The change game

Breaking barriers is imperative to drive organisational change and business growth.

✦ GARY PEACOCK, GORDIAN BUSINESS.

What got you here won't get you there—Marshall Goldsmith

The first barrier to change is most people do not like change. They tend to stick to what they know and what worked before. However, change is happening: like it or not.

A second barrier is specific to mature markets; here, organisations can only grow by winning share from competitors. Companies and industries that have been successful over many years have no incentive to make major changes and major change often involves high career risk. So, people and companies make only incremental and low-risk improvements.

The third barrier is many organisations rely only on price to compete and continually reduce their prices. Reducing prices will reduce

margins, so they struggle to find money to innovate and add value to their customers. This is a vicious cycle that encourages them to lower prices further to win more business. Competing on price is unsustainable, and a barrier to change.

Relying on price to sell often means organisations stop investing time to understand what adds value to the customers. As they become more dependent on selling on price, organisations tell themselves that the customer does not value anything except price. For fear of losing business, they do not test this assumption. So, they stop trying to understand how to add value to customers. Often not understanding how to add value to customers leads to another problem: the organisation incurs unnecessary costs and delivers no value to the customer. These unnecessary costs reduce margins and lead to increased pressure on price.

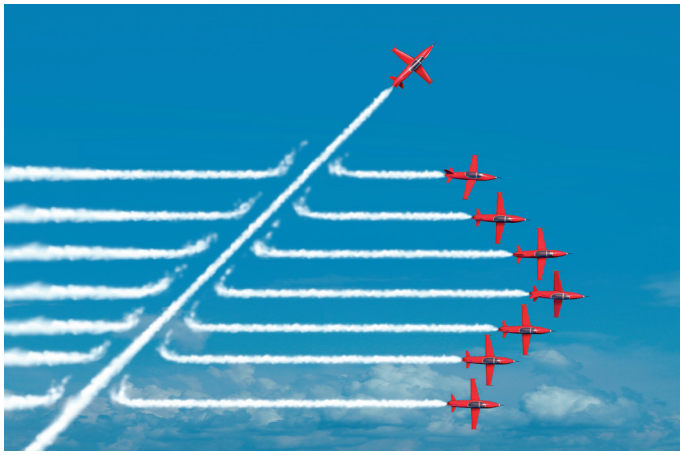
Progress is impossible without change, and those who cannot change their minds cannot change anything. — George Bernard Shaw

The final barrier to change is the pressure for short-term results: pressure to produce revenue or profit, this day, this week, this month, or this quarter.

In a $2 billion revenue organisation, the senior management below the CEO wanted their people to be more strategic, but could not understand what was stopping their staff from being more strategic. But each week, the CEO phoned salespeople asking about their orders against budget. Faced with a choice between trying to get an order this week or trying to invest time in delivering 200 orders next financial year, salespeople always chose the short-term and chased this week's order.

This continuous pressure for short-term results drives out strategic behaviour. Strategic behaviour is behaviour that will produce results beyond this financial year and will strengthen the organisation's competitive position. We understand the need to produce short-term results; however we must balance between tactical action for short-term results and strategic action for long-term results.

In the competitive market we operate in, executives must change their organisations to deliver results. Understanding the barriers gives insights into what stops change. To win in the market, executives must have the courage to smash these barriers. IM



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