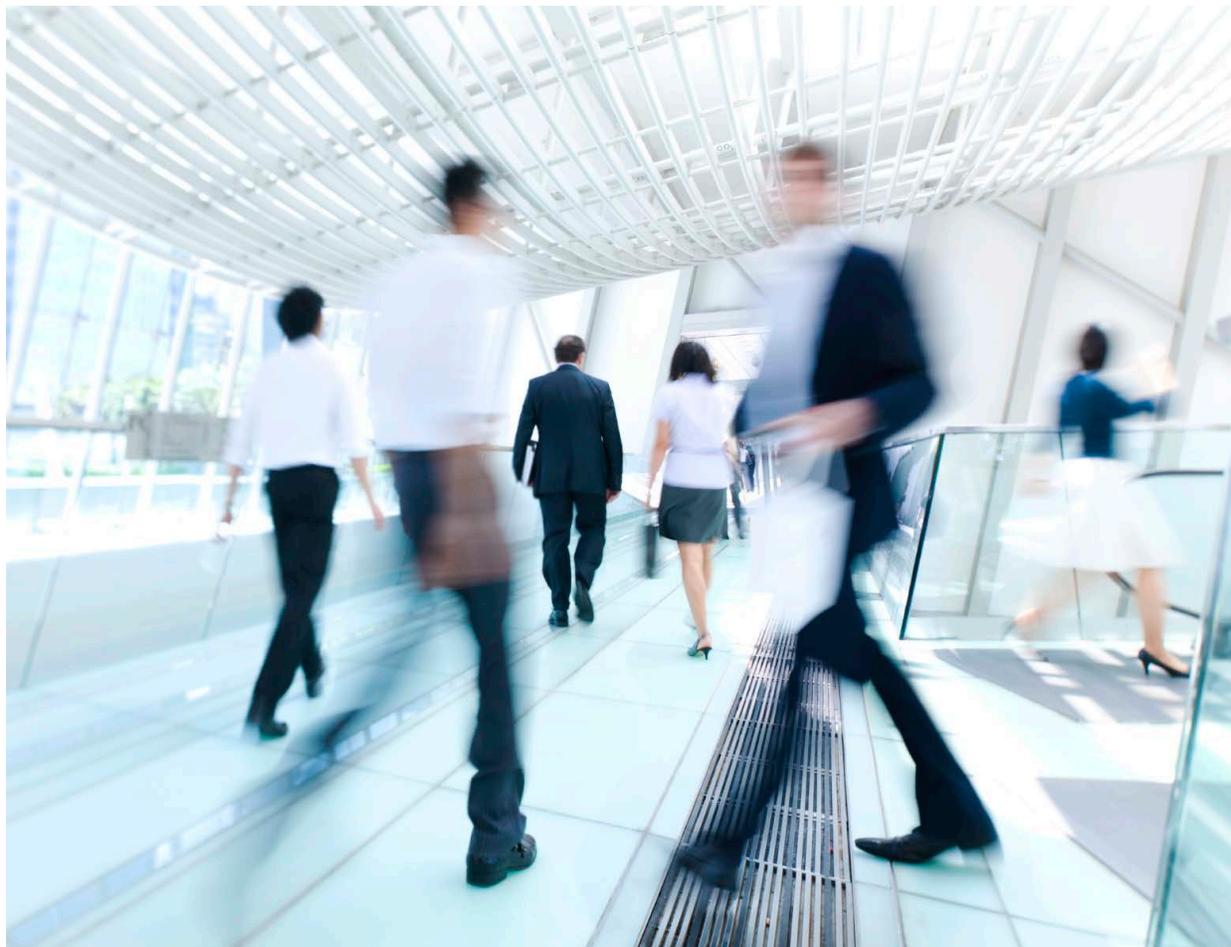




*Organization Acceleration:*  
The new science of moving  
organizations forward





Change is changing. The way organizations approach and manage it is changing. And the practice of strategic change should adapt as well if it is to deliver the results organizations should have to survive and excel.

Faced with tougher, more numerous challenges, today's organizations are demanding more from their change initiatives. They want change to be more customized, to include more precise solutions, and to deliver impact that lasts. And they want it to happen in a more timely manner – because the demand for results in the market today can be merciless.

Many change programs fail to deliver the outcomes their organizational sponsors seek.<sup>1</sup> The reasons are manifold, but a common thread is wasted effort and time. A new framework for strategic change, called Organizational Acceleration, harnesses analytics to guide a business in a more timely manner and efficiently through three important components of change: insight, precision, and lasting impact to reduce the time and waste in change efforts. When the art of change intersects with the science of impact, change doesn't necessarily become easy. But it can reward the hard work with improved results.

There are many reasons change programs move too slowly or fail to achieve their goals, but three pitfalls stand out.

- First, many change programs start with a tool – the method for change – and fail to identify and understand the underlying need that drives it – the core business issue. Without that target, it's virtually impossible to move efficiently toward a change that generates true business value.
- Second, organizations are investing thousands and even millions in change programs. But how much attention are they paying to the people who must drive the change as opposed to the end users? A change accelerates or stalls largely because of those who lead it – or, more critically, fail to lead it.
- Lastly, organizations fail to make change sustainable. Change that doesn't endure cannot be called change, and getting to an end state in a timely manner doesn't help if you can't retain the gains you've made. Many organizations stop their change programs and withdraw their commercial and resource investments just when they've reached the "go-live" point, which is not often the point of sustainability.

One of the most critical needs is to accelerate change programs – to reduce the wasted time that ill-directed or ineffective measures can cost an organization. What we have found is that human nature makes it difficult to speed up the way individuals change. The way to create Organizational Acceleration is to fine-tune change at the organizational level.

This approach does not jettison the lessons of past approaches. Rather, it is an evolutionary change that brings accepted practices into harmony with new insights and capabilities. Advanced analytics can provide insights to address each of these pitfalls and much of Organizational Acceleration is built on the integration of analytics into approaches to change. However, we also depend on the insights we have developed as experienced change practitioners to provide balance and the interpretation of analytics outputs.

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Human nature makes it difficult to speed up the way individuals change. The way to create Organizational Acceleration is to fine-tune change at the organizational level.

<sup>1</sup> Some examples include: Aiken, C. & Keller, S., *The irrational side of change management*, McKinsey Quarterly, 2009; Miller, D., *Successful change leaders: what makes them? What do they do that is different?*, Journal of Change Management, 2002; and Kotter, John, *Leading change: why transformation efforts fail*, Harvard Business Review, 1995.

### It all begins with insight

It isn't difficult to find offers of off-the-shelf change analytics that promise useful insight with a few turns of the handle. It would be nice if things were that easy.

The real crux of analytics isn't the data that go in or the synthesis that comes out. Rather, the value arises from interpretation. What does this mean? How does it apply to us? What should we do as a result? The answers to those questions are virtually never canned. It takes a combination of analytics and experience to turn information into insight.

Organizational Acceleration thinking reflects both the growing power of analytics and the experience of change professionals who have made many change journeys – and have real-world insights to show for it. The analytical practice of identifying a baseline, prescribing change, and making it happen isn't new. What is new is the power of analytical tools and “big data” to bring precision and rigor to the process. Used correctly, analytics can pare wasted time and effort by helping target exactly what needs to happen. And because the goal line often changes as you work, organizations also value the agility they derive from a more informed picture of the playing field.

Analytical insights emerge from trends, correlations, and patterns found in data. The data should include both objective data, such as information from production, operations, finance, customers, and external sources: *How are different parts of the organization performing? What is the employee turnover rate?* It should also include the self-report data that arises from exercises such as employee surveys, interviews, and cultural surveys: *How strongly do people believe in the company's mission? How many employees feel a strong sense of belonging?* Clearly, these two kinds of data work together. To pit objective data against self-reported data and argue which is more valid is to miss the point: A change program should embrace both if leaders want to know where they're starting and how to accomplish specific outcomes.

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## Used correctly, analytics can pare wasted time and effort by helping target exactly what needs to happen.

Diagnostics such as the “As One” tool, a Change Readiness Assessment, or a Shared Vision and Goal Alignment can bring rigor to self-reporting. Embarking on a change program without these insights would likely be one mistake. But where we are finding these tools to be very helpful is in tailoring change programs to fit the needs, circumstances, and capabilities of specific organizations.



### At virtually any pace, change requires effective leadership

When an organization has defined where a change program is headed, there is little reason for delay. Having a goal implies a pressure to get there in a timely manner – and because business is never static, there will probably be a new set of goals on the table before you finish working on the current ones. However, it’s notoriously difficult to induce individual people to speed up their adoption of change. Carbon-based human intelligence just doesn’t work that way. To improve the pace of change, organizations can make smart decisions that make the most of the human capacity for change – working in harmony with those carbon brains instead of trying to flog them into compliance with unrealistic demands.

As a mandate, that sounds simple. In the real world, it can be difficult to achieve. That’s why organizations that want to accelerate change should have effective leadership in place. What strikes us about leadership is that virtually all leaders plan to change their organizations – to grow them, improve them, remake them for improvement. It’s not an exaggeration to say that today, leadership and the management of strategic change are almost synonymous.

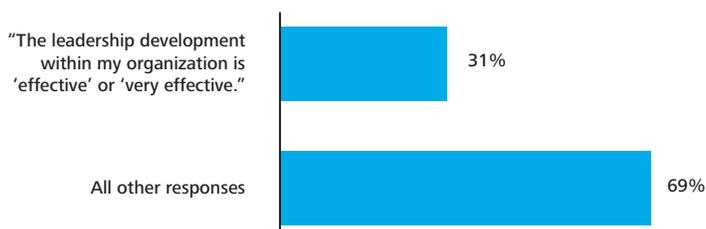
For the same reason, Deloitte’s thinking identifies leadership as the foundation for Organizational Acceleration – the “condition zero” that should be in place before you build all the others. Our experience has found that leadership, and leaders’ failure to execute strategic or operational plans, is a frequent contributor to the failure of organizational transformations. Where the necessary leadership capabilities, relationships, and structures aren’t present, building them is the first stage in any change program.

Many approaches to change management begin by assuming the necessary conditions for change are in place: Participants believe in the program, they have a sense of belonging to the group, and they are willing to commit to the necessary behaviors. Some of this may be true. But leadership is a vital precondition for this that many approaches overlook. An organization should have people who are able to identify, inspire, and maintain these attitudes among everyone else involved.

- The early benchmarking steps in a change program should include an evaluation of the leadership that will be responsible for making it work. It helps to begin with tough questions. Where are we trying to make change happen? How effective are individual leaders in that area? How well do those leaders align with each other and with followers?
- Depending upon what an organization learns about itself, the tailored change program it commits to should possibly include improvements to the leadership process itself. Precision – creating not just any change, but the change that suits a particular organization at a particular time – is inseparable from leadership. It is critical to have the right people embrace the change program as their job, and to make sure they are capable of carrying it out.

## Leadership, and leaders’ failure to execute strategic or operational plans, is a frequent contributor to the failure of organizational transformations.

An important element is fewer wasted steps and ineffective processes. If you ask people to devote time and effort to a specific intervention as part of a change program, make sure it delivers the greatest possible impact in return. Plan intelligently so no one wastes any of his or her effort – or, perhaps more importantly, so that no one believes effort is going to waste. Point people and projects toward where they will do the most good. This is where analytically derived plans can trump those based on gut feel.



Source: IEDP/Deloitte research, 2011

### Precision tailoring

Customizing a change program to the organization doesn't simply mean acknowledging that each company begins at a particular status quo and aims for a particular end state. The part in the middle – the process of change itself – is also particular to how an organization operates. After all, every organization is already quite well aligned with the results it is currently getting.

There is no single process by which people or organizations change. Organizations often respond more effectively to change programs that are tailored to the way they operate. Deloitte data analytics have shown there are different types of organizations with different dynamics: Among other factors, they vary in the degree to which leaders are able to command change. In some cases, top-down directives can be effective. In others, there is a greater need to win participation through buy-in programs.

Putting this customization into practice often depends on deriving precise recommendations from data. For example:

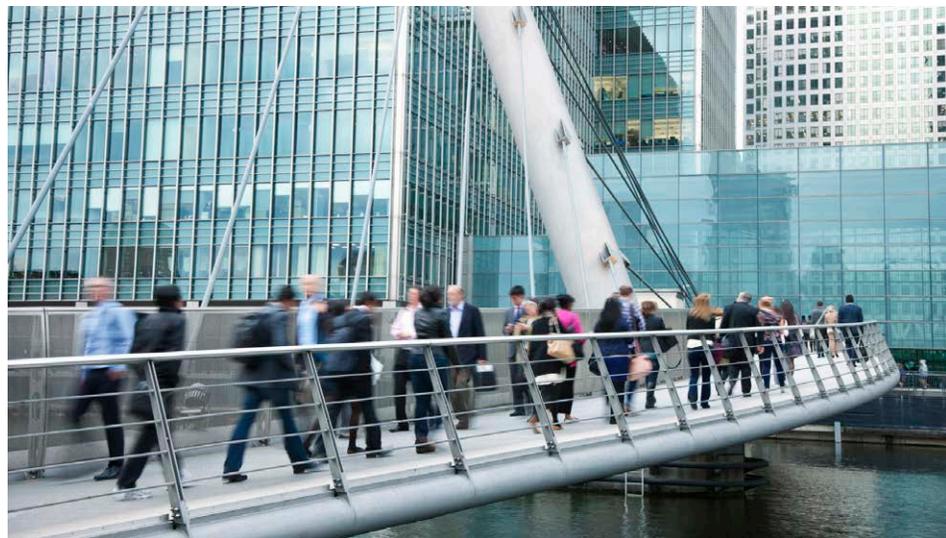
- Assessing people's readiness to change in a fashion that not only considers attitudes towards the change, but also recognizes the pervasiveness of passive resistance among people who may have favorable attitudes but are unlikely to change.
- Assessing how the organization operates and then varying the approach to change based on people's expectations of how information is distributed and how much leeway they expect in crafting local solutions.

- Being open to the possibility that different parts of the organization – levels, functions, geographies – operate different ways and may need different ways of implementing change.
- Acknowledging the growth of internal communications and information management channels that allow many more people to communicate broadly than was the case when models of top-down vision driven change gained prominence 20 years ago.

With these determinations in place, leaders can more easily build a solution that takes the organization from Point A to Point B along the specific path it and only it should follow. No organization is monolithic. Each has different cohorts of people who respond to the prospect of change in different ways. This amplifies the need for a fine-tuned customization of the change management process. Know the organization, know the people, and you have the basis for determining the right levers.

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## Organizations respond more effectively to change programs that are tailored to the way they operate.



### Frameworks for change

An organization is often ready to effect the change it needs when it has a goal in place — and when its leaders are willing and able to drive toward that goal, aligning themselves before they set out to align others. It helps to think of change leadership in two distinct ways at once: As a tool you should hone, then as a tool you should use.

Once your leaders are ready, they should work to create the necessary preconditions in the people around them. The steps that lead to change should fall within an understandable context if they are to make sense to the people asked to do the work. This is where the realm of structure and process intersects with the realm of human nature: Just throwing an array of tools at the problem will likely not bring people along. Leaders should connect with people in ways that influence how they act.

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## A person's stance toward change begins with two states: being able (to change) and being willing (to change).

A person's stance toward change begins with two states: being able (to change) and being willing (to change). In turn, each of those states derives from a variety of components.

- A person is able to drive change if he or she has good answers to questions like where and how to move forward or who should accomplish what. Those answers come in the form of enabling elements such as methods, tools, processes, goal-setting, organization design, and the training available to develop individual skills.
- A person is willing to embrace change if he or she can satisfy certain specific states of mind: a sense of belonging to the group that is acting out the change, a shared understanding of how the group works, and commitment to the group's goals. Creating that alignment involves a host of elements from awareness of opportunities to governance to rewards.

In general, there are three paths through which an organization can influence a person to be willing to own and drive a change – through the head, the heart, and the wallet. When you align change programs within understandable frameworks that correspond to one or more of these motivating pathways, people have an easier time committing themselves to the program.



### Making change endure

Remember that there are three components of effective change: insight, precision, and lasting impact. Analytics, properly harnessed, drive the insight. A commitment to tailoring creates the precision. Strong leaders drive the impact. Now: Once an organization has created change, how can it preserve the benefits over the long term?

To begin, make change measurable. It's hard to maintain a commitment to a process improvement or a new way of doing things if the results aren't easy to see. So while "become more efficient" is a worthy goal, "recover \$10 million per year in lost profit" is a clearer one. Instead of "reduce wasted labor hours," set a goal like "reduce wasted labor hours by at least 40 percent." Instead of "improve morale and loyalty," set a goal like "reduce six-month turnover by 50 percent."

Change also lasts longer when it is ingrained in the way people approach their work. Measurable changes in business performance are easier to sustain when people think of them as more than just boxes to check or new rules to comply with. Organizations should drive cultural change as well. That may sound like a subjective and difficult mandate, but culture begins with behavior, and that's more tangible.

For example, an organization may desire a business performance improvement like "higher customer satisfaction scores." The corresponding cultural change may be "a deeper commitment to customer service." How can the organization bridge the gap from a very general cultural mandate to a very specific, measurable business outcome? By analyzing and changing the specific interactions employees have with customers. What are the areas with the greatest impact? What interactions deliver on the brand promise? The analysis helps prescribe one or more specific interventions that lead to changed behaviors. Taken as a whole, the behaviors become culture.

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**Analytics, properly harnessed, drive the insight. A commitment to tailoring creates the precision. Strong leaders drive the impact.**

### Issues to impact



### Conclusion

Change is always happening, but that doesn't mean it's ever the same process twice. The nature of change is itself evolving. It happens whether or not you decide to make it happen – whether or not you design a program to channel it. The decision for organizations is how much vision to apply and how much control to take.

Both the art and science of strategic change have evolved over time. From its early, simple incarnation as process-driven change, it moved into a rudimentary data-driven framework and later into a knowledge-driven one. Each of these steps was an improvement, but each left a measure of value unrealized.

The new way of approaching change, Organizational Acceleration, isn't driven by process, data, or "knowledge" alone. It rests on a foundation of analytical insight and rigorous precision. The result is change that identifies and reaches defined end-state goals more effectively – and in a more timely manner. When change itself speeds up, the term "acceleration" becomes appropriate.

Likely none of this can happen to an organization if it throws off-the-shelf tools at an ill-defined problem. Likely none of it can work if an organization treats analytics as a panacea-of-the-moment without understanding what analytics really requires or what it can really deliver. And likely none of it can happen if organizations persist in thinking they'll really change people, instead of changing the environment in which immutable human nature operates.

The first question an organization should ask is whether its existing approaches to change are paying the dividends it wants. If they aren't, it's time to find a new way. Note that a second question is not "when should we undertake change?" It never stops, and you're always in the middle of it.

When an organization embraces Organizational Acceleration, it may have the opportunity to reap the specific benefits that make strategic change worth attempting in the first place: insight, precision, and lasting, measurable impact.

If an organization is content simply to let change happen, it can ride into an uncertain future. But if an organization wants to control change and put it to use, it should have new thinking and a new framework to control the variables. Organizational Acceleration is that framework.

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When an organization embraces Organizational Acceleration, it stands to reap the key benefits that make strategic change worth attempting in the first place.

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