

## NANO TOOLS FOR LEADERS®

### CREATE REAL CHANGE BY PULLING THE EIGHT LEVERS

**Nano Tools for Leaders®** are fast, effective leadership tools that you can learn and start using in less than 15 minutes — with the potential to significantly impact your success as a leader and the engagement and productivity of the people you lead.

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#### THE GOAL:

Ensure your next change initiative is a success by adapting your work environment to support it.

#### NANO TOOL:

Real change is hard to come by. Studies consistently show that more than half of all change initiatives end in failure. Many of those initiatives rely heavily, even overwhelmingly on leadership skills such as walking the talk and careful communication plans. Yet such an approach by itself often falls short. Success is more likely if leaders take the time to lead change by carefully identifying the new behaviors that change will require from people and then designing the work environment to encourage and reinforce exactly those behaviors. The [Visionary Leadership Nano Tool](#) showed you how to identify the end-point behaviors that are the mark a successful transformation. Now, we turn to the work environment — how can you redesign it to make those ideal behaviors and actions more likely to occur?

The work system as a whole is composed of eight environmental aspects, each of which can become a powerful lever for change. Pull enough of these levers, and people will respond to the new set of circumstances by engaging in the behavior that's easiest within the new environment. In our experience, that means significantly altering at least four of these eight work system attributes:

- **Organization** provides cues about what is expected and how to behave. Sub-elements include what is centralized or decentralized; whether structure is by geography, function/discipline, service/product line, market segment, or information flow; and the number and nature of scheduled meetings.
- **Workplace Design** includes the arrangement of the physical or virtual work area; tools, supplies, and machinery, including technology and who has access to it; and how closely or distantly people work together. Small changes in these areas can facilitate a larger, more global change.
- **Task** refers to the way people “do what they do.” Creating a standardized process; making a checklist; and using tools such as process reengineering, lean manufacturing, and Total Quality Management can help people turn new behaviors into habits.
- **People** need the right skills to accomplish the tasks they are assigned. You can accomplish this either by hiring for particular skills or providing necessary training.



- **Rewards** — including monetary, intrinsic, social, recognition, and access to resources and power — need to be aligned carefully so they reinforce the change. When levers pull in opposite directions, such as money going to the highest individual performer while social rewards go to the best-performing team, they can cancel one another out.
- **Measurement** of outcomes and results is required for optimal management of yourself and others. It is a form of communication, telling employees on an ongoing basis what management considers important and not important. Align measurement with desired outcome to avoid an organization that pulls against itself.
- **Information Distribution**, more than any other single factor, determines the quality of decision making. The greater and more consistent the flow of information, the more on-point and timely decisions are likely to be. It also has important implications for individual performance: improvements can be reinforced with prompt performance feedback.
- **Decision Allocation** structure (where employees fit in the process of decision making) can powerfully affect behavior. It cuts broadly across an enterprise, since it affects and is affected by Task, Organization, and Information Distribution. Lack of alignment on these three Change Levers yields mixed signals, confusion, and frustration, and greatly enhances the likelihood that even a much-needed change initiative will fail.

## HOW COMPANIES USE IT:

- Lloyd's of London's CEO Richard Ward introduced a new claims processing procedure in 2006 to replace the 320-year-old pen-and-ink practice. It involved a new tool (the computer) and a new process (pulling the Workplace Design and Task levers). But the changes yielded just 30% compliance. Ward and his team then created a list of the top 10 performers using the new system and distributed it throughout the company (pulling the Measurement, Information Distribution, and Rewards levers). The numbers improved 15% overnight, and as more levers were pulled, 90% of claims were being processed electronically by the end of the year.
- When Whirlpool unveiled its "Brand-Focused Value Creation" strategy, designed to make it the industry's innovation leader, every lever was pulled to make the change: new metrics and criteria for innovation projects and an annual innovation revenue goal (Measurement); a revamped resource allocation process that reflected the emphasis on innovation (Task and Decision Allocation levers); a direct link between senior executives' pay to what came out of the innovation pipeline (Rewards); "I-mentors" trained to facilitate projects and help people with their ideas (People); online resources to help people develop a business idea, win resources for it, and share with other employees (Workplace Design, Information Distribution). As a result, Whirlpool's innovation pipeline grew from \$1.3 billion to \$3.3 billion.

## ACTION STEPS:

By using **at least four** of the following steps, you can create a workplace environment that is far likelier to support a successful change initiative because it draws on our strength as a species to adapt to environmental change.

- **Organization:** change the organizational chart by adding or subtracting positions or changing where positions report in the organization; rethink the coupling between different groups or roles; provide structural support for horizontal integration where necessary; consider a role for temporary or project teams; change meetings or meeting systems.
- **Workplace Design:** relocate people to facilitate the desired behavioral change; change the physical space or the virtual or telephonic space to promote ease of access, collaboration, or general interaction; consider the role social media, videoconferencing, or cell phone apps play or could play; provide the tools people would need to enact the change; consider how changes in technology could affect how people perform their jobs.

- **Task:** identify which work processes need to change to reach the desired end state; within the work flow, make tasks, especially key processes, more explicit; create more (or less) standardization on processes; use a particular technique, such as Six Sigma or Lean, to aid in clarifying current and desired work processes.
- **People:** identify what skills people, or groups of people, will need to master to achieve the ideal end state; make changes in personnel practices to facilitate the change, such as hiring, reassigning, releasing, and training personnel.
- **Rewards:** determine the processes, outcomes, behaviors, practices, and scenes that need to be rewarded; provide financial rewards that would facilitate change, paying attention to their timing and structure; provide nonfinancial rewards, including both intrinsic rewards (e.g., satisfaction from completing a challenging task) and extrinsic rewards (e.g., public recognition).; consider any unintended consequences your considered changes in rewards might create.
- **Measurement:** identify metrics that would foster and support the change; add measures that will help people judge appropriately and accurately how they are doing; create metrics to help you and others manage and succeed in the new world; consider whether the measures should focus on outcomes, process, or a combination of both; consider whether methods such as the behavioral scorecard or balanced scorecard apply.
- **Information Distribution:** determine the kinds of information that would facilitate the change, based on who needs to know what, when; consider access to and timing of performance metrics; consider the desired level of transparency for each individual or group; make it easier for organization members to access information as needed (e.g., digital files posted on an Intranet site).
- **Decision Allocation:** consider how people would relate to one another when performing key pieces of work or when making key decisions; determine who would have what type of input into which decisions and when — who has the last word, who consults, who needs informing, who takes the lead in spotting or attending to a given type of issue, opportunity, challenge, or initiative? Consider using a formal review of decision allocation, using a technique such as RACI charting (Responsible, Accountable, Consulted, Informed), from the Responsibility Assignment Matrix.

## SHARE YOUR BEST PRACTICES:

Do you have a best practice for driving organizational change? If so, please share it on our blog at Wharton's Center for Leadership and Change Management. <http://whartonleadership.wordpress.com/>

## ADDITIONAL RESOURCES:

- *Leading Successful Change: 8 Keys to Making Change Work*, Gregory P. Shea and Cassie A. Solomon (Wharton Digital Press, 2013). Presents a thorough guide to making change work using a tested method developed over a combined 50 years of helping organizations achieve their change initiatives.
- *Switch: How to Change Things When Change is Hard*, Chip and Dan Heath (Crown Business, 2010). Offers a system for aligning people's rational and emotional sides by changing the work environment, making it easier for them to change their behavior.
- *Your Job Survival Guide: A Manual for Thriving in Change*, Gregory P. Shea and Robert Gunther (FT Press, 2009). Provides a mindset and the skills necessary to thrive in an environment of non-stop change. Topics include pacing yourself; failing gracefully and recovering quickly; retaining optimism, resilience, and playfulness; protecting your career; and setting your own course.
- Greg Shea teaches in Wharton Executive Education's [High-Potential Leaders: Accelerating Your Impact](#), [The Leadership Journey: Reinvigorate Your Leadership](#), [Leading Organizational Change](#), and various custom programs.

## **ABOUT NANOTOOLS:**

Nano Tools for Leaders® was conceived and developed by Deb Giffen, MCC, Director of Innovative Learning Solutions at Wharton Executive Education. It is jointly sponsored by Wharton Executive Education and Wharton's Center for Leadership and Change Management, Wharton Professor of Management Michael Useem, Director. Nano Tools' Academic Director is John Paul MacDuffie, Wharton Associate Professor of Management, and Director of the Program on Vehicle and Mobility Innovation (PVMI) at Wharton's Mack Institute for Innovation Management.