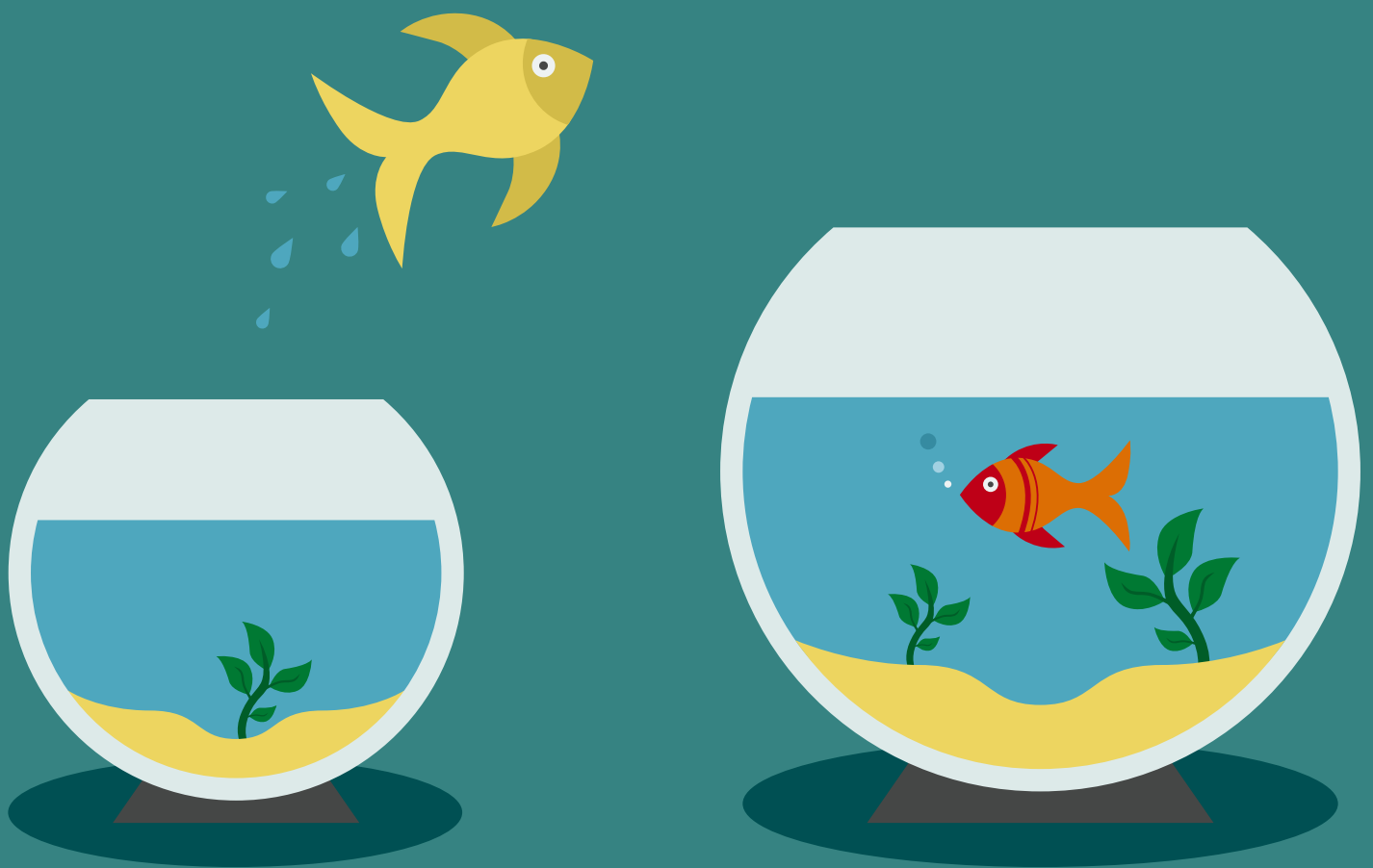# Disrupt or die: New models for business and cultural transformation

This article, by Philip E Atkinson, highlights new thinking on change management by replacing the old business models that typify many industries and sectors in the economy, with 'disruptive thinking'. It outlines the thinking and challenges of 'disruption' and how far it will influence organisational change by outlining OD (organisation development) strategies to bring that change rapidly into reality. Leaders bringing about this radical change have to reject the practise of the past as a lacklustre, incremental process, and replace it with a disruptive radical approach. Think of outcomes at a higher level of thinking to implement, innovate, implement and innovate, implement and innovate time and time again to produce the culture of controlled, measured, disruptive and rapid improvement.

Disruption should be the norm

Stop delivering the same old services to bored customers who have to wait too long and often get lousy service. It's true in all sectors and in too many organisations. To deliver effectively to customers, end user and consumers, we have to develop performance levels based on the 'new disruptive thinking' rather than the lethargic old model of how organisations operate pre disruptive thinking and the new economy. Wake up. The command and control culture is dead. To operate and meet the demands of the new economy we have to develop standards at a stratospheric level of thinking, to have to move beyond the standard lumbering business view of the 'customer gets what we can deliver to actually 'delighting the customer'.

Seriously, when have you, been ecstatic about the service you have received either as a customer of a commercial organisation, or as an end user or citizen enjoying our public services. Fact – most providers or suppliers of services design their provision and processes around what they can deliver, and the structures, processes and preferences that have been around a long time, rather than what the customer really wants. In most of our interventions, we find the supplier is a slave to their own processes and will only reluctantly redesign these with the customer in mind.

Radical thinking not invented here

Radical thinking and curiosity do not typify the average change management programme. The typical programme is risk averse, unadventurous and unambitious, with focus on dull training courses that focus on the known and the easily changed, rather than on achieving significant and tangible radical real redesign. To sum up, it has to be said that on average, the thinking that has got organisations to where they are today will not be sufficient for them to operate successfully or even survive tomorrow.

Change now: It really is the reality

New technologies and business models are demanding organisations adapt and change at a much faster rate than ever before. They cannot afford to continue at the old pace. They have to energise, develop passion and they have to liven up. Old business models and organisations are being disrupted by innovative strategies focused entirely on the wants and the needs of the customer, rather than the archaic and slow practises of those who supply the services. There really is a paradigm shift in thinking and delivery.

Unsurprisingly, processes are being demanded to be designed around customers' needs, rather than what the provider can deliver or thinks the customer wants. You have to be aware of this. Customer's needs and their voices are increasingly more resonant and amplified through various social platforms that typify communication today. Organisations forget – bad news travels ever faster than it did last year, and will ever do so. Now customers raise their voice and everyone is listening. So, if you are in the customer service business (and everyone is) you need to be able to advance customer performance (in their eyes) to new heights in order to accommodate the radical shifts in perceptions in social and political thinking, economic realities, demographic and technological changes.

Businesses don't sell products or services, they sell solutions

Customers, service users, consumers and citizens are going to demand new solutions to new challenges. The competition faced by the average organisation will become even more intense than that experienced in the last two decades. To remain competitive or 'fit for purpose' you have to commit to a process of continuous improvement and learning, and drive this down deep within your culture.

Learning Matrix: Learning Modules for Change

Cultural Transformation
- Cultural best practice
- Continuous innovation
- The learning organisation
- Developing internal capability

Readiness for Change & Overcoming Resistance
- Dealing with group conflict
- Turning resistance into acceptance
- Managing difficult groups

Organisational Redesign
- Structure follows strategy
- Principles of service design
- Self-managed groups
- Disruptive innovation

Implementing Change
- Core elements of effective change
- Managing low hanging fruit
- Cross functional projects
- High impact projects and Hoshin planning

Team Dynamics
- Effective teams
- Team dynamics and conflict
- Designing ideal project teams
- Team psychometrics

Culture Change
- Culture design
- Cultural diagnostics
- Measuring culture
- Case in culture change in the public sector

Process Innovation
- Strategy to KPI
- Value stream analysis
- 'As is and 'to be' gap analysis
- Process mapping across boundaries

Managing Performance
- Taking ownership
- Using RASCI
- Managing poor performance
- Creating high flyers

Staff Empowerment
- Engagement tools
- Managing the change curve
- Motivating early adaptors

Relentless Improvement
- Design of continuous improvement
- Western Kaizen
- Design your process
- Manage results

Leadership
- Transformational leadership
- Self-assessment
- Creating a leadership culture

Trust & Engagement
- Trust metrics and analysis
- Stakeholder engagement
- Consumers analysis
- Developing an internal and external culture of trust

Matrix Management
- Organisational redesign
- Re-engineering processes
- Developing a transition model
- Reward systems in a matrix culture

Rapid Improvement Events (RIE)
- RIE engagement
- Design 3 staged RIE events
- Using momentum to promote RIEs
- RIE best practise

Facilitating Change
- Disruption and the change team
- Creating a team of facilitators
- cascading change through the hierarchy

Customer Focus Strategies
- Developing external and internal customer focus strategies
- Moments of truth
- Using complaints as a gift
- Design and facilitate customer, end user and citizen focus groups

Tailored Learning Modules

Organisations that transition through from the old to the 'new' business model cannot possibly achieve this without adopting 'disruptive thinking'.

Disruptive thinking

To successfully plan and arrive at your destination, senior leadership teams (SLTs) will have to triangulate their way through almost impossible change implementation in extremely disruptive settings. The SLTs will have to move away from theorising and talking about change in a micro sense to focus instead on decisive implementation in a macro way interacting with a hostile environment. No longer is the management ideal to have a great theoretical model with little or only partial implementation an acceptable standard of performance. Banish poor performance, indecision and wavering in change management thinking. Focus entirely on understanding the cultural and behavioural dynamics of rapid change implementation. Reject partial and formal change. Consider now that organisational review is not enough to equip you to deal with the hazards of tomorrow. Get away from roles and responsibilities, and instead think of creating a demanding and vibrant culture characterised by brave and noble behaviours. Then, just do it.

It's not good enough to focus on roles and responsibilities and how people fit within the chain of command. Command and control as a business model has long been dead. Military thinking is out, but is still sadly the favoured model in some industries and sectors in the economy. The future is about designing from the customer up. Disruptive, challenging and innovative and co-produced ideas on service design will determine how best to deliver. That requires complete knowledge and involvement of customers or end users, and their emotional, economic and practical needs.

Organisations designed to be fit for purpose

Organisations will have to be designed rigorously around their core purpose. The traditional bureaucratic model for change will have to be ushered into a dark cold place to make way for a much more organismic model based on learning and rapid implementation and delivery of outcomes, not just financial savings. It also has to focus on developing relationships across the organisation to deliver lean thinking in shorter and shorter cycle times, whilst at the same time looking at core processes to cut out waste, unnecessary cost and rework, and, at the same time, add significant value to the customer, consumer or end user.

Take a good look in the mirror

Disruptive thinking should be equally spread throughout the organisation but flow from the top team. All disruption starts by top decision-makers being uncomfortable, self-critical and
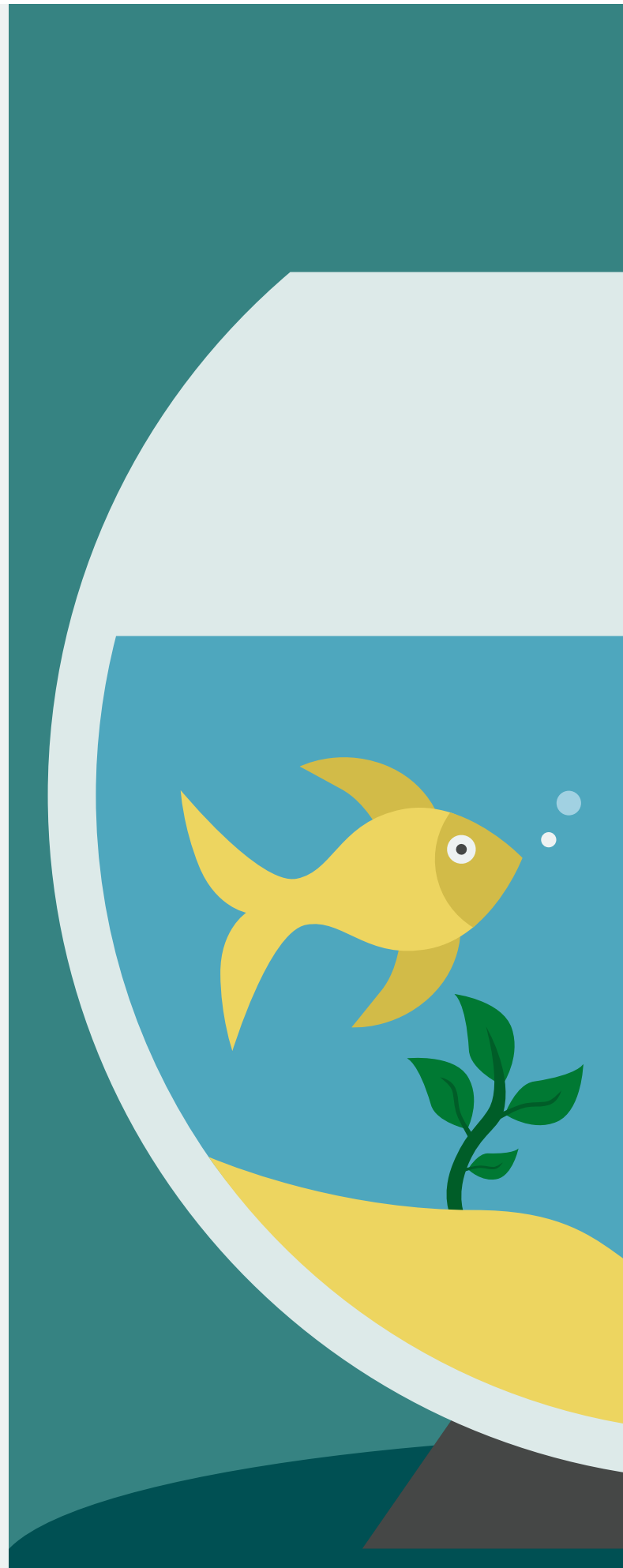
looking at how to deliver more effectively. Ideally, and this is not optional, an organisation needs to focus on becoming a true learning organisation, that stimulates and engages with staff to become curious while confident, diagnose and examine the peculiarities and dysfunctions of the current culture. The purpose is to co-design and develop processes and services which refresh and rejuvenate poor current customer delivery. Then think again about disrupting that model and replace it with something fit for purpose that excites and engages.

Authentic leadership
A leadership team will have to be robust and resilient to commit to this process. Their success in promoting curiosity and challenge will be seen in how others judge their authenticity as a leadership team.

'Differentiate or die' becomes 'disrupt or die'
In the past, highly successful organisations were not just focused on target markets, but were strongly driven by differentiating themselves from their competitors. Differentiation is still critical, but the new survival mantra is to radically increase its market share, customer acquisition and retention, and grow, grow, grow. We amplify this because 'change' can no longer be seen as a slow moving, constant, continuous, incremental evolution, but rather as a wild, threatening, hostile force propelling you forward to enable you to become super innovators and hot houses for change.

Global trends: How did we get here?
It is not what happens to you that is important – it is how you respond to what happens to you. The world as we have created it is a process of our thinking. It cannot be changed without changing our thinking. Well, it has changed significantly, and not in a good way for many people.

NBC, CBS, the BBC and every news channel and paper tells us that stability is not a function of the current Global economy. We predict and expect major changes soon, and flowing at a greater pace than normal. This is the new normal. We will never go back to a slow rate of change.

Consider technology. Many technological changes are having a massive effect on how organisations deliver services. A huge change in advancement in automation in manufacturing has radically changed the face and structure of most industries, from automotive to financial services. Millions who were trained in supporting manufacturing are now displaced, with a predicted worldwide displacement of 300 million skilled people looking for resettlement and stability.

Just for a moment consider the alternative automotive power to petroleum. Tesla's development in electric and self-driving cars and commercial vehicles, will displace many millions more workers. Third world economies dependent on fossil fuels are at a severe disadvantage to those economies that have perfected the application of renewable energy, with costs falling by 75% since 2000.

Radical change in industries
The world has become very different in less than 20 years. The Internet disrupted traditional business models and enabled others to grow rapidly. In the aero industry, led by Sir Richard
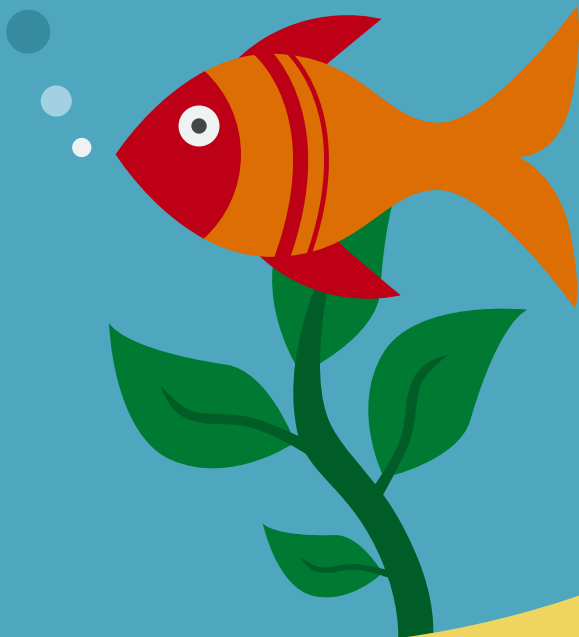
It's not good enough to focus on roles and responsibilities and how people fit within the chain of command. Command and control as a business model has long been dead.

Branson with his alternative Virgin business model, other budget airlines such as EasyJet and Ryanair would never have gotten such a strong hold in the marketplace. Virgin changed the old views of customers and forced many of the prestigious airlines to follow their budget airline examples to 100% online booking.

Who would have thought that a company such as Amazon would rise to such worldwide greatness and operate without a single retail outlet? Ecommerce productivity gains in delivering retail goods are expected to further reduce the number of retail sector organisations by as much as 25-40%. What of our high streets in the future?

McKinsey & Company state that by 2025, automation technology innovations will assume control over tasks currently performed by 250 million knowledge workers. Further, they suggest, in a recent McKinsey Global Institute study, the automation of traditional knowledge work will have a $5 trillion to $7 trillion impact on the white-collar sector.

Gartner predict that by 2018, 30% of our interactions with technology will be through 'conversations' with smart machines, and IDC claim that by 2018 half of all consumers will interact with services based on cognitive computing on a regular basis rather than traditional means.

Robotic automation is a set of technologies that use software to manipulate applications software in the same way that a human completes a process, which reduces people intervention in mundane tasks and decision making.

Robotic automation can be used to improve agents' handling times in service centres to automating 'end to end' processes, resulting in more agile working. Consequently, if less and less people need to attend work physically this will have a huge impact on the value of business property, factory, or office buildings when its original purpose is no longer required.

These are all challenges not discussed in this paper and can only be overcome if senior leadership teams want to meet that challenge as an opportunity.

Executive summary on business transformation

In the UK, the environment in which the private, public and third sectors operate has never been so turbulent due to global changes UK Government policies, technological and digital shift. Change becomes tiring and cumulative. The effects are more complex while uncertainty increases, resulting in challenges to delivering services to commercial customers and essential public services to citizens.

The reality is that more organisations have to achieve more with less. The outcome is negative, with smaller budgets, threats of cuts to frontline service provision, because of automation and loss of human capital adding to an alarming ability to underperform and under deliver, resulting in poorer quality and even slower service.

The challenge is enormous – so how can organisations learn to thrive again?

To rise to the challenge, the single most important competency is for your organisation and your top leadership team and executives to learn how to design, deliver, implement, consistently sustain and manage the emotional and logical aspects that change processes can offer your organisation.

What are your challenges?

Scope the activity

Measure the work content

Consider how to apply

Improve productivity

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Leadership and learning – not a scary process

It requires thinking on two levels – how can we lead effectively? How can we assess the current business models and processes and use disruption as a creative tool to shape the future organisation? This is not a robotics revolution, but a cultural and behavioural one.

This process can only be achieved if it has been designed to improve the change leadership capabilities and skills of professional managers to become embroiled and immersed in leading the change processes. This 'learning process and opportunity' has to focus both on strategic and operational issues, and must be orientated towards a multi-disciplinary, cross organisational landscape.

The process has to be user friendly, and not frighten the heck out of people. It has been designed to appeal to CEOs, their peers and direct reports in all sector organisations. We believe this approach is valuable to those forward thinking leadership teams who want to shape their future, rather than be cowed by it. This approach has been designed to challenge orthodox thinking, going beyond theoretical models and ideas and focusing on scaling and implementing rapid improvement. Currently, we provide several organisations with the capability to run RIE's (rapid improvement events) that can include as many as 200 people, which lead to significant organisational improvement.

'Analysis paralysis' vs. 'Can do' model

The learning process is designed to focus and deliver on implementation and sustaining the momentum of improvement, rather than over thinking and analysing. There is a deliberate and sustained preoccupation (by us) to move away from the 'plan and analyse' element of the change cycle to ensure that we focus on plan, execute, review and continue that process exponentially.

As you can imagine, for the participants in major RIEs the process is unique, vibrant and liberating because they will be surrounded and supported by likeminded individuals. The process is a positive and active learning experience and this 'learning process' is the outcome of intensive research into change management practises rather than abstract theory. We call this a 'process' or framework because it is designed to equip senior leaders with the most robust, rigorous and relevant change management strategies available to them. This is a process of continual learning that can build up over either a short three month, or a 12 month learning process. It should reflect action, decisiveness, learning and change.

Innovation rather than orthodoxy in Learning

We like to think this is unique in terms of design, delivery, and process and in its curriculum. It is a 'learning process' rather than a dull 'programme' of discrete and unrelated events as reflected today by the majority of training modules and workshops. We consider these programmes as being short term focused, theoretical rather than practical, quick fixes and lacking in depth.

We see business transformation as a process of continuous improvement and renewal rather than as a series of staccato, uneven and irregular training events. The content of any learning event will be determined by participants' own learning needs and the challenges that they face in their organisation and integrated into their personal learning and development. This is detailed in the diagram of modules and processes displayed later in the 'Learning Matrix: Learning Modules for Change' diagram. Remember, the emphasis is on cultural and behavioural change, not applying a typical training approach.

What does the learning process look like?

This 'hands on' senior executive process has been designed to provide a clear analysis and understanding of the capabilities to bring about change, and the change processes required to deliver results – creating an innovative learning organisation. It is best presented to the following people in positions of power and influence. For instance, CEOs, 'C' level executives, top team direct reports, senior and general managers in IT, finance and sales, senior programme managers, internal consultants, project managers, heads of HR, governance, compliance, assurance and audit.

Typically, they will have worked cross functionally with other specialists and pooled their experiences and talents. They will have self-selected and undertaken a variety of learning modules (see diagram: Learning Matrix: Learning Modules for Change) They will have a working knowledge of how to use key elements of the change management curriculum, undertake facilitated and targeted 'think tank' workgroups, and discussed their learning with selected members of their cohort (participants) and have completed their learning diaries or logs.

A successful change process requires the involvement and commitment of multi and interdisciplinary staff and we encourage organisations to consider including people from a range of areas to undertake this process.

Personal Outcomes

At the end of this process it is expected at the participants will have:

- Evaluated a personal readiness towards their organisation's capabilities
- Reviewed where resistance to change resides in the organisation and taken steps to replace this with an acceptance of change
- Assessed the action they can take to the anti-change values and barriers that could inhibit a positive return on investment
- Ramp up transformational leadership skills
- Acquire deliberate and disruptive strategies to create a strong 'wake-up call'
- Learn about how change strategies can be integrated together
- Define and differentiate the most successful changes strategies and methodologies that will work for them
- Assess how best to leverage your direct reports and staff and equip them with the capabilities to drive change
- Analyse and assess how they can use existing resources to achieve strategic objectives that are closely aligned with their business planning

Robotic automation is a set of technologies that use software to manipulate applications software in the same way that a human completes a process, which reduces people intervention in mundane tasks and decision making.

Process: Learning methods

Participants will experience a variety of learning methods by which to acquire learning. For example we can set up the following

- Workshop sessions geared precisely to the learning desired to meet specific L&D needs
- Action learning sets
- Desk research
- 1:1 Coaching
- 1:Few coaching
- Learning through accessing a tailored learning management system
- Senior management forums
- On-line learning
- Co-partnering with other organisations

Preparation in purpose: Learning styles

All who go through the learning process have to share the 'purpose behind the change in business transformation'. Ostensibly, the learning style has to consist of action learning with participants being grouped into learning sets or groups. Prior to engaging on the programme, we conduct face to face or (because of geographical difficulty) short on line interviews with each of the participants to establish their learning interests and needs. Participants shape their own learning with a learning log or diary in which they can record their experiences and learnings.

We find that the orthodox route of passive learning is not appropriate for anyone expecting to operate in a climate which is characterised by uncertainly, austerity, operating in a turbulent changing environment and having to react to short-term demands and challenges.

Choice of development

What would participants of such a programme expect? Participants on the programme will have a selection of modules in which they can engage. For illustration in the 'Learning Matrix: Learning Modules for Change' diagram, we have 16 options but these are only examples which are specifically designed for the client. It is a good idea to test the content of the modules prior to the launching of the process and ensure that the top five modules hit the strategic and operational demands and challenges of those going through the process.

Benefits of immersion in business transformation technologies

Organisations that transition through from the old to the 'new' business model cannot possibly achieve this without adopting 'disruptive thinking', which means developing a high degree of curiosity and an impatience for results. This rejects the 'fire, ready aim' mindset and replaces that with 'can do' thinking that requires intellect, curiosity, creativity, and innovative thinking. These are not traditionally skills or capabilities that are equally shared within the average organisation nor, unfortunately, are these skills that have been encouraged, mentored or installed within the average leadership team.

To shape the fabric of the organisation you need to change the culture, and to do that you need to change behaviours. As the Guru said 'nothing changes until behaviour changes'. However, we also have to understand that we are living in a time of rapid technological change. Cost reduction is not going to go away. It is a major demand on organisations today. This will not change. Technology, robotics and automation will reduce administrative overheads and costs and eliminate the need for back office resource. Automation is a 'no brainer' because it reduces human error. Robots do not make mistakes, are consistent, and routine processes become error free. Without doubt this is the driver to improving the customer journey, the end users or the citizen's experiences, reducing queuing time and improving customer and, ultimately, employee satisfaction.

Security robs ambition

No one is secure. Anyone who thinks they are has a big shock coming to them. Probably the most secure people are those who have flexibility of talent and experiences, because they can put their hand to most things. The most effective change maker is the one who has mastered all the skills. The skills and mindset of change management in the later 20th century and the first part of the 21st century will not enable organisations to be sustainable in the near future.

This revolution is not going away. The real choice is not can leadership teams afford to commit the time and resources to pursue 'disruptive implementation', but rather, can they afford not to?

About the author

Philip Atkinson specialises in strategic cultural and behavioural change. For the last 25 years he has been engaged as a consultant supporting organisations in strategic development, leadership, organisational design, post-acquisition integration, lean six-sigma, quality management and culture change. He has partnered with a variety of blue-chip companies in industries ranging from pharmaceutical to genetics, the automotive industry to finance and banking and from NHS bodies to Local Authorities. He regularly presents at conferences and workshop sessions and has written seven books on change management and his articles and books accessed on www.philipatkinson.com Philip is also Director Learning Strategies and of Transformation and Change with Scott-Moncrieff. Email philip@philipatkinson.com or T: 0131 346 1276 M: 07999 799286.