

*"Kanazawa and Miles join forces to provide leaders a remarkable roadmap for successfully transforming their organizations for breakthrough performance. Their very practical and straightforward playbook is a must read for leaders at all levels in the 21<sup>st</sup> century."*

—Noel M. Tichy Global leadership authority and author of  
*Judgment: How Winning Leaders Make Great Calls* (with Warren Bennis)

# BIG IDEAS TO BIG RESULTS

REMAKE AND RECHARGE  
YOUR COMPANY, **FAST**

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## A Better Way

Quickly getting an organization from BIG ideas to BIG results is today's most pervasive management challenge. Excellent execution, driving sustained growth, and consistent execution of strategy are the top three challenges noted by CEOs around the world, based on a recent survey of over 750 of the world's corporate leaders.<sup>1</sup> In order to rise to these challenges, leaders at all levels need to execute large-scale breakthroughs, or transformations, while at the same time delivering short-term results every day. Achieving this balance is one of the most difficult challenges you will face as a leader in your career and one of the most rewarding when you get it right.

Transformation has been used to describe everything from high-risk complete overhauls of a business to tactical changes to IT systems. So to be clear, by transformation, we mean a wide variety of actions and opportunities that are required to drive continuous growth in a business. These range from a new leader "taking charge," to launching a new phase in the organization, to entering new markets, to integrating major acquisitions, to breaking down silos to operate as "one company," to boldly launching a major strategic initiative. Put simply, transformation means opening up new possibilities for growth and moving from one state to another, but it is tough work and most efforts fall short.

Imagine you are the leader of an organization and you are about to launch a transformation or shift in strategic direction. Your direct report team has just completed a set of anonymous surveys. You're looking over the results as you prepare for a meeting with the team to launch them into the next phase of growth. In the responses, you see things like the following:

- “We never follow through on anything all the way to see if it will produce results. We launch things and then when they don’t immediately turn results, we just start launching more things.”
- “We are the best at being second best.”
- “There should not be 20 initiatives; we should focus on a very few things.”
- “We have organizational attention deficit disorder, starting at the top.”

These are actual quotes from vice presidents at profitable, multi-billion dollar companies that were calling up a shift to a new level of play. Not too encouraging when you are trying to drive a major strategic shift in direction to achieve breakthrough results. These quotes, while startling in some cases, are exactly what is being said in all corners of organizations today. Why do so many high-achieving leaders feel this sense of dread when confronted with the challenge to take things to the next level? Why all the frustration? People are overwhelmed, overtasked, and stuck in gridlock, similar to a traffic jam on Friday afternoon where no matter how badly each individual wants to get home, the whole system is stuck.

The need for these course corrections and interventions to break the status quo are coming at a constant pace today, given the challenges of rapidly growing earnings, globalization, rapid commoditization of markets, executive turnover rates, challenges by activist investors, and all of the familiar triggers for us as business leaders. In the rush to meet all of these challenges, the solutions we’ve been applying are actually locking down companies in gridlock even more, where transformation becomes impossible to accomplish and everyone is frustrated and stuck.

How are we doing with this challenge? Not great, based on data from a poll of 11,000 workers showing that fewer than half of employees understand their company’s strategic goals, less than 25% feel their organization sets goals that people are enthusiastic about, only 38% believe their planning results in clear assignments for individuals, and 43% feel there is any follow through on the plans anyway.<sup>2</sup> This shows a clear picture that a lot of people are running around doing things that aren’t moving the company forward—they are just churning.

The range of methods for attempting to lead transformations is as varied as transformation challenges themselves. Some leaders resort to dramatic communications “campaigns,” believing that if people can just “get it,” they will get on with it. Others attempt to grease the skids of a transformation launch with a barrage of tactical change-management interventions. Other leaders scorecard everything in sight because of their gut belief in measurement and delegation. And who hasn’t heard about transformation attempts that have been borne on the backs of TQM, Six Sigma, Process Reengineering, and massive infusions of new technology?

Clearly, each of these management orthodoxies contains elements that can contribute to execution success. But too much religion or reliance on one versus the others leads to an overengineering of some parts of the business, which actually feeds rather than cuts through the gridlock that holds companies in the status quo. Why? None of these approaches were designed from the outset to handle all of the key moving parts in a transformation. These often-ignored macro transformation elements include:

- Confronting the reality of the current business environment and functioning of the organization
- Focusing on a critical few top priorities
- Aligning all parts of the organization to a single set of initiatives
- Rapidly engaging the full organization in translating these organization-wide constructs into operational tactics and job-level objectives
- Rigorously following through to accelerate the learning and performing cycle while creating leaders at all levels of the organization

## **The Sugar High**

Just in case you are one of the few who has never seen this type of transformation effort play out the wrong way, here is a quick viewing. A major corporation needed to transform to meet new competitive pressures. The executives got the help of management consultant

experts who promised access to a best-practices knowledge base of process and systems enhancements. A very small group of internal analysts provided data to the consultants to build a financial model that promised to save millions of dollars in operating expenses, based on applying ratios of the best practices to the company's financials. The millions of dollars, then taken as a given, provided much room for investing in consulting help and systems implementations to achieve those savings. With a huge return on investment expected, the executives signed up for the transformation effort to begin.

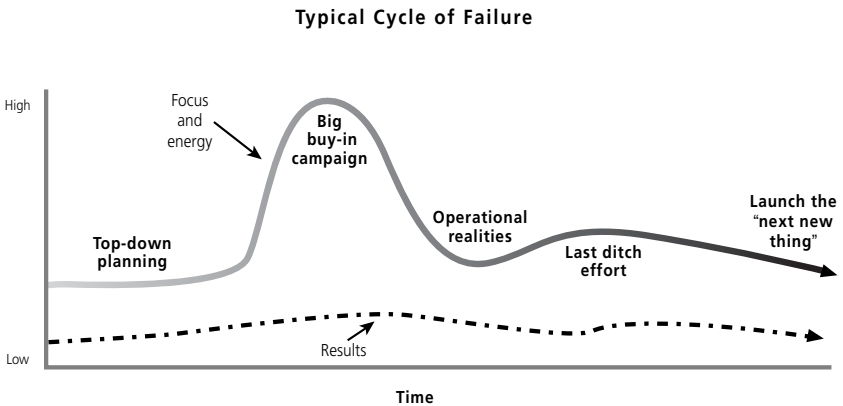
Rows of cubicles were set up to make room for the business consultants to come in and do their work. Bright and energetic people showed up who had great credentials and fantastic analysis skills. They polled managers to build process maps of the current state of the business. Then, they applied their "knowledge base" to create a future state of the business, which, of course, included the many systems upgrades they had proposed. They closed on the contracts to build the systems and began implementing the technology solutions. More cubicles were set up for the systems consultants to come in and do their work as well.

Finally, a year into the process, it was time for the systems to be rolled out to the "troops" to use. Ashen-faced managers were now told to "buy-in" and get moving with producing the millions of dollars in savings by implementing the new systems and processes. The money was already spent on the systems and processes, so there was no turning back. Unfortunately, the managers weren't fully engaged in the process and had never agreed with many of the suggested changes. In fact, some of the most high-leverage systems and process changes had not even been addressed because they weren't a part of the consultant's knowledge and solution base. Some solutions were completely impractical and didn't take into consideration how work was actually done at that particular company. The process stalled while the consultants held numerous buy-in meetings to try to listen to the troops' concerns. But, of course, it was too late to really change anything and everyone knew that. Buy-in was a futile process.

Seeing the impasse, the executives decided that an internal person should take point because the troops were beginning to reject the consultants. So, two years into the process, a "czar" was named. The poor, unsuspecting czar, of course, had no operational clout, but still

fought valiantly with a last-ditch effort to regain momentum. But, in the end, the effort died a slow death. Some savings showed up as aggressive layoffs and redeployments caused people to do “more with less,” and some of the systems changes worked. However, the result was far from transformational. It was just chalked up as another “flavor of the month” to the troops and one more layer of projects and programs adding to the overload and gridlock they already faced. Or as one manager called it, “just another sugar high.” A quick peak in energy was followed by an immediate crash. And what happens next? Management sees the lack of results and looks for the next new thing to launch, while employees become even more skeptical and unwilling to “buy-in” blindly each successive time.

Most of us have seen this type of effort play out similarly to the curve shown in Figure 1.1.



**Figure 1.1** Typical stages of a cycle of failure

Nobody is immune to the kinds of rapidly changing market conditions that create the need for these bold calls for action, just as nobody can avoid the macro business cycles that make fortunes rise and fall. And consultants certainly have the ability to help in a more productive way if placed in the correct supporting roles where their true expertise is leveraged. The real question from this description of the all-too-common sugar-high approach: How can we break this cycle? How can we engage our teams more effectively in leading transformations that produce breakthrough results?

## Get Your ACT Together

More than 25 years ago, groups of CEOs, division presidents, and their executive teams gathered for two weeks to participate in an innovative program at the Harvard Business School.<sup>3</sup> There, they would work collaboratively on their top business challenge with noncompeting peers and key faculty. Spending time in the hallowed halls of ivy was not at all a time-out from real business for intellectual theorizing. While sequestered on the Harvard campus, they would help each other build action plans that they would implement back home. They would then return nine months later to describe to their peer group how the solutions worked and how they could be improved.

After several years of the program, a clear pattern emerged. The biggest and most common problem facing executives was in leading different types of corporate transformations. They had trouble getting their organizations to execute on their stated strategies quickly. The process that resulted, now known as ACT (Accelerated Corporate Transformation), was conceived through the ideas and trials by these groups of leaders. Over the years,

### *The Origins of ACT*

*The ACT (Accelerated Corporate Transformation) process was originally distilled by Dr. Robert H. Miles through the innovative “Managing Organizational Effectiveness” program which he chaired at the Harvard Business School. This process architecture was developed through work with top executives and their teams wrestling with the realities of how to rise to the major challenge confronting their organization. The process was refined through use over the next decade at companies like GE, Office Depot, National Semiconductor, Rockwell, and Symantec. It continues to be refined by Michael Kanazawa and Dr. Miles at Dissero Partners through their collaborative work with executive leaders facing a variety of organizational and strategic challenges.*

*The ACT process architecture has been designed to quickly focus, align, and engage the full organization and then rigorously follow through for execution. It was also designed to be run by business leaders with light consulting and implementation support the first time through. By design, it allows managers at all levels to effectively lead organizational transformation and strategy execution on their own.*

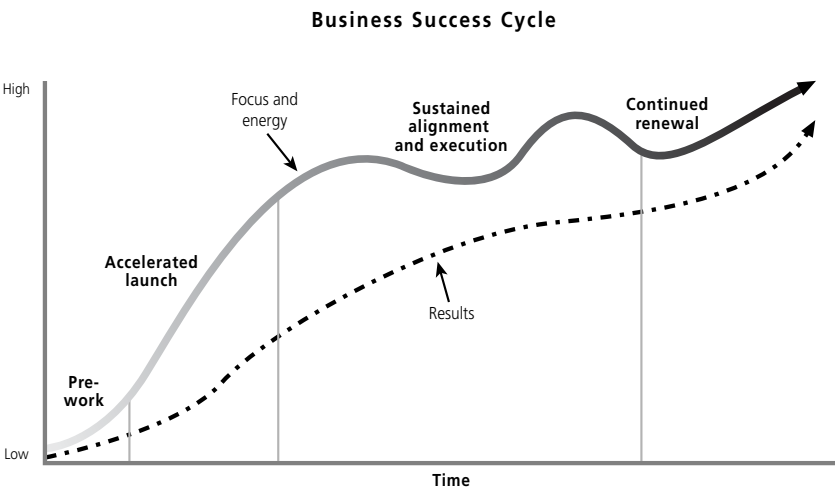


countless leaders and teams have leveraged the same process and refined and streamlined it with their contributions.

By keeping the responsibility for leading the transformation squarely in the hands of business leaders themselves, the result is not only quantum improvement in the targeted initiatives in a shorter-than-expected period of time, but also a fundamental improvement in the leadership acumen from top to bottom in the organization.

Through experience across many situations, it is clear that each of the ACT process steps counts, and, hence, should not be sidestepped. However, how you and your team lead the organization through the steps really makes the difference. For this reason, in the core chapters of this book, the keys to success will be largely conveyed through the stories told by the leaders who have used the ACT process architecture to successfully generate large-scale breakthroughs while driving short-term execution and results.

Following are three examples of the dramatic shifts in performance that are possible, even at a very large scale, within a matter of months (not years). The companies profiled implemented and adopted the ACT process into their operating and management models to quickly generate their breakthrough results. In comparison to the typical cycle of failure, these successful efforts looked like the curve in Figure 1.2 where focus and energy were built early and then sustained, leading to compounding growth in results.

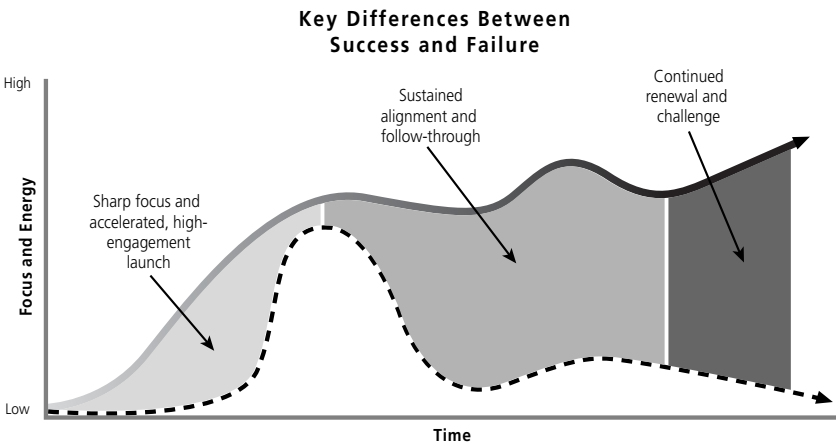


**Figure 1.2 Business Success Cycle**

- After a planned merger with the #2 competitor in the market was blocked, the new, internally promoted CEO of Office Depot faced a huge challenge—to revitalize the company’s sagging retail operations in a single year. The company’s leaders resolved to once again make Office Depot the industry’s most compelling place to invest, shop, and work. Indeed, these became the major initiatives upon which the company’s revitalization was launched. They succeeded. In a year, Office Depot’s share price jumped by 156%, customer complaints fell by 50%, and employee retention rates rose by 72%. The company also moved up from the bottom 10% of the Standard & Poor’s 500 to number two in terms of percentage increase in shareholder value. “The biggest surprise,” then-chief executive Bruce Nelson reflected, “was how quickly people in our company said, ‘Count me in. Let’s go.’ I knew it would happen; I just didn’t think we’d get there this fast.”<sup>4</sup>
- Southern Company needed to transform its major production function, which consisted of fossil fuel and hydroelectric power plants spread over five geographically dispersed operating companies each with its own union, into a single, new-generation company (or GenCo) called Southern Power. Changing from a staff unit within a regulated public utility into a self-contained, competitive business required Southern Power to learn a whole new way of thinking and acting, all under the white-hot light of national prominence. Parent Southern Company, acclaimed as *Fortune* magazine’s “Most Admired” company in the utility industry, was the nation’s largest power company at the time, with annual net profit of more than \$1 billion. The makeover involved 91 plants and 60,000 union-based employees reporting to five separate subsidiaries, and the feat was accomplished in the middle of a CEO transition. After the repositioning, Southern’s costs plunged by more than \$100 million in a year, and over \$300 million in three years, while accidents were cut by 30% and union grievances fell by 72%. Employee morale soared as well.<sup>5</sup>
- Symantec, once a vibrant Silicon Valley software maker, had stopped growing. Sales were stagnant at about \$400 million per year—largely because its past strategy of acquiring companies for growth had run its full course. In fact, all of the best targets in the market had been acquired and future growth would require a different strategy based on internal innovations. With strong leadership and a simple process, Symantec managed to fold its

disconnected subsidiaries into one smoothly integrated business focused on customer needs. The new customer focus and highly engaged team revived innovation, inspired new products, and triggered steady sales growth worldwide. In the first year alone, Symantec improved morale, slashing employee turnover by 41%. Meanwhile, Symantec's stock price rose by 53%, its revenue jumped by 24%, and its profitability soared by 290%.

The key differences in these successful efforts compared to the typical failed efforts can be seen by comparing the success versus failure cycles in Figure 1.3. The keys are generating a tight focus and an accelerated, high engagement launch up front, then maintaining alignment and follow through for the remainder of the performance year. Finally, it comes down to consistency in driving the process on an annual basis to continually stretch performance.



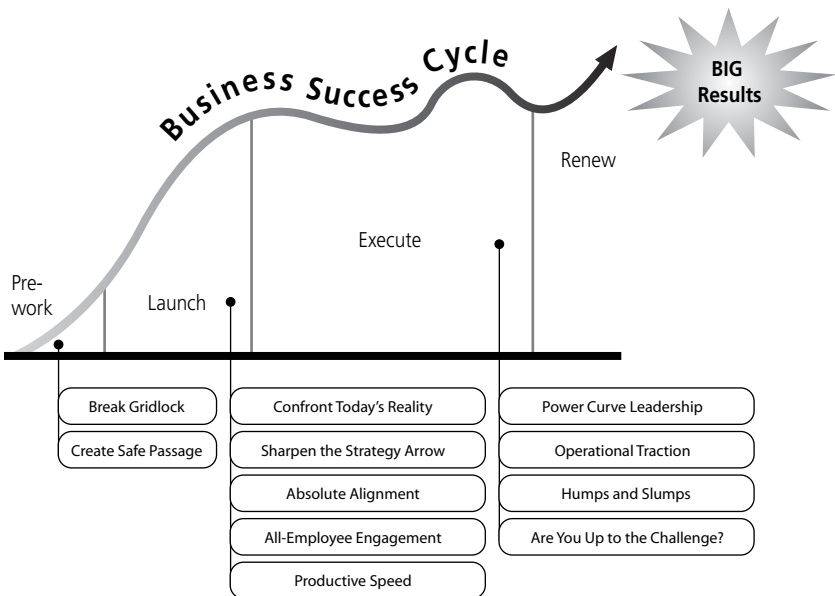
**Figure 1.3** Difference between success and failure

## Make Transformation a Simple Routine

While running your organization at full speed and in the heat of the most defining moments in your leadership, you will never remember the full checklist of all the little signs and subtleties. What separates those who know what to do from those who actually get it done? Those who succeed follow a proven process and architecture

to make sure things don't get overlooked. It is like a preshot routine in golf, lining up on the free-throw line in basketball, preparing to serve in tennis, or going over a preflight checklist on an airplane. Follow a proven routine, get everything set up correctly, get aligned properly, and *then* let it rip.

Unfortunately, there is not one "silver bullet" that will unlock success. There are a lot of moving parts. However, there is a surprisingly simple architecture and process that you can put in place to bring all of the critical principles into play. As a guide through the rest of the book, the Business Success Cycle curve shown in Figure 1.4 shows the primary areas that make the biggest difference in reaching breakthrough results and are covered in detail in each chapter. This icon will appear at the beginning of each chapter as a reminder of where we are in the cycle at each point.



**Figure 1.4 Key principles in the Business Success Cycle**

Overall, driving transformations and dramatic shifts in performance is hard work. Old habits die hard and there will be tough decisions to make. But if you are intent on breaking your organization

free of mediocrity or sending it in a bold, new direction, you can profit from the insights of leaders who have succeeded in doing just that in the chapters that follow. If you put the right process in place, it will handle 90% of all of the lessons, keys to success, and subtle warning flags to which you need to pay attention. Then, you can spend your time thinking strategically, working closely with your leadership team, and communicating clearly with all your employees—the key areas where you provide the most value.

## Endnotes

- <sup>1</sup> The Conference Board, Annual Conference Board report, “CEO Challenge 2007: Top 10 Challenges,” 2007.
- <sup>2</sup> FranklinCovey, xQ Report, based on Harris Interactive database, December 2003.
- <sup>3</sup> This innovative Harvard Business School executive program, called “Managing Organizational Effectiveness,” was chaired by Robert H. Miles during the early 1980s. The lessons learned formed the foundation of the Accelerated Corporate Transformation (ACT) methodology that Miles and Michael Kanazawa have continued to refine for today’s practice.
- <sup>4</sup> Bruce Nelson, “Anatomy of a Turnaround: How Bruce Nelson Revived Office Depot,” *FastTrack Magazine* Summer (2002): 42-47.
- <sup>5</sup> Robert H. Miles, “Type I Transformation: Repositioning America’s Most Admired Utility,” in *Leading Corporate Transformation: A Blueprint for Business Renewal* (San Francisco: Jossey-Bass, 1997), 83–126.