

Are your leaders ready for the next disruption?

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The speed and impact of the COVID-19 pandemic took most leaders and organizations by surprise. While this disruption is a dramatic outlier, leaders need to recognize that disruptions happen all the time. Some are unexpected, like COVID-19, while others are not. Businesses often disrupt themselves to innovate or react to new market demands. The bottom line: planned or not, disruption is here to stay. **So how will you prepare your leaders for the next one?**

When does disruption occur?

Understanding when disruption happens is a critical first step in preparing for it. Most disruptions are smaller than COVID-19, yet still have a significant impact on the business. Often self-initiated, disruptions occur when the business sets a new vision and goals or makes changes in strategy and operating models to adapt to marketplace forces. Culture transformations, acquisitions, mergers or other organizational change efforts also create disruptions. Frequently, more than one of these changes is happening at a time.

Why is disruption occurring more frequently now than ever?

In today's environment, change is the new constant. Since the end of the twentieth century, the advent of the Internet and rapid advancements in technology have dramatically increased globalization and connectivity, accelerating the rate of change beyond anything seen before. In turn, this has shifted how leaders must approach change.

What did change look like before?

In the past, change was viewed as a straightforward process – a controllable event with a beginning, middle and an end. To prepare for change, leaders would plan for it, manage it and course correct to get to the end and be done with it.

Leaders embraced the mindset that with change comes risk. They believed change must be controlled to mitigate the various risks involved. This mindset allowed leaders to create the illusion of steadiness and calmness – something that historically came after change. This is called the stability mindset.

Change is uncomfortable for most people, so leaders often try to use the stability mindset to make their teams feel safe and secure, which enables them to perform at their best. However, in today's business environment, this natural reaction is misguided. Persistent change means that treating change like a fixed set of events doesn't align with reality.

Leading in today's world

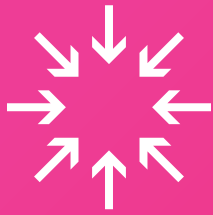
To be successful, leaders are now required to embrace the new belief that change is good fortune. Leaders must hold an opportunity mindset, embracing change as ongoing and *necessary* for growth and cultivating the belief that opportunity *only* comes with change. This new mindset turns on its head how leaders of the past perceived risk. Instead of associating risk with change, today's leaders must understand that risk actually comes from NOT changing and remaining with status quo. Inertia causes organizations to lose ground and fall behind. Thus, change is not only necessary, but advantageous for businesses to adapt. Leaders who embrace an opportunity mindset can navigate change with a sense of confidence rather than hesitation or doubt.



Mindsets matter

The way leaders think about change is one of the biggest determinants of how successful change will be¹. Therefore, it is critical to examine preexisting organizational and individual mindsets about change. Typically ignored, these can provide critical information to help unlock transformation.

To help identify your individual and your organization's mindset towards change, below are four different types of executives and organizations. Each example profiles an organization's underlying relationship with change and identifies whether it embraces a stability or opportunity mindset.

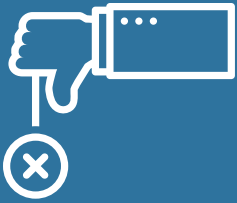


Change Receivers:

Leaders who perceive change as pushed upon them feel a lack of control, resulting in a flight response. When leaders are in the habit of being a receiver of change, they are passive in their reaction and feel out of control, as if there is nothing they can do to prevent what is happening. Leaders with this response to change abdicate their own authority. The change receiver holds a stability mindset.

For example, a high-tech manufacturer set in motion a significant go-to-market global transformation. The changes brought by its new strategy shifted expectations for sellers, but these changes also touched product development, supply chain, customer support and finance. Senior leaders just below the c-suite reported that the “decisions are made by HQ” and even referenced “looking up” for direction as a behavioral norm in the company. These leaders tended to:

- Wait for direction or decisions from others before moving forward
- Refrain from taking action in new situations to avoid conflict
- Escalate decisions, assuming such judgements are “above my pay grade”
- Accept decisions or direction even when they don't think they will work



Change Resistors:

Leaders who try to maintain their power and authority by pushing back against change. These leaders strive to protect the past by resisting the change with the belief that it will go away in the near future. Leaders will freeze, choose inaction or only take actions that they can control. Resistance can take many forms, such as questioning the authority of the change leaders, seemingly agreeing and then doing nothing, and citing reasons why the change does not apply to them. These leaders hope to wait out change. The change resistor holds a stability mindset.

For example, a global manufacturing company would routinely rotate high-level senior leaders as part of their development plan. During the rotation process, these senior leaders sometimes faced resistance, skepticism and inaction from their new team of leaders. The local leaders knew from their past experience that they could passively resist the new direction and continue doing what they were doing because their new senior leader would change again soon – as would the direction. In this case, resisting change was the leaders' best path to stability. This led them to:

- Refrain from speaking up, even when holding an alternative perspective that would provide needed insight
- Bring up reasons that something could not be done based on precedent or history
- Agree, and then find reasons not to execute on the stated commitment
- Poke holes in the plan as a means to avoid taking action
- Criticize change efforts without offering alternative ideas or help



Change Controllers:

Leaders who believe that they can control change and its effect around them. These leaders create detailed plans, launch initiatives, manage events, or do anything that gives them a sense of control. Why is this a fight response? Taking action feels good, but even when executing the most well-crafted plan, a leader will encounter unexpected circumstances.

If the leader believes they have controlled the change with their plan, then obstacles and missteps are failures. When this happens, there can be a tendency to ratchet up reporting and accountability, micromanage or even to seek to blame for mistakes or lack of progress. This behavior gives them a sense that they are managing change. They often believe that it is up to them to help get their team or organization "through" the change. The change controller holds a stability mindset.

For example, an Oil and Gas organization recently launched a new strategy. As part of identifying what was needed to move the strategy forward, they reviewed critical processes designed to aid strategy execution. During the review, the senior team realized that their approach to quarterly business reviews would hurt progress toward their strategy rather than moving it forward. The senior team determined that their detail-oriented questions were "backward looking" and provoked ineffective behaviors rather than learning and forward progress, so they completely changed it. These change controllers tended to:

- **Make decisions independently with limited input from colleagues**
- **Seek information that supports their personal agenda**
- **Ask detailed questions about why progress is slow or results were less than planned**
- **Give detailed instructions on what to do rather than inquire about what has been tried**
- **Discount obstacles raised by others to keep to the original plan**



Change-Ready Leaders™

Leaders who see change as normal, constant and the source of new opportunities. Leading change from this perspective requires a new set of great behaviors from leaders. A leader can choose to lead change rather than avoid it, resist it or try to control it. To lead change means leaders are scanning the environment, anticipating what is coming, and seeing opportunities where others see challenges. In some cases, it means thinking through a Plan B (and Plan C) because they know that Plan A will not work perfectly. Leaders focus more on aligning their teams on direction and purpose rather than telling people what to do. They create an environment where people learn, adapt and change together. The change-ready leader holds an opportunity mindset.

Change-ready leaders also focus on gaining emotional agreement from teams around the change being implemented and the reasons for doing it. This is a departure from the common idea that leaders only need to focus around explaining the "why" behind the change when communicating to individuals. Alignment around the vision is more beneficial for teams so they become invested in changing rather than focused on the why behind the change. Great leaders understand that letting people find their own reason for change and developing that understanding is critical to building trust.

How do great change-ready leaders lead? They try new tactics and implement new leadership competencies that they may not have used before. These competencies are brought to life in the form of behaviors, which are a result of having a different mindset and response to change. A change-ready leader holds an opportunity mindset and believes that change is expected, normal and constant. In order to make that mindset come alive, great change-ready leaders:

- Rally others around the positive reasons for continual change
- Accept the conflicting views, assumptions and feelings of the team
- Promote the company's purpose while simultaneously balancing the reality of today and future possibilities
- Engage diverse teams to work together on difficult challenges while holding them accountable
- Encourage the team to accept change, paradox and complexity as facts of life that yield new opportunities

While these change-ready leader behaviors may seem to be common across companies, they are actually represented uniquely in each organization. Mindsets are universal across organizations, yet their application is contextual. This means that great leadership is not a carbon copy across all companies – an organization's culture plays a significant role in terms of what makes a leader great on the job.

To become change ready, it is critical for leaders to understand and codify both the "how" and "when" to lead change within the context of their own organization. This works best if leaders can define what great change leaders do differently relative to average leaders in the form of capabilities and behaviors. In tandem with change leader capabilities and behaviors, identifying the pivotal moments where leaders need to demonstrate the capabilities and behaviors is an excellent tool for development.

Identifying these pivotal moments allows leaders to immediately recognize the situations where, by changing their actions, they will have the largest impact..

To prepare for the next disruption, leaders need to uncover their current response to change, understand why and how it served them in the past, and then shift to seeing change as a new constant. Once this change in mindset happens, behaviors will shift consistent with being a change leader within the context of their organization. Adopting a more productive relationship to change during the COVID-19 crisis will help leaders navigate the current situation and come out of it more prepared and confident for the next disruption. **With tools in hand, perhaps they will even seek opportunities and create disruptions of their own.**

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