

# Organizational Transformation in Pursuit of Innovation

LED BY:

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## A CONVERSATION

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**If sales volumes decline consistently, the business needs to change. Leading that change requires you to choose a new direction, motivate others to join you on that journey, align diverse opinions, communicate the new goals to everyone, innovate and execute against the new demands, and lead while you confront resistance.**

## 01 PREPARING FOR TRANSFORMATION

### Differentiate your business

When facing a lack of growth or decline, it is unlikely that you can raise prices, and cutting costs will only provide temporary relief.

*“No business can cut its way to long-term growth.”*

- Ron Williams

The solution lies in differentiating yourself from the competition through new products, services, and solutions.

To create something distinctly different, first understand the essence of the industry and business you are in. Avoid the temptation to conflate what you do with the product you offer. To truly understand your role in the market, ask your customers not about what they want to buy, but about their pain points.

### Motivate change

It can be difficult to motivate the need for transformation when people feel comfortable. Help them to understand that change is constantly needed and that the comfort they feel today is a result of innovation and effort in the past.

## TEAM EXERCISE

### Ron's guiding questions to choosing a new direction:

1. What business are you in?
2. What are your customers' pain points?
3. How can you leverage your strengths to provide solutions that can address those pain points?
4. What value-adding services can you add to your products to take costs out of your customers or improve their production process?
5. Are there adjacent and parallel industries where you can make a meaningful difference?
6. Are there people doing things with your product where you can address their pain points with a better and cheaper alternative?
7. Are there people addressing their pain points with other products where you can provide a better and cheaper alternative?
8. Are there verticals or nascent acquisitions where you can acquire skills and competencies that permit you to increase your served market?

Remind them that they are constantly in competition. Have them imagine that their competitors are in another room with a huge banner that says, "Take their business." If your teams do not transform to take a place in the market, others will. Help them to understand the reality the business is facing but do so with a clear path forward to give them hope and direction.

*"People don't realize that what they're getting today is the result of what people did before. Their job is to create that for the future."*

- Ron Williams

### Motivate up

To motivate your peers or executive leaders to confront transformation, start a collaborative conversation. Ask them how they see the current situation and what they think should be done. In response, tell them what you are thinking and ask for their views.

Alternatively, bring in external industry experts or leaders from parallel industries to share their views on the shifts taking place.

By making your advocacy for change less about you and more about a larger external context you can avoid the discomfort of confronting leaders over whom you have no authority.

### Align innovation

You will receive proposals for change from all areas of the organization. Use the strategy as the anchor to decide which ideas to support. Understand the future goal for the company and the planning process that forms the bridge to that future.

*"Strategy is a time machine. It's figuring out in five years what you believe are going to be the winning products, services, and solutions."*

- Ron Williams

## CASE STUDY

### Sign up to the challenge

When you step up in your role, you need to think about what you give up as well as what you get. Ron used a signup conversation with his direct reports and key leaders to ensure that they were committed to the expectations and obligations they were taking on.

“You get to choose, but this is where we're headed, this is what it's going to take. Go away, think about it. Talk about it with your family because you're a volunteer, your partner or a spouse is a draftee. You're drafting somebody else to do your dream, not theirs. And come back and let's have that conversation. And if it's not for you, I will help you. I will help you find a position in or outside of the company. What you can't do is sit in this seat and not want to take the trip.”

Strategy, talent, culture, and transformational change are part of an end-to-end process that only works at its optimum level when you align the organization and its resources to the same objective.

Avoid one off sponsoring of innovation. If it doesn't align to the strategy, innovation creates churn and disperses confusion on where the company intends to go.

### Be empathetic when pivoting the strategy

At times, large macro events may require you to pivot the strategy and risk confusion, fatigue, and disengagement after having everyone align to the previous strategy. Have authentic conversations to show that the decision is not casual.

Use plain language - don't hide behind corporate jargon. Explain that based on what you knew, you chose the correct path, and that it was well thought out and rigorous. But the starting point has shifted and the direction of the strategy has to change.

*“I joked with people, ‘Make me king of the world and I'll make it do what I want it to do.’ A little humor helps people understand that a change is not arbitrary and capricious.”*

- Ron Williams

### Disagree and commit

Transformational change requires cultural alignment. Install a decision-making process where all the issues are put on the table along with their pros and cons. Make it clear who the decision-maker is.

*“It is a leadership failure to leave the room and in the corridor say, ‘Well, I should have said this or that.’ You must have courage in the moment.”*

- Ron Williams

Host a vigorous debate to deepen understanding and include diversity of thought, and then leave the room with the following message: "I do not expect all of you to agree with this decision, but I do expect that you will implement the decision just as if you agreed with it. I also believe that if you had substantive concerns, they would have been expressed here and now."

Once the decision is made it must be executed and resourced.

## 02 LEADING TRANSFORMATION

### Protect innovation

A critical role of the CEO and other executive leaders is to sponsor and protect innovation. The need for innovation is ever-present yet the complexity of large companies often dampens the desire and frameworks required for innovation. Give people permission to break out of their established ways of doing things.

*"I hate to change, but if I don't change, there'll be a new person sitting here who will have to change."*

- Ron Williams

Build a case and a coalition for change and help your teams to make the transition. They will be equally resistant to going back to the old way of doing things once the change is made.

### Communicate an acceptance of risk

Innovation relies on risk. Create an environment in which risk is viewed as positive. Reward failed projects if they were researched, designed, and executed well. Not everything will work.

People are inherently risk averse; they will steer away from risky assignments even if not punished for failure. Work hard to make heroes and heroines of the people who take prudent risks.

## **Innovate your revenue**

Your business model is one of the most fundamental ways to innovate. Think about your business model as a source of value in itself, both for the company and the customers.

## **03 COMMUNICATING TRANSFORMATION**

A successful transformation relies on everyone in the company, from the executive leadership to the factory floor, to understand the motive and process of the transformation. Communicate at scale through consistency, clarity, rigor, and level-appropriate messages.

### **Design the right message**

The message must be short, simple, and standardized across all communication. If you say the same thing in different ways people interpret and remember it as a different message. Use every opportunity you have with employees and customers to repeat the core message. Be relentlessly consistent and repetitive.

*“I found that when I had said something so much I could scream, I had reached about 30% of people.”*

- Ron Williams

### **Customize your delivery mechanism**

Consider the different formats of communication at your disposal and know which will reach each constituency best. Use video teleconferences to address all employees. Get out to each location to host more in-depth meetings.

Understand the style of meeting that works best for a call center as opposed to a technical group, for example, but ensure that you are sharing the same core message.

## Reward what you want to see

Reinforce the message by recognizing and rewarding the people who exhibit the behaviors, philosophies, and attitudes that exemplify it. Allow people to be nominated by their peers rather than their managers to get a clearer view of how they show up day-to-day.

## 04 LEADING YOURSELF

### Narrow your bandwidth

As you move up the organization, your level of presence and engagement has to be much higher as people assign more weight to what you do and say and to whom and where you pay attention. Narrow your bandwidth of behavior to help you maintain consistency.

### Construct tools for self-awareness

Self-awareness as a leader is important. Choose someone to be your temperature gauge for the organization. Send them out to understand how you are coming across to the company.

What are people saying about you? How are they interpreting your messages? Are they aligned with your goals? How connected is your intent to your impact? You do not need to know who provides opinions, only that they are credible.

*“There are an enormous number of CEOs who fail because they fail to lead themselves.”*

- Ron Williams

Seek counsel from both within and outside of the organization. When you are a senior executive, you have little on-site supervision. When you are the CEO, you don't have any. Build a network around you that can help you look inward and remain accountable to your leadership of yourself.



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