

You can't see the future with 20/20 hindsight



Bush Foundation

Northland Foundation: Charting the Course II
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We Face Unprecedented Change

- Financially 2009 was terrible – 2010 will be worse
- Slow growth in jobs and income will be the norm for years
- More 'pay as you go' (cash) less 'borrow and spend' (credit)
- Global competition and technological innovation will continue

The bottom line - intense demand for lower cost, higher value, greater results

**As leaders - we must manage change
or be managed by it**

Change Challenges Our Assumptions

- All things change all the time – stability is not the norm
- Society changes much faster than its institutions- institutions lose relevance and legitimacy every day they maintain the status quo
- We “see” change with 20/20 hindsight – usually in terms of loss
- We respond to change by either resisting or adapting – usually in that order

Change Means the Status Quo is the Enemy

The DNA of most organizations is designed for stability – designed to resist change, to preserve the status quo

Organizational DNA

- The factors that determine the behavior of an organization - and its success within its environment
- 5 key strands of organizational DNA
 - Purpose – why are we here?
 - Accountability – who do we work for?
 - Incentives – what matters most?
 - Power – who decides?
 - Culture – what are the real rules?

Organizational DNA

- The 5 C's
 - Core - purpose
 - Customer - accountability
 - Consequences - incentives
 - Control - power
 - Culture - culture

The DNA of most organizations is designed for resistance

- Core – organizational preservation
- Customer – accountable to the boss
- Consequences – compliance, following rules
- Control - centralized
- Culture – bureaucratic, mistrustful

To Adapt - Change Your DNA

Core

Clarity of purpose and direction

- **Focus on Purpose**
 - What is your purpose?
 - Is it outside the organization?
 - Would you be missed?
- **Focus the work**
 - Does what you do contribute to the purpose? Does it make a difference?
 - If not – stop – clear the decks
- **Get clear about results**
 - Set performance targets – measure – report - improve

Customer

Accountability to those you serve

- Do you know your customers? Do they know you?
- Do you know what they value?
- Are they powerful or dependent?
 - Can they choose?
 - services
 - providers
 - price
 - Do they get quality assurance - standards/ guarantees/ redress

Consequences

Incentives to make performance matter

- **Make customer choices consequential**
 - Invite competition
 - Link money to customer value
- **Change internal incentives**
 - Budget to buy results not pay for costs
 - Link performance awards/ shared gains to results

Control

The power to succeed

- Delegate flexibility in return for accountability
- Employee - delegation through performance agreements
- Organizational - untie the red tape, cut the cost of mistrust
- Community/ Customer - self service

Culture

The million little things that matter most

- Habits - experiences
- Hearts - passions
- Minds - mental models - new right answers

Adaptation Means Changing Your DNA

- Changing DNA means becoming a different organization

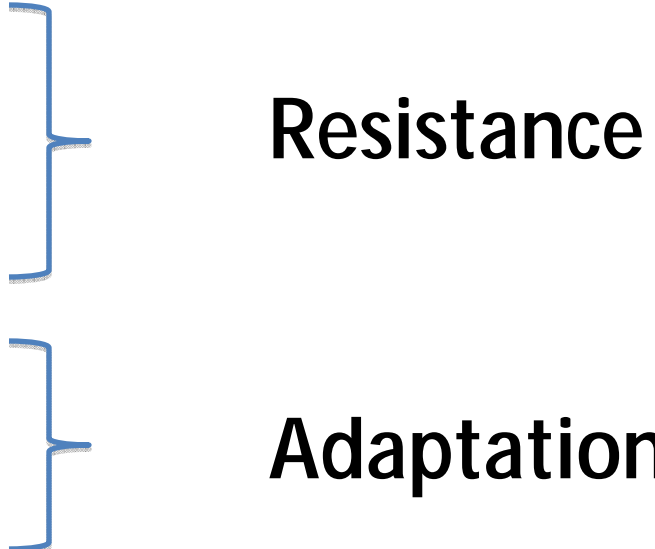
Change Means Loss: Grief and Resistance

The Cycle of Grief

- Denial
- Anger
- Negotiation
- Depression
- Acceptance

Managing Change Means Managing Grief

The Cycle of Grief

- Denial
 - Anger
 - Negotiation
 - Depression
 - Acceptance
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- The diagram illustrates the cycle of grief stages. The first three stages—Denial, Anger, and Negotiation—are grouped together by a blue bracket on the right, labeled 'Resistance'. The last two stages—Depression and Acceptance—are grouped together by another blue bracket on the right, labeled 'Adaptation'.
- Resistance
- Adaptation

Managing Change Means Managing Grief

The Cycle of Grief

- Denial - Communicate the change
- Anger - Acknowledge fear and worst outcomes
- Negotiation - Focus on purpose – the core – stay lose on the rest
- Depression - Provide vision – the best outcomes
- Acceptance - Celebrate

Capabilities of a Change Leader

The Leader's job is to manage change - constantly reinvent the organization.

- Recognize change - and the opportunities within the uncertainty
- Change key elements of the organization's DNA
 - Core
 - Customer
 - Consequences
 - Control
 - Culture
- Manage the grief

A leader is....

**... Someone who goes out and changes things
to make things better!!!!**

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