

“Why Breakthrough Initiatives Fail”

by Ted Santos

At some point in most companies, the CEO and Board of Directors have an initiative or legacy process to implement. However, many hesitate for a variety of reasons:

- Staff will not understand
- Staff and management are not ready
- The initiative is too disruptive
- It's just not the right time

Why should a breakthrough initiative that could drive new revenue and create a competitive advantage be delayed? According to Pelletiere (2006), 70 percent of CEO initiatives fail, and this trend will continue unless leadership can develop tools to gain enterprise wide alignment or identify the source of derailed initiatives.

Assessing an organization's readiness to execute initiatives, including competitive intelligence, is a way to take a snap shot of the state of a corporation. Every company has a culture that supports the Board and CEO. However, several cultures coexist. In fact, many people cannot articulate these sub-cultures. It may be the unspoken policies that dictate behavior and outcomes.

Uncovering unspoken policies helps leaders understand the perceived threats and weakness employees face as well as ignored strengths. In addition to identifying internal circumstances, it exposes external opportunities. When employees are engaged in the new initiative before it is implemented, employees are more likely to buy in to it. They can also connect the dots between the initiative and unmet needs in the marketplace.

Measuring Readiness

Employees also hold intellect capital to create new revenue streams or implement significant cost cutting measures that create a competitive edge. By assessing an organization's preparedness for any large initiative, leaders have created more efficient processes to enhance the customer experience and to differentiate the enterprise from competitors.

By measuring an organization's readiness, leaders can both generate enterprise-wide alignment and mitigate the risk of an initiative failing. Businesses can create initiatives that drive new revenues while navigating through an environment of constant change by applying competitive intelligence tools that provide internal market research.

On a broader scale, all institutions are committed to reaching their goals and objectives. Unfortunately, the demands of the global economy can force them to make unforeseen changes in the middle of an initiative. They are navigating through a much more complex ever-changing community of technology, competitors, and customer demands than some of the existing business models can support. The speed at which change is occurring has caused chaos for many organizations. At the same time, it is an opportunity to create a competitive advantage. For example, reduced time for go-to-market can make an enterprise a market leader in this economic environment.

Forecasting Behavior

For example, CEOs can gain insight and forecast their employees behavior and perception, such as where push back is likely to occur and why. They can then tailor their communications and correct factors that could disrupt the initiative. In addition, identifying and leveraging informal champions increases the initiative's momentum.

The Board and CEO require information that enables them to make decisions with a clear understanding of what is happening inside the enterprise in the same way market research is conducted to understand consumer behavior and needs. For example, when Jerry Levin, former CEO of AOL time Warner, merged AOL and Time Warner, he never gained buy-in from his organization prior to the deal because he did not think they would understand the vision. If he could have identified the factors that would derail the initiative as well as the factors that would make it successful, he could have corrected inherent weaknesses and leveraged inconspicuous strengths.

For these initiatives, it can be time consuming for the CEO and Board to correctly identify potential problems. Personal interviews of employees to understand their sentiment as well as perceptions toward a new strategy is a great, however, generally not effective use of their time. In addition, they run the risk that employees are just telling them that they want to hear. A more efficient way would be for the Board and CEO to take a virtual walk through of the entire company. If they could automate and scale the interviews, they could have a dashboard of the entire organization, whether there were 200 employees or 200,000.

Health Care Initiative Insight Purposes

- Provide a dashboard of the organization
- Provide decision makers with information they ordinarily couldn't obtain.
- Forecast the level of readiness of staff and management to execute the initiative.
- Identify aspects of the company that work well so that an organization's strengths can be leveraged.
- Reveal informal champions who will spearhead the initiative.
- Foster an environment of open and honest communications.
- Engage staff and management in the new initiative.
- Evaluate the company's human capital and predict if the initiative is likely to succeed.
- Evaluate intellectual capital to expose unmet customer needs.
- Identify where push back will occur and why.
- Uncover where collaboration works, where it doesn't and why.
- Inform leadership what staff and management need to be fully aligned on the initiative.
- Retention of key personnel.
- Uncover untapped intellectual capital.
- Help the organization build human infrastructures for sustained growth and innovation.
- Insight into the new skills and competencies required by leadership, staff and management to successfully execute the initiative.
- Reduce time for go-to-market strategies.

A Health Care Example

For example, a health care company gained insight into how staff and management would support or push back on an initiative that would drive new revenues and differentiate them. The initiative was analogous to an auto mechanic providing a car cleaning/detail service. Car cleaning would be supplemental and easy to provide because they already have your automobile on the premises.

In the same way, the health care company had an unexploited opportunity to fulfill additional needs of customers without spending money to acquire new clients. The initiative would also require them to accomplish several smaller projects that would increase efficiencies, reduce costs and gather marketable intelligence. In the future, that intelligence would create additional revenues. (See side bar 1.)

Once leadership gained an understanding about what was happening in the company as well as how staff and management could better serve customers, they were in a better position to develop strategies and leverage employees prior to implementing the initiative. Without an assessment of the entire organization's acceptance, they would have been in the position of assuming that staff and management would buy-in to the idea.

The health care company's assessment measured staff and management's level of preparedness to execute the initiative. However, the effort and time to run this assessment requires that the initiative must impact the entire organization, drive new revenues, or create significant cost cutting efficiencies. It measures the percentage of the organization that is aligned with the initiative. While at the same time, it indicates the percentage that is neutral or will push back and why. In the health care company alignment had to start at the top.

Our outside team interviewed the Board before the assessment was applied to the rest of the company. They discovered that the board had lengthy conversations about the possibilities a new initiative presented. However, they rarely concluded these discussions by executing them. In addition, board members did not have a clear understanding of the company's future, they were not aligned in the same direction, and many were not engaged. The Board's first task was to establish a clear direction for the organization, develop a single-minded focus, and align on one initiative.

Initiative Agreement

The next step was to develop agreement between the Board and the CEO on one specific initiative. Once this was in place, staff and management could be assessed on their readiness to support the initiative. The assessment could serve as a virtual map of the entire company as well as what was happening in each business unit, department and team. The assessment simulates perceptions, threats, values, behaviors and the corporate culture that works as well as the culture(s) that derail success in relation to the chosen initiative. By fully engaging employees, it gives them an opportunity to contribute their intellectual capital toward the initiative as well as focused insight into the unmet needs of the marketplace.

With that intelligence, the Board and CEO learned that the majority of the employees

were fully aligned with the initiative. In fact, many staff already understood intrinsic reasons for launching such an initiative. For other staff, their perceptions were counter-intuitive. For example, one of the most essential business units felt alienated and refused collaboration with other departments. In other cases, employees who seemingly had less to gain were the informal champions. What was most pervasive was the unspoken policies. Although there were written and spoken policies in place, the unspoken policies dictated behavior.

One of the unspoken policies was don't tell don't ask. When businesses are navigating through change or new initiatives, clear, uncensored communication is essential. However, in the case of the health care company, a sub-culture prohibited open communication, so many issues went unaddressed. This unspoken policy resulted in lost confidence, missed opportunities, redundancies and inefficient customer experiences.

Skills and Competencies

Other intelligence that was revealed was the gap in skills and competencies. For the company to move to its next level, new skills and competencies would have to be developed from the Board on down. Our assessment uncovered many of the skills and competencies that would have to be developed by the Board and CEO. This sets up a natural progression for delegation and continuous development of staff and management. Staff wanted to take on more, however, they did not feel they had the required skills or management's confidence.

As the inherent strengths and weaknesses were uncovered through our team's assessment, management developed strategies to correct inefficiencies. The company could map out a clear strategy for the future of the enterprise, how to get there, who will support it and how to prepare people for successful execution. Additionally, by engaging staff through the assessment, employees identified unmet needs of customers and contributed (took ownership) to gain a competitive advantage in the marketplace.

With an organizational assessment, you can mine untapped intellectual capital, align the entire organization on a single mission and make your employees your competitive advantage. A competitive intelligence tool that assesses the readiness of an enterprise is an effective process to incorporate into an organization's structure. It's a way to look at the entire company as an individual with a multi-faceted personality. With insight into what is and will happen, Board members and CEOs can be armed to implement their greatest ideas and execute breakthrough initiatives.

References:

Pellettiere, V. (2006). "Organization self-assessment to determine the readiness and risk for a planned change." *Organizational Development Journal*, v24/4, p38-43