

change-up

Editor's note

Change is in the very air we breathe. The year is still relatively fresh and we've already faced historic episodes of weather, politics, papacy and sport.

The reality is that things have to change because they cannot or will not stay the same, a reality that has challenged and inspired humankind for centuries; but in the early years of this century organisations and individuals have seen more challenge than inspiration.

Thus this issue of Right Lane Review, our newsletter, looks at change.

With a nod to the start of the football season, we look at the importance of pre-season preparation prior to the start of any season-of-change and some key principles that apply to successful change initiatives.

We talk about why change is such a challenge for individuals and organisations, and particularly how much more challenging it is in times of uncertainty.

Right Lane Review also talks about Right Lane's own journey of change.

And just how crucial it is to understand the rising importance of stakeholders in a change process, regardless of the size of the organisation.

We also suggest some lessons that might be drawn from the animal kingdom, in this the Year of the Snake.

For some conversation spice we provide a range of insights about change from some philosophers, economists, writers and analysts, from Greek philosophers to Michael Jackson. Plus a graphic thought about a key change that will impact us all.

Change is a challenge, and perhaps it's no accident that there's an 'all' in the word challenge. We hope the Right Lane Review helps sharpen your thinking.

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will you be champions this season?



by matt hardy

Winter is coming. The start of a new season in each of the football codes comes with a renewed sense of hope about the future, building on an off-season full of deep reflection and review of past performance, competitive benchmarking, personnel changes and new goals. And increasingly more talk of ruthless execution, and of personal pledges to the team or organisational ethos.

Successful coaches know the importance of the base work in the off-season, and how each pre-season builds and builds until there is a peak of capacity or potential to win premierships.

So too do good organisations manage themselves when it comes to change. It's all in the preparation, or their pre-season, when they can review and act on past performance and focus on emerging needs and opportunities.

At Right Lane we have worked with a wide range of organisations from many different sectors, and seen first-hand how they deal with the seasons of change that are always on their horizon. It might not be a new 'season' in the same clearly defined manner of a calendar or sporting season, but most clients are dealing with a season of change, be it driven by changes in customer preferences, competitive intensity, technology, or political or regulatory developments.

We have reflected on all our experiences and learning from more than 60 different clients, and absorbed the literature

and case histories, to focus on what differentiates those organisations who defy the research of people like Harvard's Michael Beer and Nitin Nohria, who concluded that 'the brutal fact is that 70% of all change initiatives fail' (2000, p.133). The work of John Kotter reinforces this stark statistic: 'If you're like most of us, you've been part of a failed change initiative. Change is hard and few organizations master it. At best, only 30% of such efforts succeed' (2012 p.4).

What comes through clearly are some basic principles that will go a long way to determining whether the outcomes of change management match the ambitions. The principles might seem like common sense, but if they were more commonly applied then the success rate of change management projects would be much higher.

As new football coaches can sometimes find, people are naturally resistant to change; they prefer continuity and stability, the known and familiar. Change is seen as a potential threat to something: continuity, certainty, status and influence. Change by its very nature is hard for us humans – where we have a choice, we commit to change only if we believe we can and will get to a better place because of it.

Studies of change failures show that some of the most common elements are poor communications and engagement, insufficient investment in the 'human' aspects of change. This is often evident in one or more of the following:

Right thinking

- We need approaches to defy the findings of researchers like Harvard's Michael Beer and Nitin Nohria, who concluded in their 'Cracking the Code of Change' that '70% of all change initiatives fail'.
- Successful change management means doing five things right:
 1. Leadership from the front
 2. Clear definition of the change and the change-readiness
 3. Face-to-face engagement with your people on the 'what', 'when' and most importantly 'why'
 4. Change implementation actions that cater for human behaviours as much as necessary process changes
 5. Structured approach to change.
- One of the key factors in successful change initiatives is investment in, and understanding of, the 'human' aspects of change, such as energy levels, attitude, culture, change-resistance, bias, role-modelling, inter-disciplinary rivalry, and competitiveness.

- Leaders who do not effectively and convincingly communicate the goals, the thinking and the benefits, and are not seen to be driving or sponsoring the change. Studies show that effective sponsorship by senior leadership is the single most critical factor in the success or failure of organisational change (Prosci 2012)
- A lack of clarity or transparency regarding what the goal of change really is, what has to be done differently to reach that goal, and how the change outcome is going to outweigh the effort of implementation
- A lack of 'buy-in' – people want to feel that there is a sense of trust and confidence in them and a shared knowledge relating to the change, and they want to play a part in the thinking, shaping and implementation
- No compelling plan – people's confidence is partly shaped by the quality of the approach to the change. Does the plan make sense? Is there evidence it is timely, considered, viable, well planned and appropriately resourced?
- A 'set and forget' approach to change management. Change requires adaptation and so does change planning. Successful implementation requires taking the pulse of the organisation, identifying change resistance and dynamically addressing the barriers to change.

Most industries have undergone substantial change in recent years, be it technological, economic, cultural, geographical or regulatory. And those changes across multiple fronts will continue, so it is behovent on organisations to develop more change-strength.

Organisations need to carefully develop their own change management capacity, but we believe that these key principles matter most.

1. Ensure the senior team truly leads the change.
2. Define the change and the change readiness.
3. Engage people.
4. Address 'human' and 'process' actions.
5. Take a structured approach.

1. Ensure the senior team truly leads the change.

All five principles need to be done well and concurrently, but this is where the axiom of 'in the end is the beginning' comes to life.

Surveys consistently have this as the number one pre-requisite for successful change. If leaders do not consistently evidence they are absolutely engaged with the change, then people will quickly pick up on that.

People like to be led, at least in the hierarchical structures that exist in most organisations, and they will warm to and respond to those they feel will lead them to a better place. And if they are not so convinced, they are less likely to follow.

Leaders demonstrate their engagement in their language and behaviours. They can bring focus and energy, provide resources and support, articulate, motivate and listen. And the people around leaders can be highly adept at picking up the signals that leaders send, whether consciously or sub-consciously, about what matters in their environment.

The other important aspect is that in addition to the leadership of a board or senior executive team, there are leaders, or pivotal players, in every part of the business, and their support and behaviours can also seriously elevate or negate any proposed change.

These factors are evident in football teams. Think of the rise of leadership groups within football teams or the criticism team leaders get when their heads drop during games.

2. Define the change and the change readiness.

Research shows the importance of being very clear, and having a shared view, on what the change is. It is the same whether the change is organisation-wide or much narrower, incremental or rapid. It still requires a clear understanding of what impact the change will have on people, and how it might impact their sense of involvement, security, status or role.

The other key aspect is to have a clear and shared view on the organisation's capacity to absorb and undertake the change. From the get-go, do the decision-makers and implementers have a shared confidence that the organisation has the capacity to effectively implement the change? Is there enough energy and appetite for the change?

In football, the notion of a three year rebuild is an attempt to manage expectations and give a team a realistic context within which to change.

Most industries have undergone substantial change in recent years, be it technological, economic, cultural, geographical or regulatory. And those changes across multiple fronts will continue, so it is behovent on organisations to develop more change-strength.

3. Engage people.

Once the organisation knows the 'what' of its change, it has to then focus on the 'who' and the 'why': Just who do we need to engage to ensure this change is successful, and how do we best achieve that engagement?

There has to be convincing answers to some basic questions: Why are we changing? What is our change story? What is the extent of the change? How will it impact me? Why should I care? A combination of listening and story-telling is how leaders and their people understand what needs to get done and why the change is worth doing.

However, people pose the questions in the workplace, we've found that it helps clients to employ the ADKAR scale, a model developed by Prosci (Hiatt 2006) to help organisations understand whether their people know why they should change. For those not familiar with it, it helps organisations identify where their people are on the scale of Awareness, Desire, Knowledge, Ability and Reinforcement, the building blocks needed for change to be successful: Awareness of the need for change, Desire to participate and engage in the change, Knowledge of the skills and competencies needed to successfully change, the Ability to perform the necessary skills and the Reinforcement to sustain the change.

These insights help to inform the initial engagement, and then continue to inform it, because the scale is not static; that is, people's place on it evolves during the change process.

Football teams frequently find it difficult to sustain new team structures and can be scored against heavily while they learn new game plans. They also find out more about themselves as they go along, and make adjustments to style, structure and personnel to adapt accordingly. And so it is with organisations. Leaders need to reinforce the compelling need for change as their people's resolve is tested, and leaders also need to be in tune with their people to recognise the need to adapt the course without adapting the destination.

4. Address 'human' and 'process' actions.

The process part is what is usually pretty evident and expected: the mechanics of the project, timeliness, phasing, measures, targets and so on. It involves hard data and facts about what has been going on and measuring or mapping the impact of changes.

The human part is often the subject of less investment, but is probably more potent and can still be measured. This goes to people's energy levels, attitude, culture, change-resistance, bias, role modelling, rivalry and competitiveness. Whatever is in people's mindsets will be evidenced in behaviour at some stage during the change process. Having a deep understanding of those mindsets can help prevent a project failure, underwrite its success, or even take the project beyond its intended levels of success.

'Human' actions recognise the need for congruence and consistency in order to behave in the new way – practically this means actions such as visible role-modelling (leaders walking the floor and asking about the change, reinforcing with verbal and email support, rewarding new behaviour) as well as compelling story-telling and open communication. Process change actions include reinforcement through updating operational and personal performance measures, as well as visual metrics, strategic updates, and training and development of the new skills and capabilities required by the change.

Key human and process actions in football include cultivating competitive instincts by building up a rivalry or 'us against them' mindset, as well as measuring progress against known predictors of performance (in the AFL context, clearances, contested possessions, etc.).

5. Take a structured approach.

People asked to implement or absorb change need confidence in the game plan, and the steps that will be taken from ambition to achievement. Successful change management will usually be based on a very structured, clear and deliberate approach. In much the same way, we see the best kickers in football go through a very consistent and deliberate approach to executing their skill. Successful execution is the result of a range of separate but connected steps, each creating the basis for the next step.

For champion football teams, as for all organisations, success comes from embracing and dealing with change, which means investing in a very considered and committed pre-season before tackling the challenges and glorious opportunities of a new winter season.



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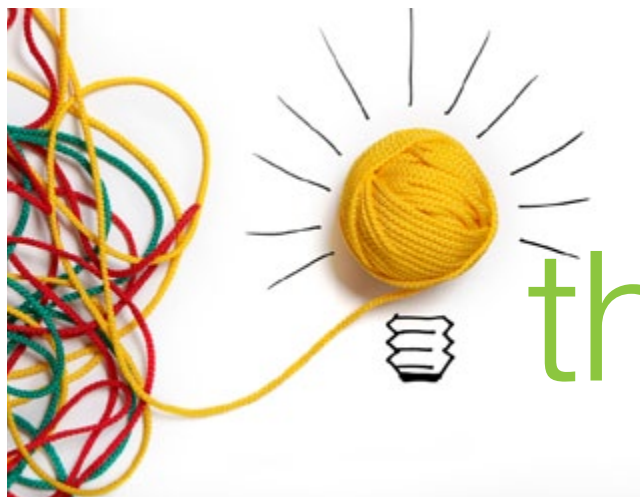
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want to know more?

If you want to know more about how Right Lane can help your organisation be more successful in change management, contact **Matt Hardy**:

matt@rightlane.com.au



ten thoughts about change

Nothing is permanent but change.

Heraclitus, Greek philosopher, 500BC

If I had eight hours to chop down a tree, I'd spend six sharpening my axe.

Abraham Lincoln, 16th President of the United States, date unknown

Things will have to change so that things may stay the same.

Giuseppe di Lampedusa, Italian writer, 1958

There is a time for departure even when there's no certain place to go.

Tennessee Williams, American writer, 1953

Change is the law of life. And those who look only to the past or the present are certain to miss the future.

John Kennedy, 35th President of the United States, 1963

Everyone thinks of changing the world, but no one thinks of changing himself.

Leo Tolstoy, Russian writer, 1900

If you wanna make the world a better place....take a look at yourself and then make a change.

Michael Jackson, singer, Man in the Mirror, 1988

The greatest discovery of all time is that a person can change his future by merely changing his attitude.

Oprah Winfrey, US talkshow host, date unknown

Change will not come if we wait for some other person, or if we wait for some other time. We are the ones we've been waiting for. We are the change that we seek.

Barack Obama, 44th President of the United States, 2008

The question is not whether we are able to change, but whether we are changing fast enough.

Angela Merkel, Chancellor of Germany, date unknown

living with uncertainty

how to get fit for the game of strategic change

by brad mcswain & marc levy

Right thinking

- What everyone wants is an enhanced capacity to navigate their way through seas of uncertainty, and more clarity and confidence about what they can comfortably do without regret.
- A new approach to long-term planning transcends immediate issues and challenges executives to foresee and shape their possible futures.



Many organisations face unprecedented levels of uncertainty as a result of changing industry economics, technological or competitive innovation, and legislative and regulatory change. There can also be uncertainties due to social activism, criminality, accident or Mother Nature.

Right Lane has seen how planning for the long-term can be challenging enough, but the overlay of complex and sometimes extreme uncertainty can truly challenge organisations. This has led us to develop an approach that was inspired by scenario planning but more specifically helps an organisation to embrace and really engage with the long-term, to better plan in times of uncertainty, and to develop more capacity to better shape its own future.

This approach was influenced by the work by Hugh Courtney in his *20/20 foresight: Crafting strategy in an uncertain world* (2001), a book published the day before the terrorist attacks of September 11, 2001. He outlined a four-part framework

to help managers determine the level of uncertainty surrounding their strategic decisions, broadly characterised as: a clear enough future (e.g. companies in mature industries), alternative futures (e.g. markets facing legislative or regulatory change), a range of futures (e.g. companies entering new markets), and true ambiguity (e.g. companies in emerging markets facing multiple uncertainties).

Events like September 11 and the GFC clearly shifted organisations' world-views, and everyone has had to move to some degree along the Courtney spectrum toward more ambiguity. We could see many organisations not having as sharp a sense of their own future as they previously thought, or at least less able or confident in articulating a sense of their future.

At Right Lane we took all our own experiences, research and thinking to adapt our approach and tools to provide even more meaningful insights and support for our clients.

The first rollout of our approach, to a division of a major client, was embraced for its insight and immediately expanded as a parallel project with its overseas team. A superannuation fund adopted the approach in a participative way, to tap into the experiences of managers with direct consumer insights, but also as a development opportunity for those managers.

Some of our clients are quite mature and operate in heavily regulated sectors, and on the surface have fewer vagaries about their future, but they now have a sharper appreciation that change can come from anywhere, at any time.

What every client wants is an enhanced capacity to navigate their way through seas of uncertainty and more clarity and confidence about what they can comfortably do without regret.

Our approach involves four steps that increase executives' capability to foresee and shape their possible futures:

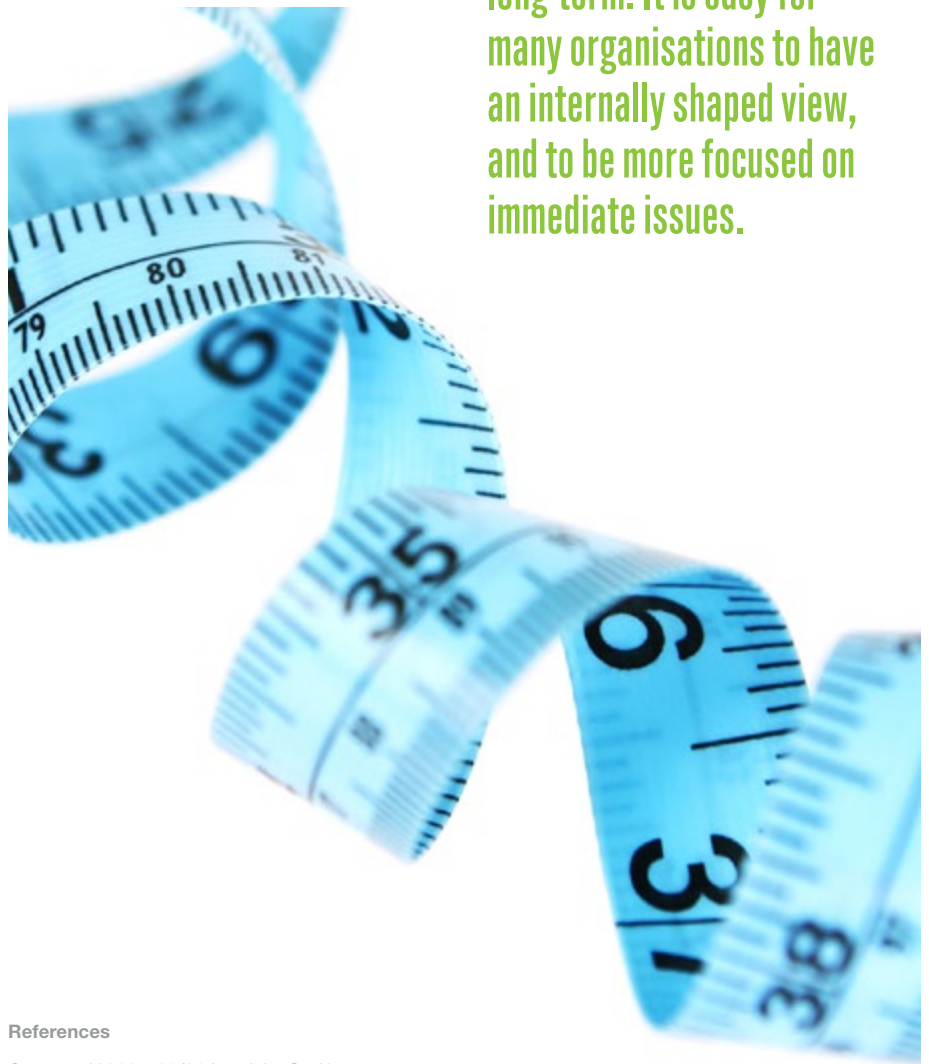
1. Identify your main target outcomes for the planning period – What are the three or four things you are setting out to achieve over the next five years?
2. Identify the groups – for example, your organisation, competitors and policy makers – that will influence the achievement of these outcomes, and determine possible behaviours of these groups that would help or hinder you reaching your outcomes
3. Assess these possible behaviours for likelihood and impact and, for the most likely/impactful, identify possible triggers for their detection and plan how you can influence or respond to these behaviours
4. Develop pathways to your target outcomes – actions you can take to shape the environment in your favour over the course of the planning period as well as actions that you can take now, without regret.

Many organisations do not have a clear sense of how their aspirations interact with the dynamic environments in which they operate, including which forces or influences could have the most impact on them, and whether they have a real capacity to influence or shape their future.

We work to get executive teams and boards to think more outwardly, and to focus on planning for the long-term. It is easy for many organisations to have an internally shaped view, and to be more focused on immediate issues.

Strong and successful organisations are cognisant of these immediate realities, but continue to invest more time and effort thinking about, and planning for, what they need to do to get the most positive impact in the longer-term.

When long-term planning is an on-going focus, then in times of change and challenge it can be an important navigation aid, helping provide organisational clarity and unity, and building capacity for organisations and their people to better foresee and prepare for various scenarios.





change

The customer of the future is a story of two distinct cohorts – baby boomers in retirement and Gen Y in the workforce

2020

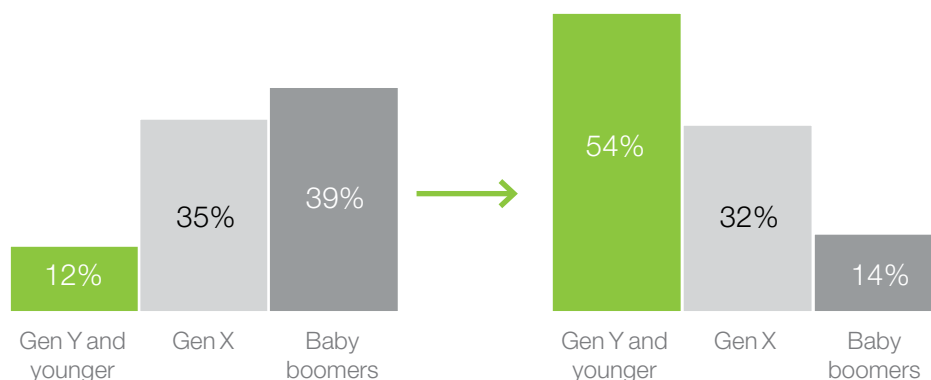
Baby boomers into retirement

Population 65 and older as a % of the Australian population over 15 years old



Gen Y dominate the workforce

% of the age 15–65 demographic



Source: ABS 2012, *Australian demographic statistics 3101.0*, June (issued December 2012); ABS 2008, *Population projections – 2006 to 2101*, 4 September

let's talk about change

by stuart wilkinson

Right thinking

- Often the principles of human psychology are replicated as principles of organisation psychology. It helps to simplify some of the complexity of organisational change projects and challenges if leaders look at the organisation in human terms.
- It's crucial to engage in 'deep listening' – getting to the core of why people are focussed on an issue or problem, and what is really behind their motivation and behaviours.

The inescapable truth is that most people look for stability. It's a fundamental human need, and change in some way looks to threaten that stability. They immediately think that this change is going to shake up their world.



People with an interest in organisational change, strategy and leadership, often have bookcases with volumes offering the 'secrets', the 'code', the 'how-to', the 'paths to success', the 'winning game plan'.

This relentless pursuit of a better way to a better outcome has been going on since Ancient Greece, when Heraclitus stated that humans were simply blind to what was around them, and couldn't understand the universal flux in which they lived.

Heraclitus wasn't your go-with-the-pack thinker, preferring his own take on most things, even when it ran against many of his celebrated predecessors.

I like to think there's merit in his approach, taking my own individual path to Right Lane Consulting. I led a large company corporate strategy function, but I spent many of my formative years in Papua New Guinea. I have considerable consulting experience with leading firms focussing on organisational effectiveness, but I also have extensive experience in mediation and dispute resolution, and taught negotiation at Melbourne Law School.

I hope I add some different dimensions of thinking to what is already a diverse team at Right Lane, and I find myself drawing on a broad range of experiences and interests when it comes to talking about change, which is the underlying sub-theme of the vast majority of business and 'business of life' conversations.

So if the constancy of change has been recognised since Heraclitus produced his memorable quote in 500BC, why does mankind still find it so difficult to see and embrace change?

I think the simple answer is that we are just human. We're all different, with our own mix of motivation, needs and values, and all imperfect and irrational in our own way.

If we recognise we now have nearly seven billion very different humans, and accept the reality of all the dynamics that shape our behaviour, then it's inevitable that when it comes to change there's going to be up to seven billion different responses and behaviours.

It gets more challenging when you start to factor in all the permutations that result from different dynamics between different individuals. And then factor in the knowledge that those responses and behaviours can and do change over time, as experience and circumstances change.

Apart from that, it's pretty straightforward really!

But when it comes to change, there are some straightforward realities to be recognised, perhaps in particular by those who don't accept Heraclitus' observation that man is frequently blind, or chooses not to see, what is going on around him.

The inescapable truth is that most people look for stability. It's a fundamental human need, and change in some way looks to threaten that stability. They immediately think that this change is going to shake up their world.

But aren't there people who enjoy the transit lounge of life, where they are neither here nor there, and perhaps thrive in the ambiguity of life?

Even those who might enjoy aspects of a transit lounge don't want the experience to last very long, and the people who best cope with the ambiguity of life tend to become leaders.

There are actually not many people who thrive on change. In fact if I hear of someone who is said to absolutely 'thrive' on change I'd be having a close look at that person, because it might be someone who likes rattling cages but is often not there to share the accountability of what's ultimately left on the cage floor.

I don't want to suggest that some consultants might be rattle and run agents, but I was attracted to Right Lane's track record of having on-going relationships with many clients because it is there through thick and thin, and often helps closely from strategic development to implementation, and with the next strategy too.

Some people are definitely more open to change, and better able to cope with it than others. This may be due to factors such as upbringing, personal experiences, degree of resilience and even their general attitude to life.

Often the principles of human psychology are replicated as principles of organisation psychology. It helps to simplify some of the complexity of organisational change projects and challenges if leaders look at the organisation in human terms.

By this organisation-as-individual prism, I believe that leaders embarking on a change process might find it easier to identify and characterise the organisation's mood and capacity for the change, and address some basic questions.

Does the organisation have the energy levels to embark on change? Is it still recovering from some bad experience with change? Is it capable of doing what is being asked? Will it need some support or tools, or even some TLC, to get it done? What's the reward and is it fairly shared? Does it really care whether it succeeds?

We've seen a series of studies suggesting that 70 per cent of change projects fail, but

it may be that 70 per cent of the projects, or a fair number, are being undertaken in organisations that are not really open to change.

Perhaps those organisations did not have a heart and head engagement on the mooted change. To create a mood for change people need to see clearly what the change is, have a clear sense of why that change is required and understand how that change will impact them. They must also be certain their position is not going to be negatively impacted in some way.

And if organisations expect their people to be honest, transparent, accountable and innovative, then the organisation has to reflect and lead those traits. How many times do we hear executives and other leaders acknowledging they have made a mistake? Or actively tolerating innovation and learning from failure?

Organisations and individuals need to ask better questions and listen better to the responses.

I am a strong advocate for 'deep listening' – getting to the core of why people are focussed on an issue or problem, and what is really behind their motivation and behaviours.

Whether it's in matters of mediation or disputes, or facilitating workshops on strategy, or driving strategic change, there's a constant need to really hear people, sometimes by listening hard, sometimes by observation.

Change is difficult when people have cause to be concerned about the impact on them personally. So we need to ask things like why they are uncomfortable? What lies behind that feeling? Is it because it doesn't align with their needs? Is it a rational or irrational view? How might it be resolved?

The lessons from disputes and mediation is that when people come out of it, you can pretty well kiss goodbye to that relationship, and they are probably both unhappy with the outcome. You want to work very hard to ensure a change process doesn't have any walls of dispute

or resistance, because it will likely end in tears.

Many large organisations invest heavily in techniques to ensure they have an optimal mix of people types, as well as skills, around their boardroom or executive team table, trying to avoid domination by any particular mindset or any of the big five personality traits (introversion or extroversion, narcissism, openness to experience, agreeableness and conscientiousness), but invest less in ensuring they have the right mix of people on the bus, and the right mix of leadership, on projects.

I would be disappointed if any organisation still thought discussion about human and organisational psychology, personality traits and hierarchies of needs as topics were confined to couch therapy sessions. That would merely reinforce the Heraclitus view of human blindness to reality.

They are organisational capacity issues that can and should be measured, through tools such as surveys, to provide data-driven assessments and decision-making, especially when change is desired.

It's the data and dynamics, the art and the science, that I like to draw on as I'm talking to – and listening to – Right Lane clients.

It's an ancient, and also modern, way of approaching change, which is a very human and natural part of life, a natural ebb and flow of beginnings and ends and the opportunities that present along the way.

Organisations and individuals need to ask better questions and listen better to the responses.

want to know more?

If you want to know more about how Right Lane can help your organisation have better conversations about change, contact **Stuart Wilkinson**:

stuart@rightlane.com.au

changing

for the better



Right thinking

- Great companies create value for society, help solve the world's problems, and many make money too.
- In 2011, Right Lane became a 'for-benefit' enterprise, reflecting formally what the firm had been doing informally for some years in trying to create an ethical consulting practice.



About 18 months ago, Right Lane adopted a set of principles that reflected formally what we'd been doing informally for years: building an ethical consulting practice that tries to help organisations that do good do better.

I had spent a decade from 1997 working on my own consulting engagements, with no staff but a network of people to draw on for specific assistance. Then in 2007 I thought it was time to shift gears. I was done working alone and thought I could retain a good work/life balance, but achieve more with what I saw as a surplus of opportunity.

So we became Right Lane. I was in the car and it occurred to me that one of the major benefits we provide to clients is to enable them go faster, remove obstacles and help them shift into the right lane to get a clear stretch of road.

The firm started growing quickly, leaning towards working with organisations we wanted to help because they were doing something positive for society, particularly those fostering inclusive growth, sustainability and public health.

Then in late 2011 we decided to formalise it.

I was reading a Harvard Business Review article, 'The For-Benefit Enterprise', by Heerad Sabeti (2011). The article described the transformative potential of

an emerging fourth sector of the economy, comprising organisations that were commercial and community-oriented, being neither strictly for-profit nor not-for-profit.

I was struck that we had instinctively adopted many of the values and principles of the for-benefit enterprise described in the article. But it also presented the challenge of more sharply defining what Right Lane was pursuing.

We were interested in building a firm that was profitable but not greedy. By that I mean we were focussed on pursuing not profit maximisation, but a 'reasonable return', something below the market rate. And also to seek and build long-term partnerships and genuine collaboration with clients, helping clients get to the best possible answers themselves and then assisting them to implement their strategies.

The HBR article reflected what we were already doing or wanting to do, so we set about formalising and elevating what was already there.

The same issue of HBR included research by Harvard Business School's Rosabeth Moss Kanter (2011), showing that the best companies build into their institutional logic the principle that they are not merely vehicles for making money, but also enduring instruments for helping accomplish societal benefit.

From this, Right Lane became even more sharply focussed on the following areas:

1. Reasonable returns.

Of course our shareholders wanted a return on their capital, but we always wanted that to be a reasonable return. To achieve a reasonable return, we embraced a variety of settings. We have comparatively reasonable prices, we also do low fees work for some specific organisations, and we have the StepUp program, which helps social enterprises.

The relatively low prices meant that we could serve some clients that would benefit from our help, but otherwise just couldn't afford it; it also enabled us to work with clients over the long haul. Not being heavy-handed with fees helped create a stronger partnership ethos with clients.

2. Transparency and inclusive ownership.

We use data visualisation to drive a common purpose, build engagement and improve the practice.

In our open-plan office, everyone can see the firm's performance and how everyone's activity is connected to that. We can all see, and discuss at Friday meetings, clear measures of progress on targets relating to revenues and profit, client numbers, the kinds of clients we want to serve, and client satisfaction and advocacy scores.

All this in the context of Right Lane's core objectives: getting and keeping great people, doing brilliant work for clients we care about, and growing the firm consistent with our social purpose.

We're non-hierarchical. Our organisation design is a nod to the collaborative enterprise school, so we work in teams on projects without formal hierarchy, and everyone has client and non-client roles so everyone can contribute some mix of knowledge and skills that transcend projects.

Being very transparent with what we are doing, and how we go about it, is all about

building our Right Lane-ness, if you like, our organisational 'logic', and building our future.

Our staff are highly committed to our clients, each other and our firm and we believe that an inclusive ownership model is a way of rewarding them for that, while also enhancing governance.

Today Right Lane has three shareholders, and another two with share options.

3. External insight and oversight.

As part of ensuring Right Lane has as much diverse talent as possible, we have established an advisory group.

There's a range of people on it, including a prominent indigenous elder, the head of a leading non-partisan think tank, some directors and CEOs of current and former clients, and someone from one of our partners, Social Traders. The main purposes of the advisory group are to 'keep us honest' on the for-benefit agenda, and to give us ideas about how we can develop and improve our firm.

Our deliberate mix of utilising full and part-time consultants also allows a bigger and more diverse intellectual footprint, drawing in a broad range of experiences and ideas.

4. Societal and environmental responsibility.

Rosabeth Moss Kanter argued that business leaders needed to think of themselves as builders of social institutions to master today's changes and challenges, and that what she termed institutional logic should sit alongside economic or financial logic as a guiding principle in research, analysis, education, policy and managerial decision-making.

Friedman said that the only true responsibility of business is to make profits, and that if enough money is made then benefits flow freely to society. The Kanter notion is that great companies use a different, broader operating logic: business is an intrinsic part of society,

and like government, family and religion, has been a pillar for centuries, but great companies pursue profit with an awareness of the needs of people and society.

We honestly think we are doing good and important work and I have no doubts we're having an impact, and think that's illustrated by the fact we have very deep relationships with about 25 clients doing important and purposeful work.

Our mission is about 'doing good'. We do work for some very commercially-driven organisations as well as those more clearly in the social space. We do exclude some potential clients, and we prioritise some.

As for the future, I've always had a hope we'd have about 12 really smart, interesting people as shareholders, and an organisation of around 40 or 50.

We think we started in this sector at about the right time, and now more and more businesses and organisations are thinking about how they can make more sustainable returns and do good.

There's no one else in Australia doing exactly what we are doing, and we're confident we're bringing to life our vision of creating a disruptive new firm that reflects a more sustainable balance of interests between Right Lane, our clients and society. It feels right.

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want to know more?

If you'd like to find out more about Right Lane's approach and potential to help your organisation, contact **Marc Levy:**

marc@rightlane.com.au



big or small

stakeholders

hold the key

by zoe pappas

Right thinking

- Getting things done in organisations today requires an elevated knowledge and understanding of key influencers and implementers: those who fall under the term stakeholders.
- Stakeholder management is not simply a tick-box exercise but fundamental to the ultimate success of a strategic project or change initiative; it's been a key factor in almost every project we've run.

Change depends on people. It is a simple enough notion, but much complexity sits behind it.

An idea or an identified need or opportunity comes from an individual or a group of people, the analysis and decision-making will come from people, the implementation of the decision will be done by people, and the ultimate success of the change initiative will depend on the attitudes and behaviours of various people inside and outside the organisation.

All the human dynamics and variables of values, experience, needs, motivations, risk and reward will come into play, sometimes very predictably and sometimes far less so. Against that reality, the better-performing organisations are those who deal best with economic, technological and cultural change, and they achieve this by paying more attention to the people who will determine whether their change will be a success.

Getting things done in organisations today requires an elevated knowledge and understanding of the key influencers and implementers: those who fall under the term stakeholders.

Our experience at Right Lane, across organisations of various sizes and sectors, continually reinforces that the challenges and opportunities afforded by stakeholders are somewhat universal, but also need to be tailored to an individual organisation at a given time and in a given environment.

It is imperative that organisations have clear and deep understanding from the very earliest discussions about who should have a seat at the table, which will ultimately determine the quality of the thinking, the decision-making and the implementation.

Defining 'stakeholders' can seem to be in the eye of the beholder, but it clearly now carries a much broader meaning than the hitherto formal 'stakes'. Yes staff, customers, suppliers and regulators have a stake, but the challenge is really understanding the dynamics and processes needed to maximise the prospects of success: answering the basic who, what, when, why and how questions.

Answering these six questions – and acting on the answers – has been key to the success of many of the most successful changes we've seen:

1. Who in the board, executive, staff, customers, suppliers and regulators are in a position to elevate or diminish the prospects of success?
2. Why should they be engaged and why does it matter to them?
3. What is it they should or need to be engaged in? What is the best form of engagement and the best language and environment for that engagement?
4. Who is in the best position to identify and engage those people, understand their motivations and needs?

5. How should they be engaged to remove obstacles and build bridges to success?

6. When will they be best engaged, how deeply and how often?

Organisations that undertake successful change programs frequently have a sophisticated approach to stakeholders. For some, this might mean not just the statutory or known stakeholders, but those who believe society is a stakeholder in what is done by anyone else, by virtue of taxation, community licensing or rights and values. Engaged individuals or organisations, the media, activist groups or digital networks can also potentially become make-or-break stakeholders and therefore require attention.

Many organisations, including those with considerable experience and resources, have been suddenly forced to pursue a much broader and deeper view of stakeholder engagement and stakeholder management. It might be an unanticipated or under-anticipated event, or an unintended or ill-understood consequence, that forces a rethink.

In almost all the big corporate and political stories of recent times, there is a stakeholder management issue in evidence, be it on the success side (Apple, Disneyland, Intel, Obama's election) or on the more problematic side (Goldman Sachs, General Motors, BP, European Community). Stakeholder momentum and influence can rapidly shape an organisation, for good or bad, and the speed of communications can make it difficult to stop.

Like most aspects of business and life, organisations and individuals that work and think smarter and harder keep getting smarter over time, and that gives them an edge. Frequently, they seem to be able to make big decisions with positive impact, and bring their people and other stakeholders with them. They ask lots of the right questions, and invest heavily to find the right – or best possible – answers.

Each organisation has its own strategic needs and its own environment, so each needs its own approach to and with stakeholders. In our work with more than 60 organisations on strategy and planning, we've seen them contend with questions such as:

- What exactly can we see or detect that is going on in the world and the marketplace?
- How can we create the best prospects for ourselves?
- What can or should we change?
- Who has the most potential to influence that change, for good or bad?
- How do we get them to share our journey?
- How do we use stakeholders to continuously increase our own capacity?

In practical terms, addressing seemingly simple but sometimes challenging questions such as these can involve deep stakeholder mapping, analysis or research, and sometimes quite specific stakeholder engagement and communication strategies.

At Right Lane we work with organisations on various projects, from helping them to frame their strategy and direction, to responding to major economic or regulatory change, and from assessing merger candidates, to pursuing growth options. In all our work the issue of stakeholder engagement is, or becomes, an integral part of the approach to the project – gathering relevant knowledge and intelligence from stakeholders; engaging them in developing the solution; and involving them in communicating the need for change to their constituent groups. Each of these factors is connected, much like a three-legged stool: all three legs must be equal otherwise it is unstable.

Whether the project is working with the board, executive or staff, everyone behaves in an organisation as we do in

our personal lives: if we feel involved with framing the question or issue upfront, are part of the conversation or analysis, and see our concerns and needs addressed or reflected back to us, then we are well on the way to being engaged and part of the solution. Decision-makers need to be engaged, involved and committed to the process, particularly if change is required. There has to be a truly shared understanding of the issues and options, and their consequences; an understanding that is fact-based; and a real engagement and commitment to the process and outcomes.

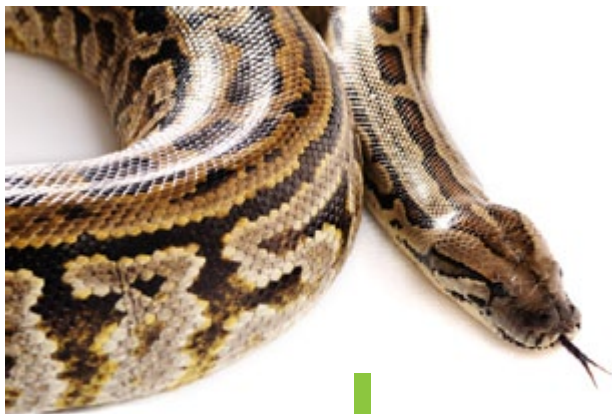
Right Lane's approach from the very beginning has a stakeholder foundation. It's likely to involve a considerable amount of focussed conversation with key decision-makers upfront before we commence what they might regard as the 'normal' consulting work. It's our firm belief that stakeholder management is not simply a tick-box exercise but fundamental to the ultimate success of any work that involves change.

Decision-makers need to be engaged, involved and committed to the process, particularly if change is required. There has to be a truly shared understanding of the issues and options, and their consequences; an understanding that is fact-based; and a real engagement and commitment to the process and outcomes.

want to know more?

If you'd like to find out more about Right Lane's potential to help your organisation better engage stakeholders, contact **Zoe Pappas:**

zoe@rightlane.com.au



lessons

from a snake

Change is the space between the what was and the what will be. It is human nature that most individuals and collections of individuals – organisations – seek to avoid it, or avoid doing it too often.

The interval or space between the decay of the old and the establishment of the new constitutes, as John C. Calhoun wrote in 1850, 'a period of transition, which must always necessarily be one of uncertainty, confusion, error and wild and fierce fanaticism'.

So it is for individuals and organisations alike. And we're all achingly familiar with some or all those mindsets and behaviours in periods of change.

But perhaps in this Year of the Snake we might draw inspiration, even comfort, from a species that simply lives with the reality, and the risks, of life in the space between the decay of the old and the establishment of the new.

The snake sheds its entire skin on a regular basis, two, four or even eight times a year. The frequency of this 'shedding' depend on the snake's rapidity of growth, size, age, nutritional state, activity level and environmental factors. So too should each organisation understand itself, and

its circumstances, to know whether strategic change, or shedding of the old, should be done more or less frequently.

Pet shops warn buyers it might be quite alarming to see what looks to be a perfectly healthy snake suddenly acting or looking funny, but educate them to understand and accept that it's an integral part of the snake's natural cycle and rhythm of life. If staff or customers see an organisation as suddenly acting or looking funny while making changes then it might have some work to do to educate them that this is a necessary part of the natural cycle.

The first sign of shedding for snake owners is that their normally active snake is less evident, almost 'hiding', and the existing skin layer becomes opaque. In many organisations, strategy reviews are done behind closed doors, and there is opaqueness about future direction. This can make staff and stakeholders somewhat anxious.

In the shedding process, there is remarkable transformation of old skin cells and new skin cells, with some diffusion as well as some space between the two. For a period of up to two weeks the snake's vision is impaired, causing them to be

Right thinking

- Several times a year the snake's wellbeing and survival depends on a necessary part of its lifecycle: the successful shedding of its old skin and the development of a new one.
- Organisations might reflect on their 'shedding', understanding the necessity of always having a healthy strategic 'skin', and understanding the vulnerabilities and process in moving between the decay of the old and the establishment of the new.



somewhat aggressive and unpredictable, and vulnerable to attack. It is not unheard of for organisations' boards, executives or staff to exhibit similar behaviours.

Sometimes there is incomplete or improper shedding, which might be due to disease, malnutrition, trauma, incorrect temperature, incorrect handling. Incomplete or unsuccessful change efforts may have suffered similarly. And sometimes the incomplete shedding leaves an opaque cover over the snake's eye, restricting its vision.

It's also a fact that young snakes shed their skins more often, and sometimes in one entire piece, just as start-ups and smaller entrepreneurial organisations can rethink and recalibrate more willingly and readily compared to large organisations.

You may never wish to own a snake, but some of the advice given to snake owners if they see a shedding problem, might well serve as general organisational advice to those who see problems in their change or strategic review process:

- Analyse the environment; adjust heat, light if necessary. Ensure enough space and snake hasn't outgrown original enclosure.
- Analyse the diet i.e. adequate supply of proper type of nourishment.
- Check for signs of illness or stress, and ensure there is ample space for privacy away from prying eyes and the spotlight.
- For large snakes, help them along by soaking them in a tub of warm water and gently rub their skin.
- Always work in a head-to-tail direction.
- Pay close attention to the eye caps: if they won't come off, your snake's vision will be impaired and remain unpredictable and vulnerable.

want to know more?

If you'd like any further information about Right Lane Consulting and how we help your organisation, please contact **Marc Levy** at marc@rightlane.com.au

Or visit our website at www.rightlane.com.au