

BUILDING A DISRUPTIVE CULTURE

To win in today's fast-moving world, you must respond to the disruptions in the marketplace or disrupt your own business. As a leader, you are the 'chief provocateur' who must set the tone for disruption. But the fear of stepping into the unknown can stifle healthy risk taking. How do you bring your organization along with you?

CASE STUDY

Instigating disruption

When Michele took over as CEO in 2017, she had a mandate to grow Hershey's snacking business, turn around their international business, and accelerate core growth.

Predictably, there was some organizational resistance to major changes. Yet with a clear strategy laid out, people who shared the mindset to 'shake things up' came forward.

Rewarding those who stepped up demonstrated real commitment to following through and set the tone for Michele's tenure as CEO.

In the past four years, snacking has gone from 1% to 10% of Hershey's business; international profits are up over \$200 million, and core business is now growing in the mid single digits, up from a lacklustre 1%.

MYTHBUSTER

Disruption doesn't always have to cost money. Spending money differently can be as effective as spending more.

01 HAVE A CLEAR STRATEGY

Set the vision

To pull together in new directions, people need structure and a framework within which they can operate. A blank canvas is daunting, even for those who have energy for disruptive action.

Set out a clear strategy for the business. Articulate your priorities. Be firm on what fits within that strategy, as well as what does not. Give people in your organization clarity on where opportunities for disruption exist.

"Nobody is going to seize disruption unless they know where they are headed."

- Michele Buck

Show you are serious

Results boost credibility and confidence.

Take bold steps, early. Change up your leadership team to bring the right people on board. Shut down failing businesses and make strong plays for those that make strategic sense. Redesign or cut processes that no longer add value. Free up funding for innovation by directing capital away from projects that no longer align with your strategy.

A track record of disruption that works increases the organization's appetite for more.

"Sometimes people have to see those bold moves to see your strategy coming to life ."

- Michele Buck

CASE STUDY

Walking the talk

One of Michele's intentional shifts was to introduce a language of 'seizing opportunity' in company communications.

When COVID-19 hit in March 2020, Hershey's had to decide whether to produce candy for Halloween.

Rather than treating COVID-19 as a risk to be mitigated, Michele and her team chose to frame it as an opportunity to be seized – in contrast to many of their competitors. As a result of actions like these, Hershey's gained over 200 basis points of market share that year.

Demonstrating consistency between rhetoric and action helps establish credibility and trust.

Separate disruption from day-to-day priorities

People tend to focus on short-term issues if they have the choice.

Carve out intentional, separate spaces for tackling the 'big rocks' – bold, strategic plays that push the company forward. Build board agendas around strategy, not operational processes or quarterly reviews. As a leadership team, use your time together to focus on disruption.

"If you continue to focus on the same things you'll be like a hamster on a treadmill."

- Michele Buck

Communicate your intent

Language can be a powerful ally.

Use company communications to create alignment between strategic goals and execution. Say what you mean and do what you say: follow through with actions that reflect your words. Avoid flavor-of-the-week catch phrases that have no connection with how you really conduct business.

Communicate your strategy clearly and often. Stay consistent on the big priorities, leaving no room for lack of clarity in the rest of the organization.

"You can say the words 'fail fast' again and again, but actions speak louder."

- Michele Buck

PERSONAL EXERCISE

Reflect on the mix of mindsets in your leadership team. Are they:

- Disruptors, always pushing for new ideas or approaches?
- Executors, focused on high quality implementation and commercialization?
- Scalars, acting as a translator between ideas and execution?

A balanced mix can create a healthy tension between 'tried and true' and novelty.

MYTHBUSTER

There isn't always a need to bring in external hires to shake things up. Sometimes, the right mindsets exist in your organization – just in the wrong places.

02 GET THE CULTURE RIGHT

Find your champions

Disruptive mindsets already exist in your organization. They can be found on the 'leading edge' of transformation, already making and winning small bets.

Identify these influencers of change and trust them with bigger bets: assign them to your key initiatives. Look for smart, ambitious, but enterprise-focused champions. Then, become their support force, using their energy to drive your disruption strategy forward.

"I find the disruptors and then I make sure that the organization lets them disrupt."

- Michele Buck

Move the mindset up

Without the right mindsets at the top, evolving a culture of disruption is an uphill battle. Consider the experience and influence of those in senior positions against their attitude towards disruption.

If change at the top is needed, take bold action. Dig down through the levels of your organization and bring up those who will create the environment for disruptors to thrive. Reward risk takers, giving a clear signal of your intent to others.

"The people I brought up were ambitious and had disruptive mindsets, so it was a clear message for everyone else of what I value. That on its own initiates change."

- Michele Buck

CASE STUDY

Learning from failure

Historically, Hershey's took a 'hands-off' approach to acquisitions as they were concerned about ruining entrepreneurial culture. After examining poorly performing acquisitions, the team realised that what these businesses lacked was the operational capacity to reach the next level.

The acquisitions team changed its approach. Now, in the first 15 days they 'jump in', helping to build operational structures and processes in the newly acquired company.

Michele sees this as an example of the shift in culture from fear of messing things up to a mindset of taking action.

Respond constructively to failure

Fear of failure can suffocate healthy disruption. Start talking openly about failures and what you learn through them. But avoid using terms like 'fail fast' unless they are backed up by concrete actions.

Go beyond dialogue: develop a process for showcasing failures and documenting lessons learned. Use failures to identify and address capability gaps, not assign blame.

"People started to understand that you didn't get fired for making a mistake."

- Michele Buck

Find a balance

Disruption can be alienating for some. Make sure that you don't unintentionally leave anyone behind in your transformation journey.

Healthy organizations are a balanced mix of different mindsets. Disruptors push organizations to take on new ideas. Executors commercialize ideas. Scalars are bridges between the two, helping translate ideas into action.

Be mindful of over-emphasizing disruption without recognizing the value of other mindsets.

"It's easy to make the mistake of going against people's grains versus leveraging their strength. Not everyone thinks in a transformative way."

- Michele Buck

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