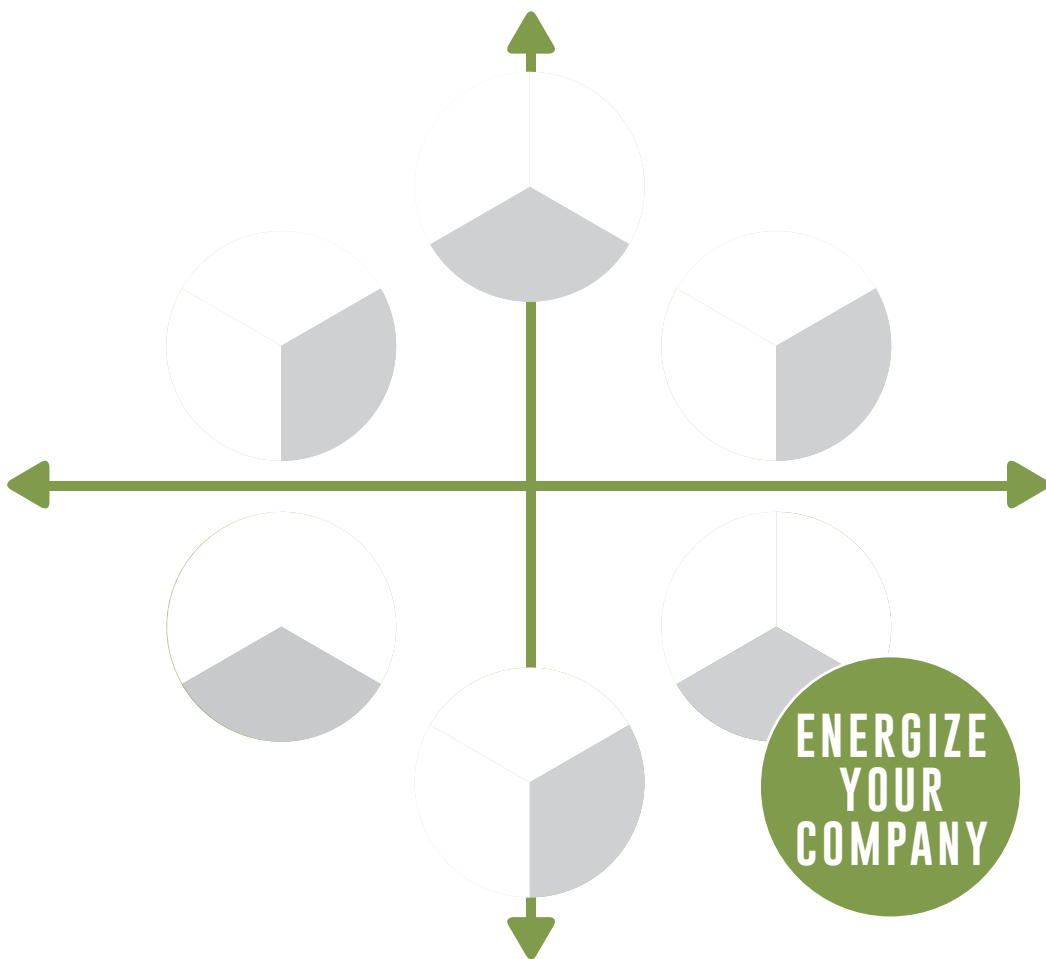


PETER DE PRINS GEERT LETENS KURT VERWEIRE



SIX BATTERIES OF CHANGE



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**AN INTRODUCTION TO THE SIX
BATTERIES OF CHANGE**

The sources of
organizational energy



Key questions

What is organizational energy and why is it key to successful change?

Why would our integrative, inclusive model of the six batteries work better than traditional change models?

Is it true that 70 percent of the change programs fail?

How do companies implement change in rapidly changing times?



Spark for reflection: The mastery of Team Sky

Cyclist Bradley Wiggins looked out of the window of his private jet, as it left the French coastline behind and headed towards England. Accompanied by his wife and two children, as well as manager of Team Sky, Sir Dave Brailsford, he was flying home for the final stages of preparation before the 2012 Summer Olympics. In 10 days he would compete for gold in the individual time trial. Wiggins reflected on what had been an incredible year for him and Team Sky. He had won three important one-week stage races and a few hours earlier he'd stood on the podium as winner of the Tour de France, the world's most prestigious cycling race.

Team Sky was a relative newcomer in the cycling peloton. It had been formed three years earlier by Brailsford, who had built credibility in Beijing 2008, where Great Britain won eight gold medals – a unique performance in British cycling history. Brailsford's goal was to have the first ever British winner of the Tour de France. Mission accomplished.

Brailsford introduced a science-led approach that bred phenomenal success in the discipline of road racing. He and his team examined every aspect of cycling in minute detail for possible improvement, and the cumulative effect of those many small gains gave the team a considerable advance on the opposition. Team Sky had rethought and worked hard on elements such as training, equipment, performance management, psychological support, nutrition, and racing tactics.

Team Sky had also established a special culture and connection among its riders. It provided individual psychological support and helped riders to deal with their emotional challenges and fears along the way.

In only three years of intensive hard work, their efforts had finally paid off. Wiggins realized that he and Team Sky had shown an almost complete mastery of sport's most complex alchemy: the compelling amalgam of teamwork and individual effort...¹

Really? Another model for change?

Getting an organization back on track and/or changing its course is always challenging. Managers try to instill new directions for their companies, but most of them fail to realize the strategic goals they have set. This is surprising, as there is plenty of help out there – including thousands of books that offer useful advice and numerous change management consultants.

Many of the traditional recipes for success have lost much of their value, though, as firms increasingly face more turbulent environments. John Kotter, Harvard Business School authority on change and inventor of the famous *Eight-Step Model For Leading Change*, acknowledges that traditional change tools can deal with tactical and strategic issues in a changing world only up to a point. These tools and approaches are effective when it is clear that you need to move from point A to a well-defined point B, and when the distance between the two points is not enormous.²

That linear world is gone. With that insight, it becomes dangerous to see change as a top-down, sequential process. As Figure 1 suggests, it's no longer a top team who dictates what has to happen; meaningful activity is taking place at the *grassroots level*. Managers and employees at all levels are experimenting, and their orders and instructions are increasingly ambiguous. Companies today need to be ambidextrous: *efficient* in managing today's business and *adaptive* to tomorrow's demands.

The sequential, linear approach tends to look at managing change as a primarily *rational* process, overlooking the importance of the *emotional* side – for successfully implementing or dealing with change today is largely about influencing and convincing people. Employees of today have a habit of *not* conforming to the rational arguments and orders of top managers. Change is much more unpredictable than we often take for granted.

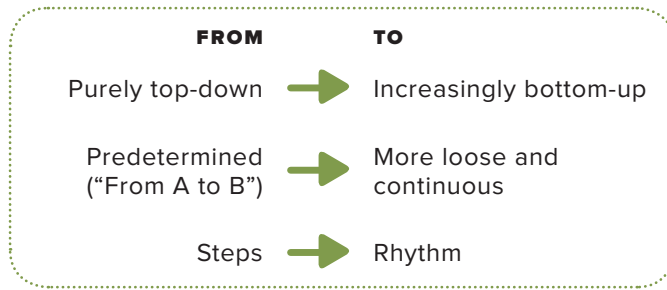


Figure 1 • New approaches to change management

A new change model must take into account this evolution in thinking about change. A contemporary and relevant change model needs to be *inclusive*.

- It specifies the roles of top and middle managers and employees in the change process.
- It reveals how the efforts of both top managers and lower-level employees contribute to effective change.

In addition, the new change model needs to be *integrative*.

- It reconciles rational with emotional aspects of change.
- It allows for continuous change, rather than a once-and-for-all approach to change.

We need to replace the linear and sequential approach to change with an approach where we think in terms of *rhythm*, not steps. Managers need to continuously evaluate their change efforts and processes, and adapt them as circumstances change.

At Vlerick Business School, we have developed such a model in collaboration with the Royal Military Academy of Belgium. We, the authors of this book, all with different academic backgrounds, met with change consultant Carel Boers, who has managed several corporate turnarounds, for a much-needed discussion on change models of today. The diversity of perspectives when discussing various change cases was striking. All of us had something to bring to the table – most valuable

though, and especially to corporate managers, is the integration of our ideas in what follows.

Energy as the main driver of change

The starting point of our change model is that effective transformation is about managing *organizational energy*. When we look at the history of organizational change efforts, we come to the conclusion that the most common reason a company's leaders fail to reach their desired outcome is because their change efforts run out of energy... they fizzle out. Leaders who are able to tap into the existing energy for change that exists in the company's culture and in its people, and unleash this energy for the benefit of achieving organizational goals, typically get better outcomes. Building and maintaining energy for change for the long haul is a key requirement for leaders with transformational ambitions.

While the concept of energy features surprisingly little in the business press, we are all witness to its importance in the corporate world. Southwest Airlines, Apple, Google, Haier, IKEA... these are ambitious, vital and agile companies, known for being innovative and entrepreneurial, hitting the market with successful products and services, and being driven by a passionate, positive and dynamic workforce. Energy abounds in these companies; they are *energized*. Contrast this with low-energy companies, where there is a lack of challenge, lost opportunities, waste of talent, cynicism and frustration, and where mediocrity rules.³

Energy is an important characteristic of great leadership, too. Effective leaders are able to harness the energy of their people to create a better future. Management writer Peter Drucker claimed: "Your first and foremost job as a leader is to take charge of your own energy and then help to orchestrate the energy of those around you." Tony Schwartz and Jim Loehr, authors of the book *The Power of Full Engagement*, shared this view: "Above all else, a leader is the Chief Energy Officer. Leaders are the stewards of organizational energy; they invest energy from all the connected cells in the service of the corporate mission."⁴

But the energy of a leader is not enough to achieve great results. The entire organization needs to be energized to achieve change success or breakthrough performance; i.e. what is required is *organizational energy*.

Organizational energy can be defined as “*the extent to which an organization has mobilized its collective emotional, cognitive, and behavioral potential to pursue its goals*”⁵

- The *emotional* component is the extent to which people are passionate and enthusiastic in their pursuit of the company’s goals.
- The *cognitive* component refers to the capacity to be alert to, and creative in the face of, new opportunities or threats.
- The *behavioral* component is the extent to which employees will go the extra mile, or stretch themselves to achieve shared goals.

A company’s organizational energy is a collective dynamic force that is much stronger than the sum of individual forces or motivation. The intensity of energy differs from company to company; in some organizations that collective force is strong, in others it is barely present. High-energy companies have mobilized all their employees to work together to achieve great results. Low-energy companies lack such energy. Their people may feel emotionally distant from the company’s goals or they may feel little excitement or hope. They are in “sleep mode”, happy with the status quo. They lack the vitality and ambition to improve or to reach for something new or different.⁶

Energy, however, can be positive or negative. As a result, high energy is not always better. Some organizations have high levels of energy but use it in a destructive way: employees and managers may have internal fights; marketing fights product development; or sales is at odds with operations. Energy is wasted internally. Staff is overwhelmed by projects, without clear definitions of scope or appropriate resources. Other organizations lose energy when strategic projects fail to inspire employees. In this case, new initiatives are met with skepticism and employees oppose moving in the new strategic direction or resist adopting new so-called best practices.

It is important to create *energy that is channeled into purposeful action*. Only then is high energy productive and will it yield organizational benefits.

Although organizational energy is an emerging concept in the academic and business literature, there is evidence that productive energy is positively correlated with company performance. Productive energy affects profitability and productivity, and has a significant effect on customer loyalty and employee commitment.⁷ Our research confirms that *energy today drives tomorrow's performance*. Companies with high levels of (productive) energy are better performers but are also better at change.

Six sources of organizational energy

Having established that organizational energy is a critical factor in successful adaptation, we were led to ask: why do certain companies have such low or negative energy levels, and what are the sources of energy loss that make strategic change projects fail? We found multiple sources of energy loss in organizations (see Figure 2), which we grouped according to meaningful themes that we've come to call our 'six batteries of change'.

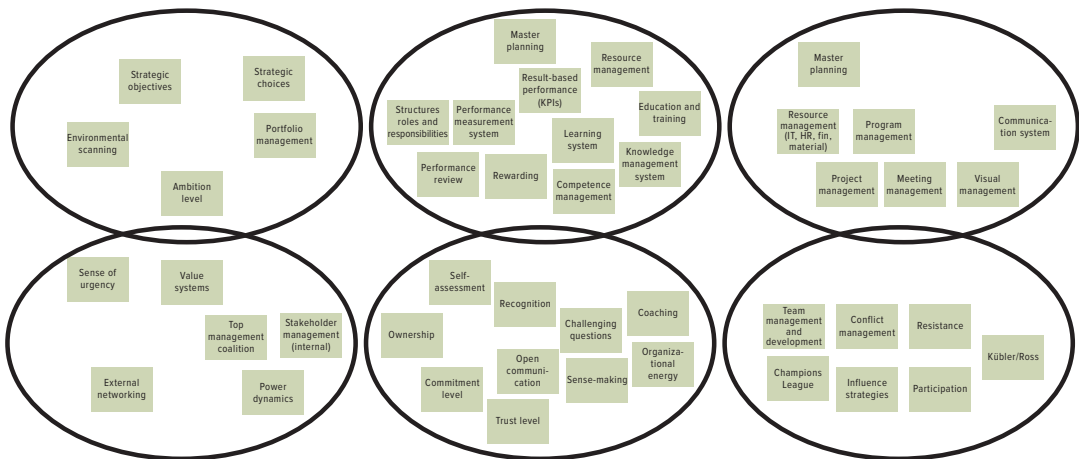


Figure 2 • Sources of energy loss in change⁸

These themes help us to explain *why change efforts fail or succeed*. If you charge the ‘batteries’, they generate enough energy to get the change project moving in the right direction. Change management is about managing the batteries of change.

Specifically, we contend that these batteries help to explain two key change dilemmas faced by managers.

The first is the *distinction between top and bottom*. Change tends to be initiated at the top, where senior executives create visions for their organization and develop strategic plans to realize those visions. Having both a purpose and a plan are undoubtedly important. However, many change projects fail because there is a gap between top management’s announcements and action plans at the bottom.⁹ Executives need to be aware that a change plan is often translated into many local initiatives that need to be managed in turn by *local change agents*. In reality, top executives don’t always spend enough energy translating their visions and blueprints into concrete actions to be launched within different departments and sub-units of the organization. Conversely, many change projects cannot surpass the operational level. Change is initiated at a local level by enthusiastic individuals who want to improve the functioning of the organization, but is never taken to a more strategic level. The result is change initiatives that remain local initiatives with limited impact. In other cases, local change initiatives conflict with one another, leading to internal fights and destructive energy. Successful change requires that change occurs both at the *strategic level* and at the *operational level*.

A second change dilemma occurs when change leaders are unable to connect what we describe as the ‘formal’ and ‘informal’ sides of change. Specifically, they prioritize the rational over the emotional. Change strategies, project management, and change management infrastructure must of course be sound – this is the hardware of change. But even the best hardware cannot work properly without adequate software – the people and culture of an organization.

Many organizations are too focused on the formal (rational) aspect of change at the expense of the informal (emotional). We contend that these are equally important. In *The Happiness Hypothesis*,¹⁰ Jonathan Haidt illustrates the battle between emotions and rationality with a metaphor based on a (fictitious) premise that elephants love ice cream. The riders on the elephants symbolize the rationality of the

mind and expect to go from point A to point B. The six-ton animal symbolizes the emotions of people. If someone would stand along your path holding an ice cream cone, your elephant would be very tempted to get it. As a rider you would be pretty helpless and have little chance of getting the elephant to move in any direction but towards the ice cream. The conclusion is that the rider is an advisor or servant, not a king. The emotions of the elephant make it reach for short-term satisfaction (getting the ice cream), which momentarily blocks the long-term goal of getting to B. Put differently, change leaders need to be aware of the emotional aspects of the organization and master these often hidden dynamics of organizational change in order to succeed.¹¹

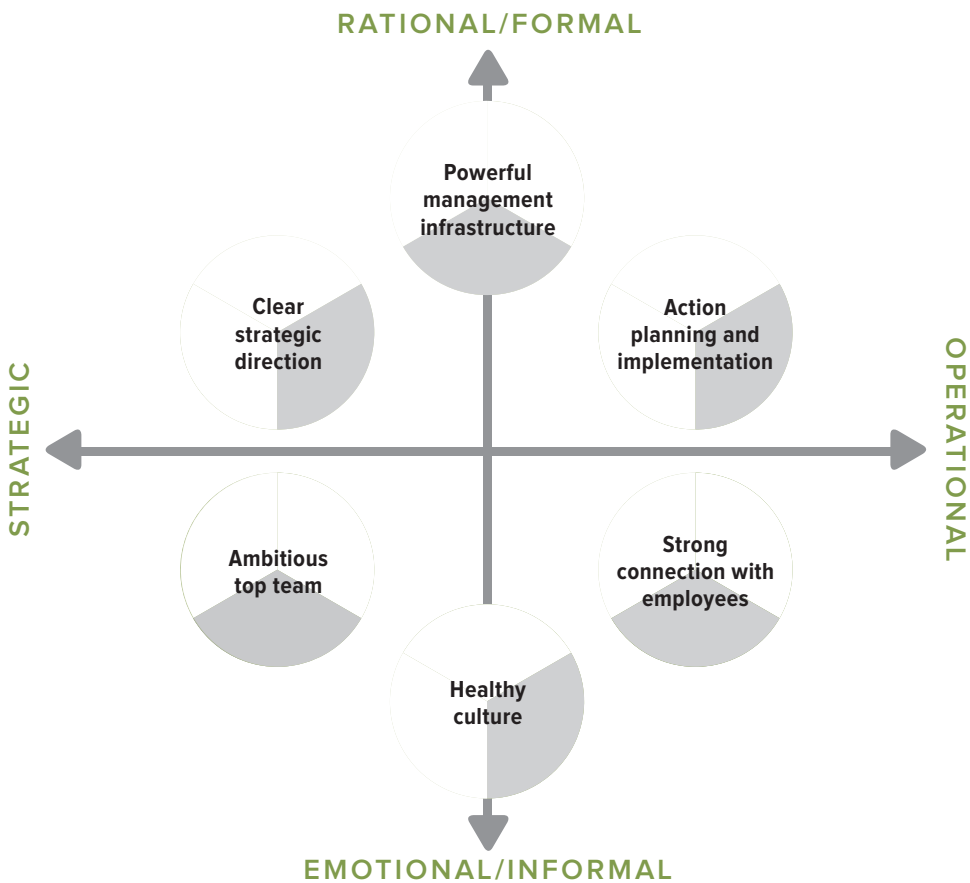


Figure 3 • The Six Batteries Model

The resulting framework in Figure 3 illustrates an ideal balancing of the formal and the informal and the strategic and the operational:

- *Battery 'Clear strategic direction'*: provides focus and ensures that change energy is oriented in the right direction.
- *Battery 'Powerful management infrastructure'*: comprises the organization's structures and systems needed to balance *running* and *building* the business as well as *maintaining* and *improving* performance. It is the energy control system that bridges the high-level strategy and the many operational projects and processes undertaken in the organization.
- *Battery 'Action planning and implementation'*: covers project and process management; this is where energy is transformed into clear customer benefits or improved organizational capabilities.
- *Battery 'Ambitious top team'*: covers the top team that generates energy for change; a cohesive top team inspires with vision and aspiration. This team brings passion, purpose and meaning to the table while serving as a role model for change.
- *Battery 'Healthy culture'*: amplifies change energy by building an open and transparent environment that brings people closer together. This drives the organization to stretch its goals and to seek opportunities for individual and organizational growth.
- *Battery 'Strong connection with employees'*: focuses on the connection with the people in the organization. There is no organizational change without individual change. Connecting with the emotions of employees gradually increases their desire and ability to embrace change and become fully committed to it.

Each battery of change is in turn associated with six energy domains:¹²

- *'Clear strategic direction'* is the source of *intellectual energy*. It is the company's choice of direction based on analysis, insight, thinking and synthesis. It is the energy generated by understanding your internal and external environment, planning ahead, and making consequent strategic decisions.
- *'Powerful management infrastructure'* contributes to the organization's *systemic energy*. It is derived from the company's systems, structures and procedures that prioritize and support change efforts while improving on them continuously. It is about figuring out how to get more out of the whole rather than out of the constituent parts.
- *'Action planning and implementation'* provides *physical energy*. It is the drive to make things happen, by way of sound data analysis and thoughtful experimentation that identifies the best way forward. It is also about making progress visible and the vitality this creates. Here lies the kinetic force of change.
- *'Ambitious top team'* is the source of *spiritual energy*. It is the commitment of the company's leaders to build a common vision and to create confidence in a compelling and meaningful ambition.
- *'Healthy culture'* is the source of *social energy*. It is the energy people get from positive relationships with others, their feeling of 'us' instead of 'I' and their common search for victory.
- *'Strong connection with employees'* generates *psychological energy*. It is the trust among employees and leaders, and the courage to embrace the change. It is the feeling of safety and support when making changes that ultimately translates into a belief in the power of 'self', 'team' and 'organization'.

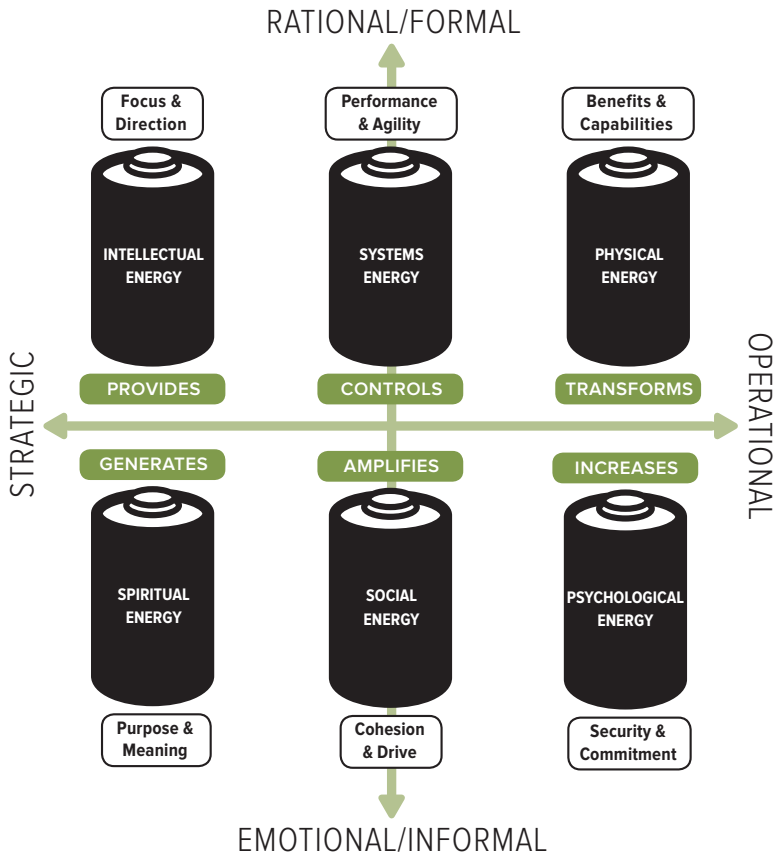


Figure 4 • The six batteries and their associated types of energy



BACKGROUND SNAPSHOT: BEHIND THE SCENES OF OUR RESEARCH

We started this research project in the winter of 2012, three academics and one change manager. We had different backgrounds, but all of us had had regular contact with the business world – whether as a teacher, consultant, or business manager. What drove us together was the realization that we all looked at change from a fragmented perspective. If we brought our ideas together, we believed, we could bring something more valuable to the table.

When we developed our batteries model in 2014, we presented it to hundreds of managers in talks, in our classes, and in our consulting meetings. We received positive feedback: the model was simple, but not simplistic. It helped managers to discover the blind spots in their change approaches. Often they brought examples of how they had tackled particular change problems. We started to document these cases to show how the batteries of change could be used to explain successful change.

In 2016, realizing it was time to empirically validate whether the concept of organizational energy was linked to change success and change effectiveness, we approached managers who had been exposed to the batteries model, asking them and their executive colleagues to fill out a questionnaire. We collected information from 112 companies: subsidiaries of famous international companies – like Medtronic, Merck, Yusen, KBC and ING – and many smaller local firms; companies from different industries, including construction, financial services, logistics, automotive, postal services, technology, and professional services. We collected information on their batteries of change, but also on the characteristics of their change projects and the effectiveness of their change journeys. For example, some change projects helped companies to improve their performance. Other change projects helped companies to get ready for a digital world. With some of the companies from our sample, we had follow-up meetings to discuss the findings and validity of the results.



TEAM SKY AND THE BATTERIES OF CHANGE

Being successful in cycling – as in most sports – is about more than attracting a bunch of top athletes and paying them well. Our batteries model helps to better understand why Team Sky has been able to achieve such remarkable success over the last couple of years.

Sir David Brailsford had an ambition for Team Sky that was inspiring and motivating: to have a British rider win the Tour de France within five years. Brailsford then went one step further in a sport mired in doping scandals: he