Fear Of Change: What Are You Afraid Of?

Change is critical for survival in the current fluctuating market environment, but without strong and on-going executive involvement, any long-term strategic initiatives will be doomed to failure. How can Small- and Medium-Businesses (SMBs) execute effective and sustainable change?

As the economy trudges towards recovery through the minefield of ever-evolving business terrain, the battle agenda for SMBs remains tricky as ever against the perilous backdrop of a fragile market trapped under the pressure-cooker environment of intensifying global competition. But while there is little you can do to help the world economy recover faster, this might just be that opportunity or that nudge you needed to retrieve that change initiative from the forgotten pile and reinstate it back on top of your business priority list.

“Success is the child of audacity.” – Benjamin Disraeli

We now witness the dawn of a new era as warring business factions abandon their cost-control ships in favor of an aggressive strategy – change. A recent study conducted on more than 1,000 global business leaders provided the rationale behind this – “those that make the boldest plays, pursue the most global, collaborative and disruptive business model innovation will manage to outperform their competitors.”

Facing mounting business challenges, SMBs have recognized the need to transform their business fortresses into highly-competitive, agile and adaptive organizational structures. More importantly, they must “learn and innovate at a rate equal to or faster than the speed of change in the market” in order to thrive, or even survive during this period of adverse economic situations.

When the going gets tough, only heroes will emerge victorious from the economic rubble. Are you ready for the collective curveballs that stand right before your business path to the final base? How can you implement change effectively – and put enough momentum in your swing – to bring home the transformation safely and finally advance your business to the next level?

2 An opportunity for real change: three steps you can take now, Dr Art Murray and Jeff Lesher, 2009. http://www.aksciences.com/
PREPARING FOR THE NEW CHANGE

At one point or another, we have experienced the difficulty in executing effective, meaningful change. How many times have you seen your team of brilliant consultants promising transformational results, only to be disappointed by fancy, but unachievable change plans? Or just when the initiative got off the ground, it gets instantly shot down by new priorities or sudden crises in the form of leadership change or unprecedented market shifts? For every alteration in organizational policies or institutions, you will always face resistance – for fear of the unknown, an absolute lack of leadership to bring your message across, or simply, most have gotten too used to the old and stable, but also, fast-becoming obsolete ways. And if we look at the numbers, 41 per cent of change projects fail, and of the 59 per cent that “succeed” – only half meet the expectations of senior management. A recent research study conducted on 100 Small- And Medium-Businesses (SMBs) in Singapore further revealed that only 21 per cent of SMBs successfully apply innovation management tools, despite 91 per cent having an understanding of the concept of innovation. From the Global CEO Study as earlier mentioned, the business leaders see a widening “change gap” developing today – expected change is rising, but most businesses are struggling to cope.

The Change Gap:

What’s causing this growing gap?

STRIKE ONE: RISK OF TRANSITION FAILURE

For most leaders who assume a change mandate, be it routine – changes in product direction, corporate strategy, and company branding – or situational, the movement will usually kick off with much fanfare along with both feet on the pedal. However, as the change battle intensifies, fatigue sets itself into the vicious cycle which gets the top first, and the employees next as organizational inertia sets in. Organizational culture is pervasive, and unless transition occurs – for the organization to engage and immerse themselves into the change – the plan will be doomed to failure.

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2 Executive Insight: Thought leaders changing the way we change, Mancer Study

4 Only 21% SME successfully apply innovation management tools: survey, Mok Fei Fei, Channel NewsAsia, 17 March 2010
http://www.channelnewsasia.com/stories/singaporebusinessnews/view/104417B/1.html
As research expert William Bridges explained, “It isn’t the changes that do you in, it’s the transitions. Change is not the same as transition. Change is situational: the new site, the new boss, the new team roles, the new policy. Transition is the psychological process people go through to come to terms with the new situation. Change is external, transition is internal.”

**STRIKE TWO: LACK OF CHANGE LEADERS**

Has your organization been fitted with innovative and thought leaders to drive meaningful changes through? By this, we refer to visionary challengers – people who question assumptions and suggest radical, and even what some might consider impractical, alternatives. Few mid-market companies have professionals with change management experience as part of their team – a necessity for successfully navigating the legal, business, financial, integration, and personnel aspects of change. Without these charismatic leaders to set the direction, inspire and communicate business messages to all your employees about the transition and its implications, the organization simply will not move forward. And the desired change will not happen.

**STRIKE THREE: THE COMPETENCY TRAP**

With a broader set of challenges facing SMB owners today, they can no longer depend on “reciprocal response” mechanisms, but instead, focus on an anticipatory organizational structure that reacts to situations on a ready-basis. As history has shown, about 15 years ago, the average life expectancy of a Fortune 500 company was about 60 to 70 years. Today, the buffer has been dramatically reduced to a meagre 15 to 20 years. CIO Eric Lauzon attributes this to the “competency trap” – if the organization strives or exists as the market frontrunner and wants to maintain its leadership status, it cannot get “too used to being the best at what it does”.

President and CEO of the West Japan Railway Company, Masao Yamazaki has observed that “the key to successful transformation is changing our mindset.” He also emphasized on the dangers of relying on past successes, “it is easy to be complacent – we have to change this. Our company culture must have a built-in change mechanism.” Due to the never-ending nature of the business innovation game – your competitive advantage is only as valid as the time your competition steps up to intrude into and erode your market territories – and you will never know when. The bottomline is simple: innovating and driving market changes actively – is in. Allow yourself to get too used to the status quo – and you’re out.

**MANAGING TRANSITION: A BOTTOM-UP APPROACH**

A common myth in effecting change policies is that it is a top-down campaign. Contrary to popular belief, the opposite is true. In order to get to the king, you will have to get past the queen, rooks and bishops. But don’t forget the pawns, too.
Sustaining change is not a top-down campaign. It’s a bottom-up movement. Effective change occurs most frequently when the organization engages in shaping the change agenda rather than reacting to it. However, you will not get a checkmate simply by castling the rook. There is a need to balance the speed of change with a juxtaposition of slow and fast. Slowing down enough to allow for transitions to sink in, while keeping the momentum going in order to keep in front, SMBs can manage this paradox by ensuring that the momentum for change flourishes from the bottom of the organization and not just from the top.

NEW AGE OF INNOVATION

“True innovation is not a change that makes things 10 to 15 per cent better, but 10 to 15 times better.” – Guy Kawasaki, ex-Apple executive and current venture capitalist

In a recent study which focused on the trends that shaped changes in the global economy, “The New Age of Innovation” stated that these changes were driven by new, sophisticated demands in consumers, and the innovative approach businesses should now focus on is the “access to, and not ownership of resources.” In line with a new “global integration” perspective that states, in order to discover untapped markets as well as new opportunities for change, businesses should now recalibrate their tactical focus from an “enter new markets” strategy to an “access to capabilities” progression.

In order to transform your organizational into a truly innovative structure, your leaders driving the change movement should think like venture capitalists: “by establishing processes and structures that promote innovation and transformation, and actively managing a portfolio of investments, protecting and supporting the fledgling ideas, while systematically weeding out the weak ones.”

As mentioned earlier, businesses today face a new group of middle-class customers who are becoming increasingly prosperous. They are an informed group with high literacy levels whose innate collaborative structure generates an appetite for the sophisticated and higher-valued products and services. With the ever-changing nature of mobile technology introducing us to new inventions such as 4G, we now witness the emergence of a new group of customers – the “prosumer”. This concept refers to the blurring of boundaries between “producer” and “consumer” as they seek a media playground, market place or hub where they can create, publish – and also consume.

For SMBs, the challenge now is to actualize, specialize and customize niche production processes to meet individual tastes and preferences in these new customers. The rise of the “prosumer” should not be seen as a threat, but more as the perfect opportunity to differentiate as we seek to create first-of-its-kind products, services and experiences to surprise and interest these “prosumers”.

Executive Insight: Thought leaders changing the way we change, Mancer Study
One great example of how a global brand managed to capitalize on its complacent competitors and deliver a unique product offering is Apple. In the early 80s, Steve Jobs visited Xerox Corporation and was amazed by the computer user interfaces that Xerox had invented. At that point, the average interface on computers was just a DOS prompt. With a stroke of genius, Jobs introduced Xerox’s windows and mouse idea on his famous Macintosh, which subsequently revolutionized the computer industry. Just as how the iPod and iTunes would take the music industry by storm in 2001. And finally in 2007, Apple made their mark in the mobile markets, too, with the iPhone – a brilliant example of what the “prosumers” in this era desired.

THE FUTURE OF THE FUTURE: ARE YOU READY?

There are many theoretical models of how to successfully manage change and transition: confront reality, summon a mandate, appoint change champions, communicate continuously, secure early “wins”, and many more. However, the trick lies in looking at change differently. In order to drive home the message, you have to find the toughest critics in your organization, convince them to join your cause and give them prominent roles. In addition, for every change strategy, the purpose, objective and direction of that policy have to be delineated and driven clearly across the organization in order to yield sustainable results. This mitigates the fear of change, and gives your organization something to hold on while it propels the change process forward with its natural momentum.

As renowned futurist, Marilyn Ferguson once suggested, “It’s not so much that we are afraid of change, or so in love with the old ways. It’s the place in between we fear. It’s like being between trapezes. It’s Linus with his blanket in a dryer. There’s nothing to hold on to.” To facilitate communication, an organization culture of knowledge-sharing should be established. By this, the traditional organization hierarchical structure should be tossed out the window, and in its place – a flat and transparent network connected across-the-board. “Knowledge is power”, but knowledge is powerless and dysfunctional unless it is shared and utilized. Thus, until the day transparency is fully institutionalized in your organization, essential knowledge – the main trigger factor for innovation – will forever remain elusive. On the other hand, once this is achieved, you can effectively dispel the fear of change and forever lay the ghosts of the past to rest.

KEY SUMMARY

More businesses apply strategic changes to pursue the most global, collaborative and disruptive business model innovation in order to outperform their competitors.

41 per cent of change projects fail because there is a widening “change gap” developing in businesses today – expected change is rising, but most are struggling to cope in execution.

The change gap is due to: the failure to manage transition, they face a lack of competent, experienced change leaders, and most market leaders falling into a “competency trap”.

Business owners should communicate the purpose, objective and direction of every change policy clearly across the organization in order to yield effective and sustainable results.

A new “global integration” perspective that states that businesses should recalibrate their tactical focus from an “enter new markets” strategy to an “access to capabilities” progression.
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