second step is a process of support and challenge that helps the leaders embed the new behaviour in their daily work and deliver the desired performance.

### CASE STUDY: THE POWERFUL EFFECT OF A LEADER CHANGING BEHAVIOUR

Rory was a high-performing investment banker, leading a deal-making team. But difficult to work with. People were avoiding working on his team and, to his confusion and annoyance, his career had stalled. The bank's standard performance reviews had failed to moderate his aggressive behaviour.

Rory was part of a bank-wide leadership programme we delivered. The result of the self-completed behaviour diagnostic revealed his confrontational and aggressive patterns of behaviour with a clarity he could no longer avoid. Through coaching and the use of hard hitting feedback from people who worked with him, including external clients, he came to understand his behaviour and its effects. Once he stopped denying what was happening, he used his high personal drive to make a striking change in behaviour.

In the following year Rory's team increased its revenues by 150%, engaging with his clients more effectively. Follow-on business from clients also increased as Rory moved from a transactional approach to more relationship-based one. And once Rory stopped aggressively competing with everyone at work, he demonstrating a talent for nurturing colleagues and built a successful team. Helping Rory see how a few key behaviours were blocking his performance allowed the bank get much more from his talent and reinvigorated his career. Within 18 months, Rory was promoted to senior leadership role.

## STEP ONE: DIAGNOSTIC

Oliver Wyman has compiled a suite of analytic tools drawing on insights from the last 25 years of behavioural research. These tools (see Exhibit 1 for a few sample outputs of tools) allow us to map desired and current behaviour, revealing where they diverge. The mapping ensures the behavioural change work gets beyond generic terms to precise and actionable changes at an individual and team level.

Given the diversity of challenges around behavioural change no single tool or assessment can cover all situations. It is important that the right tool is selected for the particular

business challenge. For example to improve innovation we can apply a tool which assesses over 400 leadership behaviours involved in either running or changing the business. This helps leaders understand at a macro level the overall effect of their current behaviour in terms of how much of their effort drives the future versus maintains the status quo. It also drills down into specific individual behaviours to help identify what should be changed. To address risk behaviours we can apply a tool which helps team members to understand how they become stressed and how that affects behaviour. Working with this tool helps them to develop techniques for managing stress and making better team-based decisions.

### Exhibit 1: Sample outputs from a selection of diagnostic tools

#### CONTENTION ANALYSIS

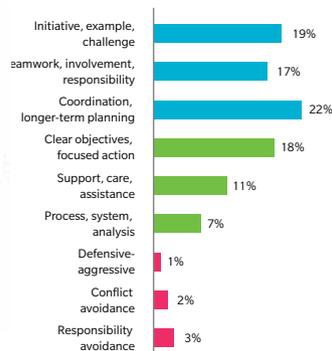
	Normal state				Stressed state			
	An.	Ac.	Dr.	Pr.	An.	Ac.	Dr.	Pr.
Lloyd	31	24	22	23	27	19	31	23
Baker	33	24	16	27	29	28	13	30
Kelly	21	21	34	24	19	24	35	22
Flanders	26	21	28	25	23	29	16	32
Lancers	21	19	30	30	21	21	36	22
O'Toole	28	17	22	33	19	30	24	27
Brink	22	19	26	33	29	19	31	21
As a team	22	-	3	3	-	1	4	2

#### LEADERSHIP STYLE INVENTORY



#### BEHAVIOUR MAPPING

##### CURRENT BEHAVIOUR EMPHASIS



In our experience, leaders rarely understand all their own behaviour or its effect on their business. They find it hard to see the shadow they cast. A thorough diagnostic, combined with a willingness to heed its findings, is the best way to ensure sustainable change will happen.

### CASE STUDY: BEHAVIOUR ANALYTICS HELPS LEADERS FOCUS ON CHANGING THEIR BEHAVIOUR

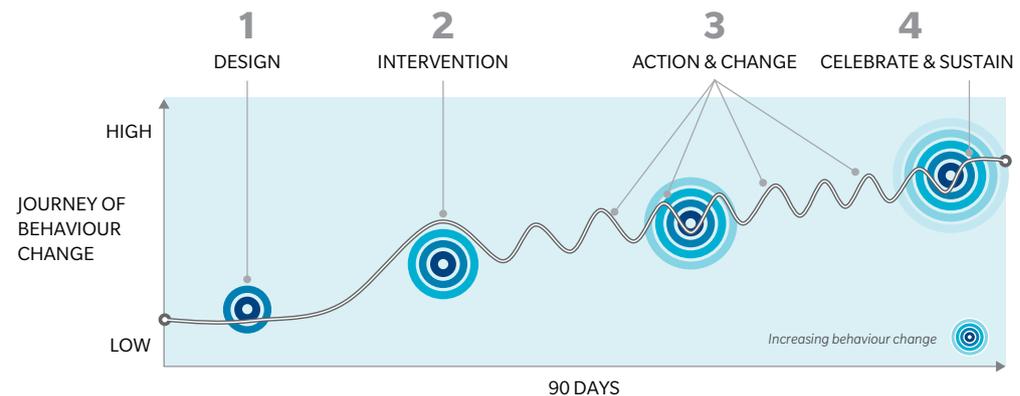
A behavioural mapping tool was applied to over a hundred leaders in a large national company over a seven year period. This required them to complete the same behavioural diagnostic questionnaire at the end of every year and each time they changed jobs. The mapping revealed that those managers who changed their behaviour to meet the changing demands of their jobs maintained upwardly mobile careers based on their ability to be successful in each role. Those whose behaviour changed little over the seven years did not advance in their jobs or left the company.

## STEP TWO: CHANGING BEHAVIOUR

Changing behaviour requires the brain to “rewire” itself, forming new neural networks.<sup>3</sup> This cannot be achieved by a simple decision to change. Behavioural change is not an event but a process. Specifically, it is a process of experiment and reinforcement, of trying to do things a new way and reinforcing successes by repetition and positive feedback. This takes time, as with learning a musical instrument or new sport. The task is made harder as old behaviours must simultaneously be unlearned. Establishing new habits requires sustained practice, in the workplace as much as anywhere else.

Even with best intentions most leaders find it difficult to sustain the practice given all the competing priorities. They typically need support, not only in identifying the behaviour that needs to change but in changing it. Oliver Wyman encourages its clients to take on this challenge through a series of 90-day “waves” of change designed around a core business issue (see Exhibit 2). This can be a drive for increased market share, better customer service or improved efficiency. The waves of change accumulatively deliver behavioural shifts leading to improved business results.

Exhibit 2: Four phases of a typical 90-day “wave” of change



We design each wave around 90-days<sup>4</sup>, a timeframe which maintains motivation, builds momentum and delivers tangible near term results which act as positive reinforcement.

A 90 day wave typically has four phases;

- 1 Design** – Data from the diagnostic helps inform the design of the 90 day wave ensuring each wave builds incrementally on the behaviour changes being embedded. This design phase ensures the programme is addressing the root causes of the business issue, is aligned with the organisational context and retains a clear focus on outcomes.

<sup>3</sup> See David Rock and Jeffrey Swartz, “The Neuroscience of Leadership” in *Strategy+Business* (Summer 2006)

<sup>4</sup> This approach is based on research into adult memory retention (Mc Gaugh – The Spacing Affect and H Ebbinghaus – The Forgetting Curve)

- 2 Intervention** – A structured group intervention explores the specific individual and team behavioural changes required to deliver on the core business issue. This builds a clear understanding of what needs to change and generates appetite for action.
- 3 Action and Change** – The third and longest phase aims at getting the desired behavioural changes to “take”. This is achieved by a mix of formal learning interventions such as coaching as well as guided experiments and “nudges”, such as electronic messages giving tips or reminders, conversations with peers and superiors and emails providing relevant reading. This phase is focused on experimenting and practice using regular interventions and nudges to help embed the new behaviour to “rewire the neural network.”

The most direct intervention during the whole cycle is the one-on-one coaching. Organisations can't make people change behaviour individuals have to choose to change. Just as most athletes do better when coached, so most leaders do better in changing their behaviour when they receive personally tailored advice, regular scrutiny and ongoing feedback. To complement and scale this work, we use line manager coaching with a variety of peer learning techniques, such as discussions with colleagues who share their experience of successes and failures.
- 4 Celebrate and Sustain** – We share learnings, celebrate success and agree on “action learning partners” who will support leaders on their ongoing behavioural change journey.

These 90-day waves are designed for business leaders with busy lives. Anything that draws leaders away from their ordinary responsibilities can feel burdensome. Apart from the formal workshop interventions most of the results are achieved while people are going about their normal daily jobs, albeit in a different way and under different disciplines to minimise disruption to business as usual.

#### CASE STUDY: POST-MERGER INTEGRATION USING 90 DAY 'WAVES' OF CHANGE

The merger of two large organisations presented a major integration challenge. Two contrasting cultures needed to come together while improving customer experience, introducing LEAN processing and achieving 30% cost savings.

To support the transformation, we did a detailed diagnostic using behaviour analytics. We developed a leadership behaviour change programme shaped around twelve behaviours identified as important for successful leaders in the merged company. The top 250 leaders went through three 90 day waves of change over the course of 18 months.

At the outset of the change programme, achieving cost savings of 30% and even maintaining service levels had been seen as impossible tasks. However, new leadership behaviours helped engender a performance culture focused on improvement and learning. LEAN processes and practices were rapidly accepted, costs were cut by 40% and service levels improved across the organisation.

## CONCLUSION

As Justin discovered, improving performance takes more than new systems, processes, training or reporting lines. It requires people in the business to change their behaviour starting with the leaders. Without behaviour change, other investments rarely result in sustained performance improvements.

Behaviour can be changed. It requires motivation combined with a planned and sustained process to support the shift. In our work with clients, we have seen behaviour change at the individual, team and organisational level that has transformed bottom line results. The best results are achieved when leaders can take a hard look at themselves, make visible and tangible change, and demonstrate those actions with humility and honesty.

### CHECK LIST FOR LEADERS

- Do you understand which behaviours will deliver the results you are accountable for?
- Are your leaders role models for your desired organisation?
- Are your leaders aware of the shadow they cast?
- What actions have you personally taken to change the way you lead?
- Are you investing enough in your team considering the impact they have on your success?
- How much support do your employees get to help them with their behaviour shifts during change?



***“Bad habits are eliminated not by others, but by ourselves”***

VINCE LOMBARDI, FAMOUS US FOOTBALL COACH

Oliver Wyman is a global leader in management consulting that combines deep industry knowledge with specialised expertise in strategy, operations, risk management, and organisation transformation.

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