STRATEGY DIRECTIVE
(MA 208-2)

2. STRATEGIC CHANGE MANAGEMENT

2.2 Relationship Between the Organization's Strategy, Structure and Systems of Human Resources

Organizational transformations involve changes in almost all aspects of an organization; its strategy, design, values, and people. These changes can't be programmed. Nor can they be described with the excitement and glamour of a technical breakthrough, the development of a new market, or the start-up of an entrepreneurial start-up. When a corporation needs to reinvent itself, the change that needs to occur should be purposeful. Trying to decide how to change and what to change can be just as frustrating as the actual change. The process of strategic change management involves developing an innovative vision for where the company needs to be, and then developing and equally innovative path for achieving the goal. Sound like a lot of hype? Truly, it is not. No one wants to have change just for the sake of doing things differently. It needs to make sense with the direction the company is trying to move in. A reasonable pathway toward the goals needs to be determined and embarked upon by all the people in a company in a choreographed manner. In order to manage all of the steps a well thought out plan must be developed. This is the basis of strategic change management. The plan needs to follow a logical order. It also needs to be flexible to account for changes along the way. Encouraging all the employees to participate ensures that all areas of the change are reviewed. One person cannot think of everything so everyone needs to share in the plan. Strategic change management is not a difficult or foreign concept. It is just about putting a name to a natural organized process. Outcomes are usually better and the organization can withstand the changes better when they are purposeful and universally agreed upon. Even if the individual elements are not what everyone thinks is best as long as they are working together toward the common goal the successful implementation of change will occur.

There are some implications and tips for transformational leadership;

- Develop a challenging and attractive vision, together with the employees
- Tie the vision to a strategy for its achievement
- Develop the vision, specify and translate it to actions
- Express confidence, decisiveness and optimism about the vision and its implementation
- Realize the vision through small planned steps and small successes in the path for its full implementation

The steps outlined below can be used to develop transformational leadership skills;

Step 1: Create an Inspiring Vision

People need a compelling reason to follow your lead, and this is why you need to create and communicate an inspiring vision of the future. Your vision sets out your team or organization's purpose or why you all get up in the morning to do what you do. You develop this partly by understanding the values of the people you lead, partly by understanding the capabilities and resources of your organization, and partly by conducting an intelligent analysis of your environment, and selecting the best way forward within it. This is the subject of business unit strategy, and developing a coherent strategy takes a lot of hard work and careful thought. If you're developing a vision for your team, start with the company's mission and vision, and explore the ways in which your team can contribute directly to it.

Step 2: Motivate People to Buy Into and Deliver the Vision

Now, starting with your mission statement, you need to appeal to your people's values, and inspire them with where you're going to lead them, and why. Use business storytelling as part of your call to action. This will help people appreciate the positive impact of your vision on the people you're trying to help. Then, talk about your vision often. Link it to people's goals and tasks to give it context, and help people see how they can contribute to it. Transformational leaders also know that nothing significant happens unless they encourage their people. So, make sure that you know about the different kinds of motivation, and use these to inspire your people to deliver their best.

Step 3: Manage Delivery of the Vision

A vision is no use on its own, it needs to become reality. However, many leaders make the mistake of developing a vision, but of not putting in the hard and often mundane work of delivering it. To manage the delivery of a vision, you'll need to combine effective project management with sensitive change management. This will help you deliver the changes you need with the full support of your people. Communicate each person's roles and responsibilities clearly, and connect these to your plans. Everyone should fully understand what they're responsible for, and know how you will measure their success. Next, set clear, SMART goals for everyone, including some short term goals that will help people achieve quick wins and stay motivated. Use management by objectives to link short term achievement to your longer term goals. You may need to build your self-discipline and stamina, so that you don't let yourself down. Additionally, set a good example to your people, especially if they're affected by delays or difficulties, by being a model of hard work and persistence. Also, stay visible by practicing management by walking around. This is an ideal technique for transformational leaders, because it helps you stay connected with daily activities, and allows you to answer questions as they arise. Remember, clear communication is essential for transformational leadership. Take time to make sure that your communications are heard and understood, and give clear, regular feedback, so that your people know what you want.

Step 4: Build Ever-Stronger, Trust-Based Relationships With Your People

As a transformational leader, you need to focus your attention on your people, and work hard to help them achieve their goals and dreams. Leadership is a long-term process, and that, as a leader, you need to work constantly to build relationships, earn trust, and help your people grow as individuals. Meeting workers individually to understand their developmental needs, and help them to meet their career goals is a good idea. What do they want to achieve in their role? Where do they see themselves five years from now? How can you help them reach this goal? You can build trust with your people by being open and honest in your interactions. Lastly, set aside time to coach your people. When you help them find their own solutions, you not only create a skilled team, but you also strengthen their self-confidence and their trust in you.

Here are some final key points. Transformational leaders inspire great loyalty and trust in their followers. They have high expectations, and they inspire their people

to reach their goals. Remember, that you can become a transformational leader by following these steps;

- Create an inspiring vision of the future
- Motivate people to buy into and deliver the vision
- Manage delivery of the vision
- Build ever-stronger, trust-based relationships with your people

Keep in mind that, to succeed as a transformational leader, you'll need to work on your own skills, and set aside time and space for personal development.

2.3. Technical, Political and Cultural Systems

Managing strategic change is increasingly a way of life for organizations faced with the turbulent economic, political, and cultural forces of the 1980s. To manage such change, organizations and their managers need to confront basic questions regarding the organization's technical, political, and cultural foundations. The technical questions include: What business(es) should we be in? How should we be organized to accomplish our strategy? What kinds of people do we need, and how will they be acquired, developed, and rewarded? The political questions include: Who gets to influence the mission and strategy of the organization? How is power allocated both vertically and horizontally across the organization? Who gets promoted to what key positions? The cultural questions include: What values and beliefs are necessary to support the organization's strategy? What subcultures are desirable, and should there be an overarching corporate culture? How should the human resources system shape and mold the culture? Organizations today face major, discontinuous change that makes strategic management more difficult and more complex than ever. To succeed in this environment, companies need to look at the technical, political, and cultural systems operating within their organizations.

Transformation leadership can be a useful tool for leaders of organizations experiencing upheavals due to the emergence of the global economy, changing technologies, deregulation and/or adjustment to more difficult market and economic conditions in general. The response to managing in turbulent times requires organizations to return to basic questions about their nature and purposes. The fundamental character of their technical system will need re-examination resulting in new missions and strategies, major restructuring and revamping of the financial, marketing, production and human resource systems. Organizations' political systems as reflected in who gets ahead, how they get rewarded, and who

has power to make decisions will also need major overhaul. Organizations' cultures are perhaps the most complex and subtle yet most pervasive influence on their effectiveness. Thus, major changes will require addressing issues of values and beliefs of organization members.

Environmental pressures impact the technical, political, and cultural systems of organizations. The technical systems will be buffeted by forces requiring much attention to efficiency, the auto industry being an obvious example with its $1500 to $2000 a car price differential with Japanese auto makes. Other parts of the industrial economy have been less successful than even the auto industry in production efficiency such as steel and consumer electronics which have lost out to more efficient foreign competition. Technological adaptation is another major technical system challenge. The configuration and skill mix of the future workforce is yet to be determined based on telecommunication, robotic, or microelectronic innovations. Jobs, work groups, and organizational designs will all be altered by technological adaptation. As organizations face massive realignments in their technical systems' they will also need to realign their political systems or how power and resources are allocated and how reward systems function. Decisions in this area get reflected in compensation programs, career decisions, budget decisions, and the internal power structure of the organization.

Transformational leadership is a style of leading people in an inspirational way rather than driven by transactional numbers alone. However, while much of the research focuses on leadership concepts in the political arena and in organizational psychology, there is conclusive and consistent evidence to prove that transformational leadership does create significant positive change in an organization. In addition, the resultant redesign of organizational culture creates an environment where the followers give more than either they, or the organization, likely anticipated. Transformational leadership maximizes the human potential within any organization, thereby lowering headcount and cost, increasing ROI and improving retention rates of high performing employees and leaders. There is no doubt that results are more predictable, surprises are less and the result will be increased personal income, and security of tenure through achievement of goals.

Some of the more recent adaptations, and definitions of transformational leadership are not so suited to enterprise and public sector agencies, as they are more of a scientific analysis or even the term has been used in religious or spiritual nuances. The application as intended for this sector is a powerful, charismatic, yet results oriented, style of leading an organization to produce excellence consistently. This is effectively delivered through the loyalty and willingness of the human resources

within, and supporting the organization to follow the leader and execute the strategy flawlessly. When this moderate and rational view, of this type of charismatic and inspirational leadership, is taken and combined with the essential transactional leadership skills required for today's markets, then a significant advantage over competitive environments is soon evident. In today's economic environment, more than ever, rational transformational leadership can add enormous value to an organization. Rational comes from a considered balance between the need to aggressively drive transactions to produce a forecast revenue, and a consideration for maximizing the existing human resource to its highest potential. In other words, if the people in the organization can deliver up to 60% more productivity through a less stressful, but more productive, management style then the result is more predictable and profitability is easier to achieve, even in bleak markets.

Transformational leadership evaluates the human potential of each team member, ensures that they are in a position to deliver excellence, removes all traces of blame in the culture, and works actively on listening to, and inspiring, the individuals deployed to deliver results. It creates a desire for people to work as a team, in an enjoyable and non-threatening culture, yet always with an expectation of excellence. It creates a 'How To' approach to problem solving and development of new concepts, it allows for early warnings of imminent threats and weaknesses in the organization and strongly encourages celebration of strengths and aggressive pursuit of suitably qualified opportunities. Transformational leadership is demonstrated from the highest levels in the organization, and rewarded all the way through the management layers. It is charismatic, passionate and inspirational and attracts the very best candidates for available roles. Everyone in the organization clearly understands the culture, goals and expectations of the organization and the leader's role is clearly articulated. The leader is approachable, and is seen and heard regularly on the workplace floor, and in all corners of the organization. The transformational leader uses social networking effectively to create a direct link to all employees, and has systems in place that ensure the abilities of the most expensive assets, people, are fully utilized in a way that gives individual satisfaction to the person, and value to the organization. Everyone in this type of organization is active, busy and knows exactly what they are required to deliver and when. This minimizes frustration, and increases employee satisfaction and loyalty.

There is an enormous level of mutual respect built between the leadership group and the teams. People are appropriately motivated, and rewarded for their performance based upon their motivational modality. It is important to remember

here, that not everyone is motivated by a monetary reward, or a standard trophy. Leaders should understand this and use it to their advantage. Presentations and meetings for internal discussions are kept to a set of guidelines intended to maximize productivity, and minimize cost, to achieve a result. Focus is on external parameters, particularly the customer and the image of the company. Priority is given always to activity that enhances the customer experience, improves efficiency or increases revenue and profitability. Redundancy becomes a rare event, unlike today where some large US corporate and agencies are undergoing redundancy rounds every few months, seemingly unaware of the massive impact of this on their highest performers, their customer's expectations and ultimately the corporations results, and predictability. It can be noted, in many companies led by transformational leaders, that weak contributors are often effectively isolated by their own teams and usually leave of their own accord, thus reducing exit costs.

The transformational leader is a mentor to the immediate team, a coach to the whole organization and to the board, analysts and other stakeholders. They deliver the vision and the 'how to' with passion, and demonstrate commitment daily in a visible way. They exude quiet confidence, have particularly strong listening and communication skills at all levels. They are very visible, active, moving and shaking, yet appear calm and rational. They have high integrity, and high expectations of delivery from their teams. They act swiftly and decisively on important issues, they communicate openly with the Board of Management and can forecast with accuracy. They can demand the highest compensation for the type of results they will deliver.

Shareholders of public corporations would do well to start reviewing the leadership profile of any organization in which they would consider investing. Leadership profiling for analysts and shareholders will give a strong indicator in the likely performance parameters of that corporation in the coming quarters. The leader of an organization, will have a significant positive or negative affect on the outcome of results. Transformational leaders have a far greater understanding of their business, commitment to the organization (as though it were their own), will forecast more accurately therefore meeting expectations set, and will be an open communicator about the future of the business. This is because instead of just trusting the inner circle, these leaders will communicate directly with all levels of the organization, and due to the mutual respect and trust already built, people will be unafraid to tell the leader of any impending variation or impact.