



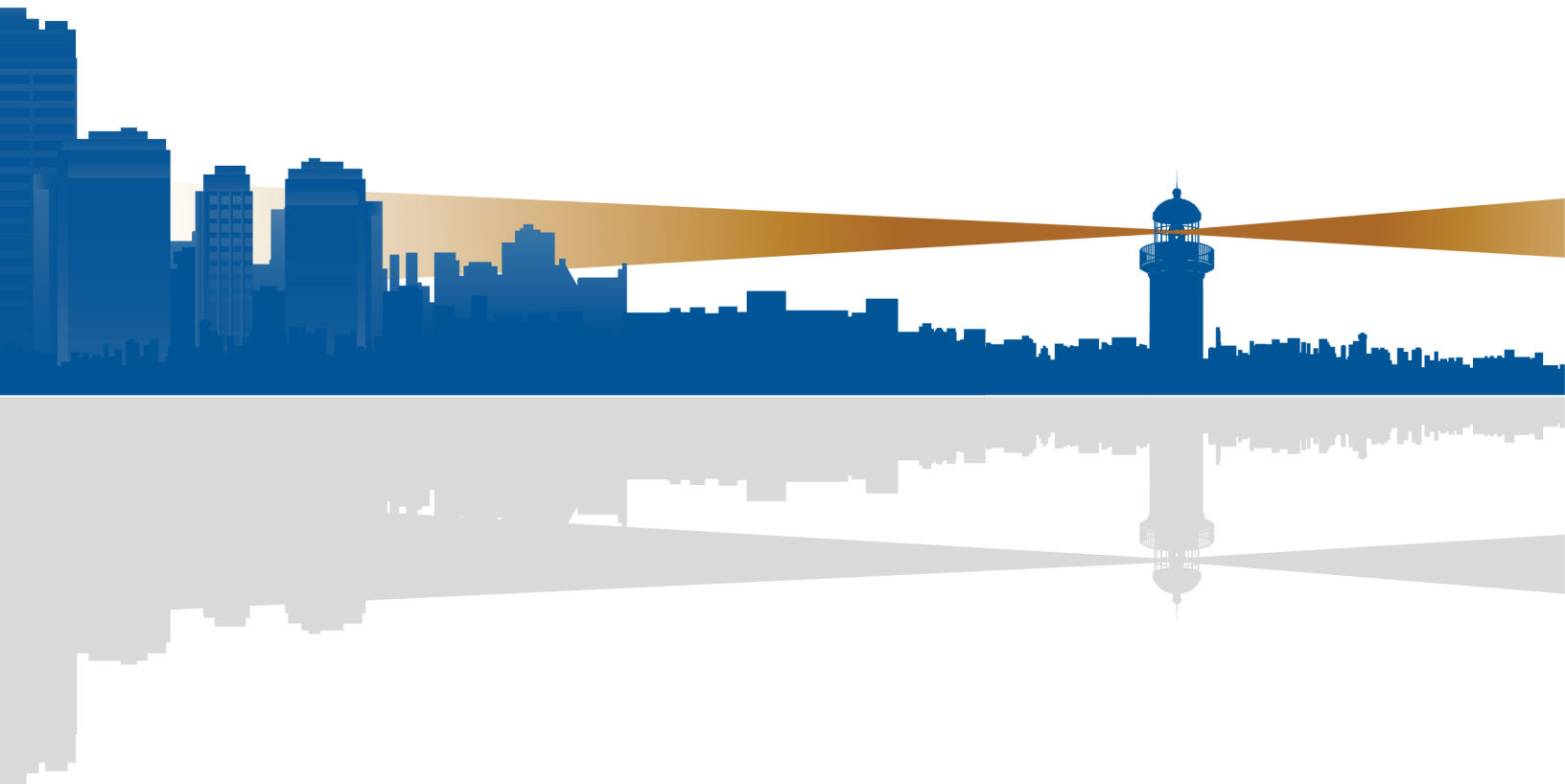
THE BEACON GROUP

Navigate the Future™

"The Predictable Passages of Organizational Transformation"

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Executive Report on Leadership & Business Strategy



In Our View ...

In an orderly, predictable, safe and sane world, the very thought of a leader embarking on a journey of fundamental organizational transformation would be considered radical, if not irresponsible. On the other hand, given the environment we have experienced in recent years, and will likely continue to experience for the foreseeable future, ignoring the need to transform could be equally considered an act of serious neglect by any responsible leader.

The challenge, as always in times of great uncertainty, lies in how the leader weighs the risks and opportunities while, at the same time, determining the right moment.

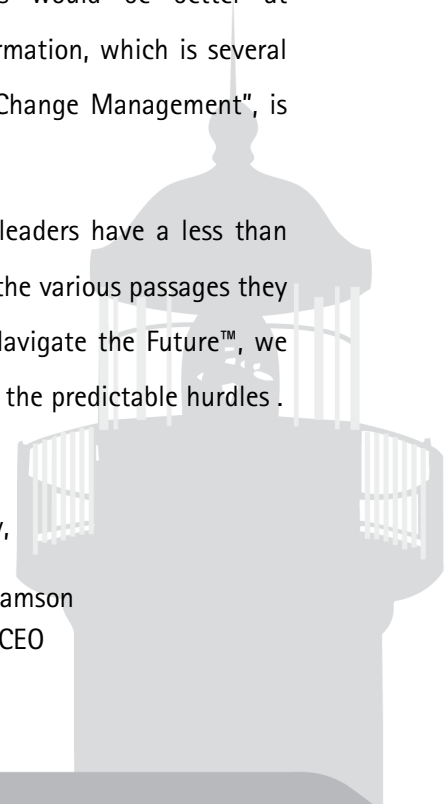
- *If things are going well - you may not wish to tinker, let alone transform*
- *If things are going poorly - you may have already lost your chance for success*

Bottom line, survival has always been dependent upon the ability to adapt to circumstance. In this way, the business world is no different from the animal world, except you might assume the more intelligent species would be better at transformation and adaptation than they really are. Transformation, which is several degrees of complexity up the food chain from traditional "Change Management", is something very few do well.

In our view, this is in large measure due to the fact most leaders have a less than complete understanding of the transformational journey and the various passages they must navigate in order to be successful. In this edition of *Navigate the Future™*, we will attempt to describe the process and share our insights on the predictable hurdles.

Yours truly,

R. Douglas Williamson
President & CEO



Reflections in the Mirror ...

Our experience with large scale transformational change suggests there are three distinct phases to the transformational journey, and nine very distinct and predictable "passages" which must be navigated.

The first phase is what we call the "*Getting Ready Phase*".

PASSAGE # 1 – CONCERN

In this stage, the body of the organization is already well aware of the challenges it faces, and some people have already begun to sense that something is wrong. In fact, those at the more junior levels often spot the signs first. They are typically much closer to the customer, and much more aware of the obstacles and barriers that are getting in the way of delivering on the value proposition. They see the gaps in vivid techno colour, but they feel powerless to effect change, or even catch the attention of those further up the organizational pyramid. They begin to hunker down for bad news and bad times.

PASSAGE # 2 – CONFRONTATION

Eventually, the leaders above begin to sense the issues for themselves, although they almost always lag in their awareness. Slowly, they begin to examine the evidence which suggests things are not going according to plan. The first reaction is almost always to reject the need for large scale change and, instead, try to put a short-term fix in place to buy themselves time. They debate amongst themselves the reasons for the difficulties, but they are typically more interested in attributing blame than they are in addressing the roots causes which lie deeper below the surface.

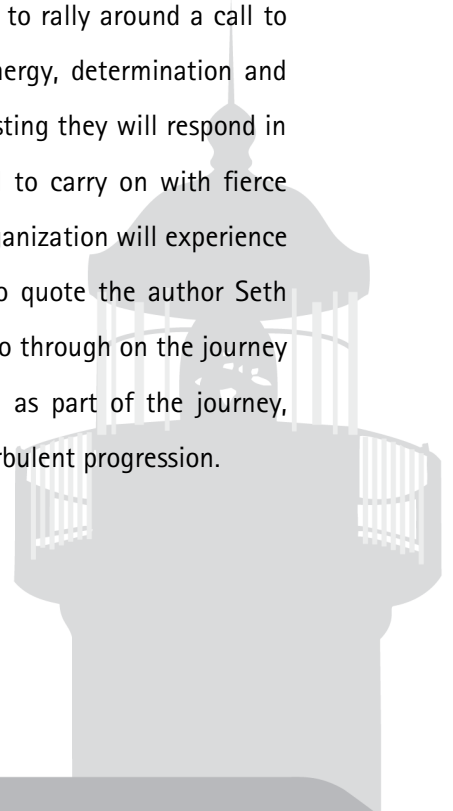
Igniting the Engine ...

Assuming the organization, and its leaders, come to appreciate the messages being telegraphed by the "faint signals from the periphery" suggesting transformation may be required, they move on to the very difficult stage of agreeing on the diagnosis.

PASSAGE # 3 – CALIBRATION

Almost every business leader we have ever met talks about the insidious nature of organizational silos and the challenges of achieving alignment. These are the two evil step sisters which, over and over again, cause organizations to languish in mediocrity or die in painful agony. Despite how damaging these issues can be, it always surprises us how difficult it is for otherwise capable and decent leaders to come to terms with abolishing these well-known self-imposed barriers to sustainable high performance and serial success.

Coming to terms with reality, no matter how painful that reality may be, is something leaders must find the strength to do. Getting the organization to rally around a call to action and calibrate on the need to transform takes time, energy, determination and strong character. Giving people, at all levels, the truth, and trusting they will respond in kind, is an act of leadership courage and it provides the fuel to carry on with fierce resolve and unwavering determination. It is at this point the organization will experience the first of two big "dips" in the transformational journey. To quote the author Seth Godin, these "dips" are the necessary rite of passage we must go through on the journey to excellence and high performance. They must be embraced as part of the journey, which is not a straight line, but rather a choppy, uneven and turbulent progression.



Developing Deep Resolve ...

Phase 2 is the "*Beginning to Perform Phase*" of the transformational journey, and it also has three distinct passages. Leaders often make the mistake of believing they can muscle their way through this phase and, by way of sheer will and determination, force the organization to speed up and get to high performance in a much shorter period of time than it really takes.

This is a fundamental flaw in judgment which has caused many a good leader to fail, and many a good organization to crash and burn. It is like the parable of Icarus who ignores his father's advice and, out of abundant hubris and misguided ego, flies too close to the sun only to fall from the sky to his predicable death.

PASSAGE # 4 – PREPARATION

Every successful journey begins with good planning and preparation. In the case of organizational transformation, this is about planning and preparing for the surprises, setbacks and struggles you will experience along the way.

Preparation, in this sense, is not about eliminating or even mitigating all the risks and trying to chart a certain path.

It is the exact opposite!

It is about developing mindsets, attitudes, beliefs and behaviours that will allow you to cope with the "curve balls" which you will face. Too many leaders believe they must control the process in great detail when, in fact, the focus should be on preparing people to be tenacious, resilient and adaptive to ongoing change.

Delayed Gratification ...

This is the half way point in the transformational journey. The people have committed, the leadership team has calibrated, and the organization has been primed and prepared for the journey – including the inevitable dips it will encounter along the way. Culture and values have been cemented deep into the organizational tissue, and the vitally important and influential middle management group has been galvanized.

Now the real work begins!

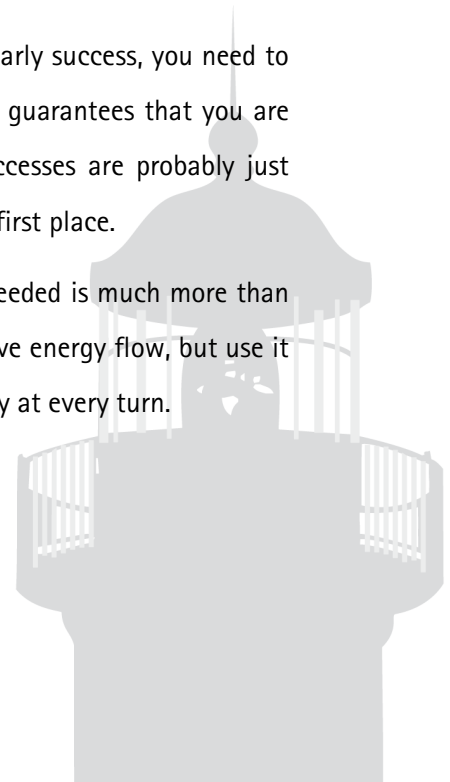
PASSAGE # 5 – EARLY SUCCESS

Human nature is a truly strange and unpredictable beast. Amongst our many quirks is a tendency to want to get past the bad as soon as we can in order to get back to the good. In organizational transformation, this human trait needs to be tempered if you want the breakthroughs that are possible in true transformation.

Simply put, you have to avoid the desire to declare victory too soon!

True transformation takes time and, while you certainly want early success, you need to be careful to not overplay those successes, and think they are guarantees that you are safely on the road. The fact of the matter is, those early successes are probably just bringing you back to a baseline you should have been at in the first place.

The truly great transformational leaders know the hard work needed is much more than simply gathering the low hanging fruit. They tap into the positive energy flow, but use it to push ahead more boldly, resisting the tyranny of complacency at every turn.



Dealing with the Funk ...

It has often been accepted as gospel that people hate change. The trouble is, that is just not true, but instead an unsophisticated form of popular folklore. The truth of the matter is, people hate the emotions triggered by uncertainty and fear. As a result, there is a base human response to the passage through the Early Success stage that creates a tendency to plateau. People want to coast. To put it another way, they want a rest from the fearless pressure of the uncertainty monster and they pause for a time-out that can last for quite a while if you are not careful.

PASSAGE # 6 – THE PLATEAU

At this point, leaders of the organization on a transformational journey need to pay very special attention to the organizational pulse. They have to sense the early signs of an emerging plateau and get ahead of it. The narrative within the organization needs to change and, truth be told, some changes in key people will very likely have to be made.

Senior leaders must take careful and objective stock of their people and their capacity to shift into yet another higher gear. The skills and aptitudes needed from this point on will change, and wise leaders play it differently. Rather than slowing down when a corner approaches, they shift gears and accelerate into the turn. This decision is what allows the organization to catapult ahead, and avoid a prolonged drift sideways.

Preparing for Battle ...

We have now entered Phase 3, *"The Determination Phase"*. This is the portion of the journey that will either allow the organization to realize its true potential, and reap a dividend on its transformational agenda, or enter a period of decline and probably death.

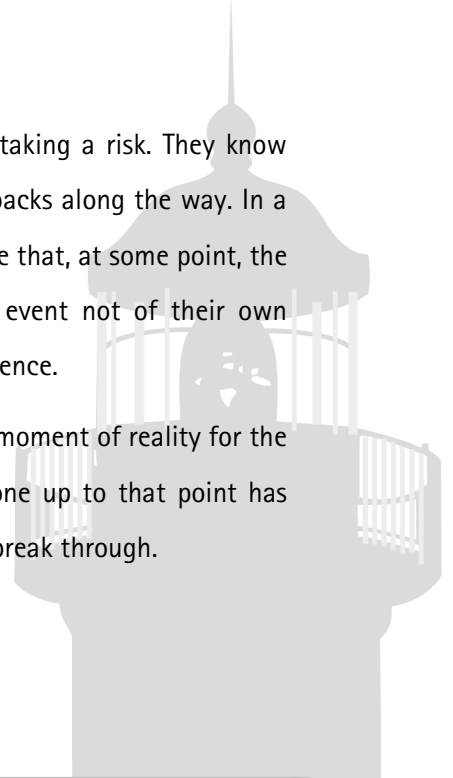
Organizations that have been successful in navigating this part of the journey have all tended to go on and achieve a level of sustainably superior performance that most others can only envy from a distance. This is rarified territory, and it can only be claimed by those who have:

- Taken the long view and avoided short-term temptations
- Operated according to a clear set of values and guiding principles
- Honed their Talent IQ and really learned how to get the most out of people
- Banished complacency from every single pore of the organization
- Transformed who they are, what they have to offer, and how they go to market
- Evolved ahead of the curve rather than having the future catch them by surprise

PASSAGE # 7 – THE CRISIS

Organizations that embark on a transformational journey are taking a risk. They know the path to success is not a straight line and there will be setbacks along the way. In a world filled with turbulence and uncertainty, it is safe to assume that, at some point, the resolve of a transforming organization will be tested by an event not of their own choosing, and most likely occurring at a time of great inconvenience.

This crisis, whether internally or externally generated, is a true moment of reality for the organization, and will determine whether the heavy lifting done up to that point has helped the organization develop the new muscles necessary to break through.



Taking the Hill ...

As the organization survives the crisis, it emerges stronger, more confident and more capable of tackling the last leg of the transformational journey. This is the same type of boost a spacecraft gets as it rounds the moon and catapults back toward earth. The energy created is used to help the organization propel itself forward.

PASSAGE # 8 – TRACTION

You know that wonderful feeling of relief when the wheels of your car grip the road in the midst of a snow storm, and allow you to avoid getting stuck. The traction phase of organizational transformation creates the same feeling. The leaders gain a stronger sense of imminent success and the body of the organization responds in kind, putting its shoulder to the wheel.

Traction allows everything to just seem easier and to come more naturally. The barriers, burdens and hurdles seem to melt away, and the organization picks up speed as it feeds off its newly cemented confidence. This is the moment you have worked for and, while not without its own perils and hard work, it takes place within a new climate of focused commitment and fierce resolve.

Savour this moment as the reward for all the hard work done along the way but, rather than coast, put your foot to the floor and accelerate.

Finding the Groove ...

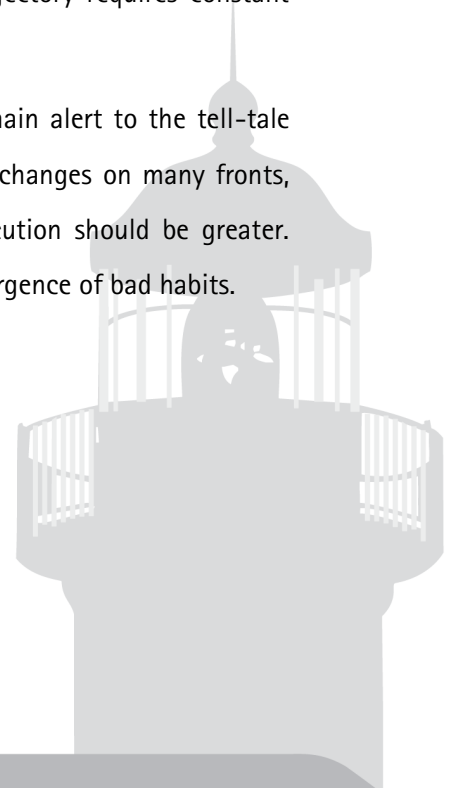
The organization deserves a reward for all its efforts, trials, tribulations and hard work. The leaders have taken their people through a difficult and tumultuous journey. The prize at the end is an organization that is firing on all cylinders, with good balance, sound perspective and growing capability. The fundamentals have been tackled to the ground and the people, policies and processes are all delivering as hoped for. The organization has become a smooth running engine, and now the task changes once again as it enters the final passage.

PASSAGE # 9 – SUSTAINABILITY

Sustaining success is hard work!

While it may be the end of the transformational journey, it's not the end of the hard work. The work may be different, but it is equally challenging and by no means is sustainable success guaranteed. It must be earned and re-earned everyday, in every way, by every person. Keeping the organization on its forward trajectory requires constant care, attention and fortitude.

The leaders must be vigilant like never before. They must remain alert to the tell-tale signs of moving backwards. They must continue to make big changes on many fronts, but the energy required should be less and the ease of execution should be greater. Staying in a good place means staying alert to the slow re-emergence of bad habits.



Steps to Take :: Actions to Consider

The decision to embark on a truly transformational journey should not be taken lightly. The leaders must commit to seeing it through and must understand there are predictable passages they need to navigate along the way. Promises should be few, and guarantees abolished. No transformational leader can allow ego and bravado to take control of them, their actions or their words. The promises should only be about the hard work that lies ahead and the reward at the end of the tunnel. Realism and truth must become the order of the day and the touchstone for the behaviour of leaders - at all levels.

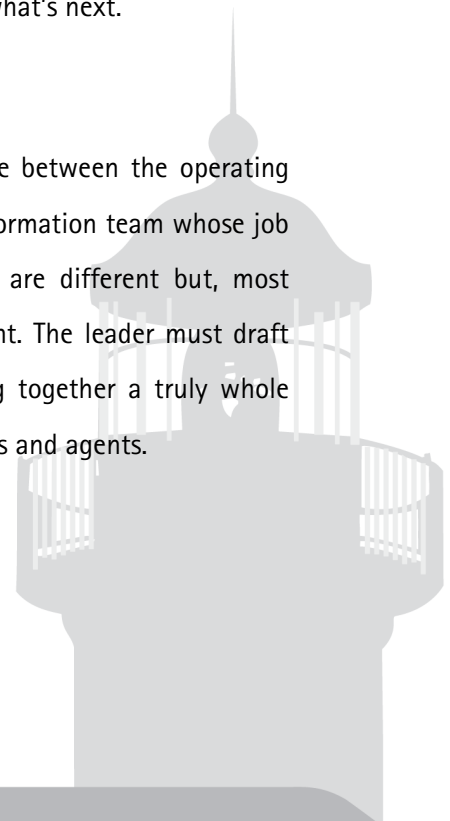
The leaders can and should lay out the broad strokes, but avoid the temptation to offer the fine detail to those who cannot exist inside the cloud of uncertainty and ambiguity. They should set the compass heading, but avoid handing out the detailed road maps that many people will be demanding.

The leader must appeal to heart over head.

Here are some things to think about, as you begin to consider what's next.

BUILD THE GUIDING COALITION

Your first task is picking the team. There is a huge difference between the operating team you may need to keep the business running, and a transformation team whose job it will be to reimagine the future. The skills and aptitudes are different but, most significantly, it is the mindsets and attitudes that are different. The leader must draft wisely, and from all levels of the organization, when putting together a truly whole brained, cross functional and cross disciplinary group of advisors and agents.



BRING THE COALITION INSIDE THE TENT

Your first act of courage will be to trust the coalition with an open, honest assessment of where the organization currently stands and the obstacles and imminent risks it faces. The leader must be willing to pull back the veil and call things as they really are. There can be no room for obfuscation or gilding the lily – it's the straight goods, raw and ugly, that must be put on the table.

EMBARK ON A DIALOGUE OF DISCOVERY

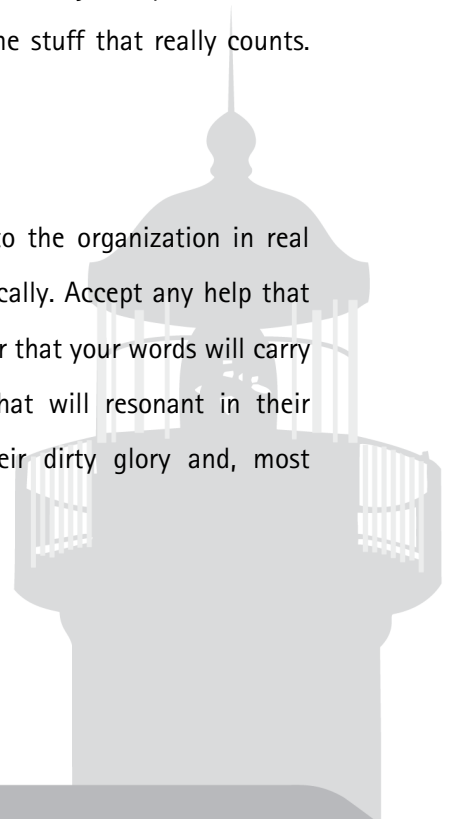
Members of the guiding coalition must be given a clear choice – join the battle or step aside. This must truly be a coalition of the willing, and the willingness must be to break the old model apart and start with a blank sheet of paper. There can be no room for biases, sacred cows or antique paradigms. The task must be undertaken as it was in the movie Apollo 13, where the entire mission was about getting the ship back to earth.

FOCUS YOUR ENERGY AND RESOURCES

Decide what really matters and what will have the biggest impact. Do the hard work first and forget about the pseudo benefits of "low hanging fruit". The journey will not be determined by early wins, but rather by new choices about the stuff that really counts. Strip away the excuses and face the demons.

EMULATE CHURCHILL

Take control of the narrative. Lead from the front and talk to the organization in real terms, appealing to emotions and setting expectations realistically. Accept any help that anyone can offer and recruit volunteers to the cause. Remember that your words will carry extra meaning, and that words matter. Pick those words that will resonate in their simplicity and common sense. Present the facts in all their dirty glory and, most importantly, offer hope while promising hard work.





The Beacon Group is ...

The Beacon Group is a Canadian-based professional services firm supporting clients throughout North America and around the world. We work with organizations in all sectors and industries in the development of their business strategies and in leveraging their investment in human capital. Our full line of service offerings ensures we are not only able to help leaders understand the strengths, weaknesses and opportunities of their organization, but also develop and deliver programs that address their key areas of concern.



Our Core Values

In all aspects of our client relationships we commit to being:

- Progressive** - Forward thinking | Pragmatically radical
- Thought Leaders** - Innovative | Audacious
- Responsive** - Fast acting | In touch
- Agile** - Enthusiastic | Nimble
- Passionate** - Loving what we do | Creating passion in others
- Customer Driven** - Dedicated, involved | Totally committed



The Beacon Group is represented by a diverse group of talented individuals who come from a wide variety of professional backgrounds. This breadth of knowledge and experience is what we believe sets us apart.

Our essential goal is to assist senior leadership teams in their efforts to:

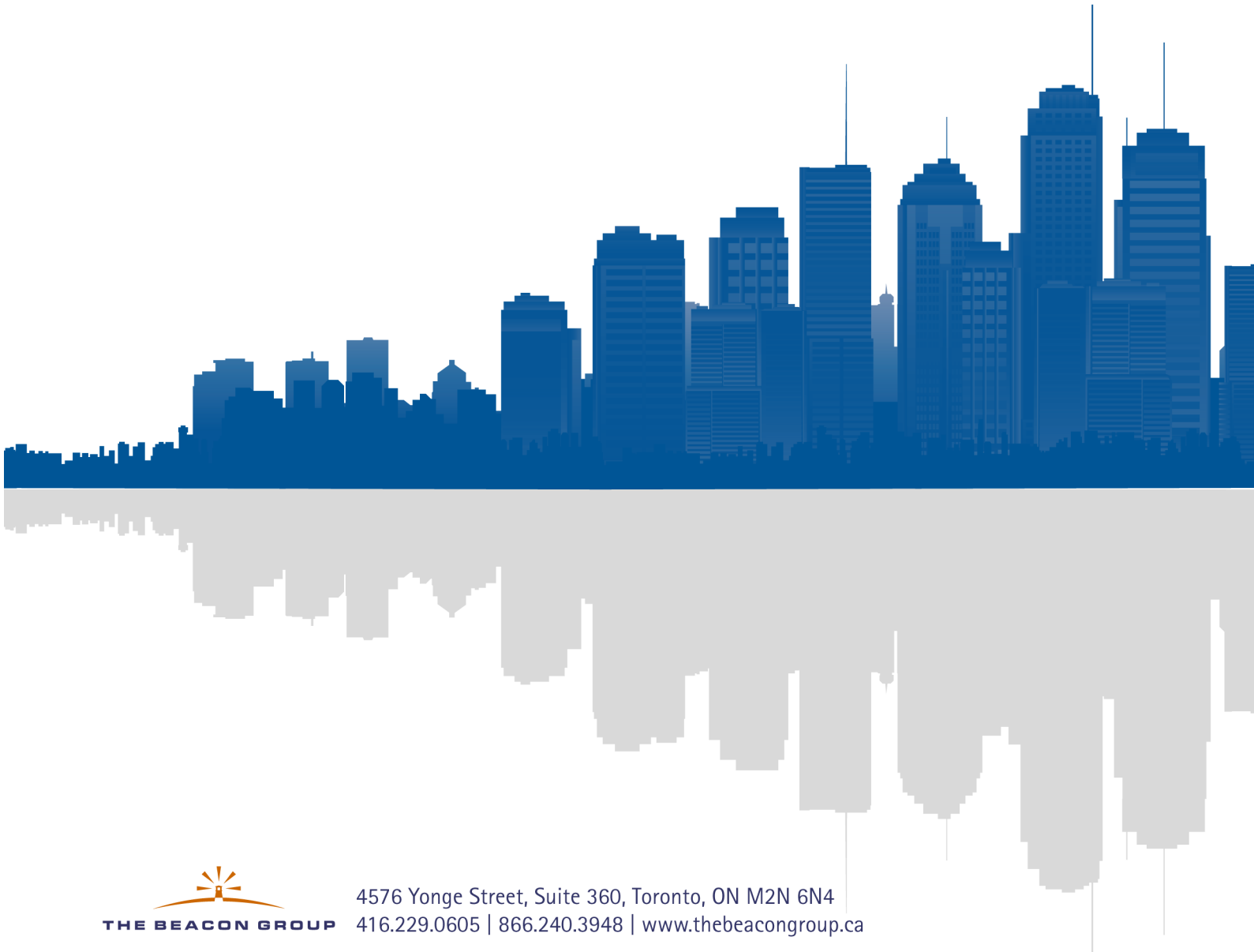
- **Optimize** – their strategic positioning and market opportunities.
- **Maximize** – long-term organizational health and effectiveness.
- **Develop** – overall leadership competency and fitness.
- **Create** – sustainable levels of superior performance.

We do this by partnering closely with our clients to ensure their strategic business objectives are fully and adequately aligned with the capacity and capability of their people.

Our ultimate aim is to ensure leaders, at all levels within an organization, are better able to understand the world in which they live, better able to make sense of the conditions they face and better equipped to deal with challenges as they arise. As a result, we ensure they are better able to influence their future and realize their potential.



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