

*“A great corporate transformation game plan for leading in a disruptive world.  
This very practical playbook is simple, fast, inclusive, results-oriented, and proven.”*

—Noel M. Tichy, Global Leadership Authority

# **BIG IDEAS TO BIG RESULTS**

SECOND EDITION

**LEADING CORPORATE TRANSFORMATION  
IN A DISRUPTIVE WORLD**

**ROBERT H. MILES | MICHAEL T. KANAZAWA**

## **Praise for *BIG Ideas to BIG Results*, First Edition**

“This book is a must read for leaders building focused and strategically driven businesses. Mike and Bob, the knowledge practice leaders in transformation leadership, here provide important insights for managers who aspire to impact the direction of their organizations.”

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“*BIG Ideas to BIG Results* captures a very simple but powerful methodology for transforming ideas into action. Their recipe for leadership really moves the corporate mountain.”

—**John Baker**, CEO and President, Florida Rock Industries, Inc.

“*BIG Ideas to BIG Results* shows how to take strategies and connect them with tactics, align an entire organization around a common set of goals, and get everyone bought in. It is the one ingredient most companies miss, and this is the one that helps you win.”

—**Tony Weiss**, Vice President/General Manager, Software, Peripherals, Imaging, Displays, and Dell Direct Retail, Dell, Inc.

“*BIG Ideas to BIG Results* is chock full of practical tools to get your strategy and operations in synch and moving faster down the track—a ‘do more on less’ guidebook for every executive.”

—**Marty Beard**, President, Sybase 365

“Want to improve your valuation? Get your ACT in gear. This book is highly recommended reading for executives who understand that higher market values are commanded by those companies that consistently generate big ideas and convert those ideas into big results.”

—**Michael Gardner**, Executive Vice President, Wedbush Morgan Securities

“Having experienced guidance from Mike on his process for strategic transformation in our business unit, I must confess that I am now reconciled with strategic business consultants! This book is a must-read for any executive willing to engage into a reshaping of its organization for a more ambitious future.”

—**Olivier Le Peuch**, President, Schlumberger Information Solutions

“Our executive clients consistently ask for tools, rather than theory, that they can immediately implement in order to execute strategy. *BIG Ideas to BIG Results* offers a uniquely clear and practical format for confronting and transforming reality with proven results.”

—**Whitney Hischer**, Assistant Dean, Center of Executive Development, Haas School of Business, University of California at Berkeley

“*BIG Ideas to BIG Results* describes a powerful yet simple way for leaders to reposition a company in a highly efficient manner, critical in today’s fast-paced, everchanging, ‘flat’ world. It produces clear measurable results, energizes and aligns everyone in the organization, and is the only methodology I have experienced where everything you do is an integral part of your job—period!”

—**Javed Patel**, CEO, Sierra Monolithics

“It’s one part strategic focus, one part business operations, one part leadership, and one part employee engagement. Mike and Bob show you the streamlined, simple, and potent recipe for combining these elements to turn your big strategic ideas into real business results.”

—**Pascal Lenoir**, CEO, NagraStar

“*BIG Ideas to BIG Results* is a must read for every CEO, offering a practical approach to alignment and engagement that will result in unbelievable transformation. This book is easy reading and is full of great case studies that will inspire every person in a business leadership role.”

—**Carlo Saggese**, Vice President of Application Development, Vistage International—The world’s leading chief executive organization

“Kanazawa and Miles provide an easy to relate account of some often paradoxical issues with large corporations. The authors provide sound advice in a book which can be easily read on a long flight.”

—**Peters Suh**, President, Vodafone Asia Pacific Ltd and Vodafone Ventures Ltd

“Mike Kanazawa and Bob Miles lay out a powerful, proven process for leaders at all levels. With a focus on alignment and engaging the entire organization, this book is an excellent resource for leaders who want to drive results.”

—**Ann Marie Beasley**, Vice President, Office of Strategy Management, Symantec Corporation

“This is a must-have handbook for any leader guiding an organization through strategic change. It provides practical insights that ensure the entire organization understands its role in fulfilling the strategic aims of the business. Too many transformational frameworks rely on a top-down approach; this book helps you ensure all the oars are in the water and rowing together.”

—**Matt DiMaria**, Chief Marketing Officer, Sonic Solutions

“I love the topic the book is addressing. Its approach simplifies the recipe for success for any business, large or small, private or public, from the aspect of making ideas produce results. Too often, we as corporate executives go out of our way to complicate the planning and implementation process. It is obvious that the authors have witnessed this tragedy over and over, as their writing is filled with practical examples of ‘how-to’ bridge ineffective scenarios to become high-performing environments.”

—**Esther de Wolde**, CEO, Phantom Screens

“Whether your organization numbers 10 or 10,000, you owe it to yourself and your team to read this book! The proven process will enable you to refocus your organization, implement lasting change, and produce sustained superior results.”

—**Rob Koteskey**, airline captain, naval officer, and team performance consultant

“Big ideas are the easy part. Getting big results requires the joint efforts of all, and not just going through the motions or going along with the flow. *BIG Ideas to BIG Results* provides the recipe for combining your big ideas with an inspired and engaged team. Simply put, it just works.”

—**Larry Mondry**, CEO, CSK Auto

“*BIG Ideas to BIG Results* strikes a balance that is very difficult to achieve in that it’s not so rigid as to seem artificial, yet not so flexible as to lack conviction. This book provides real, sound advice.”

—**Bill Hopkins**, Managing Principal, Odyssey Investment Partners

“*BIG Ideas to BIG Results* provides leaders with a solution that instills confidence, purpose, and alignment throughout an entire organization and spikes it with a bias for speed and ACTION. The ACT ‘leader-led’ process is a dramatic departure from traditional consulting methods in that it unleashes value creators at every level of an organization.”

—**George A. Coll**, SVP, New Services, Sears Holdings Corporation

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# BIG Ideas to BIG Results

Leading Corporate Transformation  
in a Disruptive World

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Leading Corporate Transformation  
in a Disruptive World

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*To the future:  
Miles Curtius Lewis  
and  
Katharina Anna-Sophia Miles  
With love,  
—Bob*

*To my wife and children and the life we share,  
to John Dare and David Takeuchi and the businesses  
we built and to co-workers and clients  
for the experiences we create. ...  
—Mike*

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# Preface

Corporate transformation is tough work, but extraordinarily rewarding for all involved when led successfully. Somebody's got to do it, and do it well. What if that someone happens to be you? Where will you start? How will you frame your transformation game plan and lay out its roadmap? What will you do first, and who will you engage when in the enterprise? How will you keep it alive after the early excitement? And how will you make it part of your management process so that it can become a reliable core competency for rising to the increasing rate of disruptive transformation challenges facing your company?

## **Leading Rapid Corporate Transformations in a Disruptive World**

Getting from *BIG Ideas to BIG Results* was the promise of our first book, and it remains so in this second edition. In the first edition we focused on sharing insights gleaned from over two decades of intensive support of dozens of successful CEO-led corporate transformations. In this edition, we want to respond to the many requests from readers for guidance on how to lead a rapid transformation, step by step. The book has been reorganized—indeed, transformed—from a topical exploration of rapid corporate transformations into a roadmap of chapters that actually reveal the required phases of work.

The second reason for writing the new edition has to do with dramatic changes that have taken place in the decade since we first put our *BIG Ideas to BIG Results* pens on paper. The frequency and intensity of disruptive innovations are increasing, emphasizing the importance to the fundamental capability of leaders to drive corporate transformations and leading to new accelerators and innovations

to how transformations are realized. Today, transformations require purpose, a clear focus on customer experience, design, agility, and an ability to engage digitally connected stakeholders inside and outside of the formal organization. We have continued to evolve our approach by incorporating accelerators that have allowed companies to stay a step ahead of the megatrends that are reshaping the business environment and the constant onrush of disruptive new competitors.

In this new book, we have attempted to take the complexity out of leading corporate transformations, thereby enabling you to speed it up to keep everyone's attention and realize early breakthrough results. This simplified format and streamlined roadmap are not only essential to guide Chief Executive Officers, but they are also critical for the success of the senior leaders who report to the CEO as well as of the leaders of the business and functional units that must implement the transformation initiatives. Understanding this same streamlined approach is also important for the managers and employees throughout the enterprise in order to translate the corporate transformation game plan for execution in relevant ways in their areas of responsibility. Finally, staff professionals, who are called upon to support the implementation of a corporate transformation, will find this simplified and compressed approach uniquely effective in engaging the corporate community and accelerating its performance and learning cycle.

Each chapter in the streamlined transformation roadmap outlines the essential steps and specific interventions and embeds them in actual case studies so they may be observed in action. If an executive leader rapidly paces an organization through these steps, he or she will be able to significantly raise the probability of achieving the early breakthrough results that are targeted in their transformation game plan.

We have developed and refined over the decades a methodology for enabling CEOs and executive leaders to rise to a wide variety of corporate transformation challenges—one that is perfectly horizontal,

meaning that it works in every industry and setting in which we have applied it. We often say that it represents simplicity on the other side of transformation complexity. The latest version of the methodology is called *Accelerated Corporate Transformation*, or *ACT*.

For quite some time now, successfully leading an organization through a corporate transformation has consistently been one of the most significant challenges for executives to navigate in their careers. But today's competitive disruptions are coming faster and with greater severity. This means that leaders and their organizations must now become effective at continuously transforming departments and entire businesses, not just once every five to ten years. Creating a leadership team and organization that can, first, achieve and then maintain this level of strategic agility over time has become an essential corporate competency.

Even though our practice has been almost exclusively devoted to CEO-led corporate transformations, the principles and the transformation game plans we have derived from the great variety of corporate transformation challenges, as you will see from the case examples we report, also work for transformation leaders of business units and functional departments. Indeed, many of the embedded ACT principles and techniques are applicable in the final analysis to the manner in which supervisors and first-line employees can more effectively plan and execute their jobs. They actually get trained in these techniques through participation in an ACT-based corporate transformation as part of what we refer to as a *Trojan Horse* for management development.

With all of the fundamental changes around us and desire to uncover the stepwise process, we saw a need to more deeply elucidate and illustrate in this book what is still forever true about transforming organizations and also share the newer disruptive innovations to the way corporate transformation approaches are being shaped by these same megatrends. Our continued work, side-by-side with executives in leading corporate transformations, has given us the ability

to validate the fundamentals of transformation that have been true as long as people have been organizing and creating businesses and better understand some of the new wrinkles to transformation in this age of innovation and disruption.

We enjoyed hearing from you about the first book, without which we would not have written the “transformed” new edition. Given the more operational tack in the new edition, we look forward to hearing about how you adapted and deployed the ACT-based approach to your transformation challenges and turned disruption into opportunity. We will also be on the lookout for any additional lessons you have to share about increasing the simplicity on the other side of transformation complexity.

# 1

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## Accelerated Corporate Transformation: The Foundations

In this world of disruption and innovation, the need to drive sustained growth and profits and generate results through consistent execution of strategy are the top challenges noted by CEOs. To rise to these challenges, leaders at all levels need to execute large-scale transformations, while at the same time delivering short-term results every day. As you will soon see, corporate transformations usually boil down to “a few well-articulated initiatives targeted for breakthrough results in a short period of time...in a sea of necessary incremental improvements.”<sup>1</sup>

Achieving this balance is one of the most difficult challenges you will face as a leader in your career and one of the most rewarding when you get it right. And the challenge has become more acute than before imagined. Until recently, it was generally recognized most executive leaders got to rise to a corporate transformation challenge only once in a career. With little practice beforehand, the odds of success in these previously uncharted waters was slim. Those who could pull off such a feat became the CEO icons of their age.

But today’s universal compression of cycle times across almost all industries is creating waves of transformation challenges in rapid succession that have had two major consequences for the guidance available to executive leaders to ensure success. Even industries previously insulated from big swings in fortune have had to yield to the speedup and compression of many aspects of their business as a derivative of

the march of new technology. First, the speed with which transformation must achieve breakthrough success has greatly accelerated. Put simply, transformations must be both bold and rapid to be successful. Second, the compression of successive waves of potentially disruptive competitive forces has created an environment in which companies must build the competence for leading transformations deeply into the marrow of their management process. Where once it was sufficient to transform something to a target future state, now that once-acquired transformational competence must be enabled to permeate the entire enterprise so as to make it continuously agile in anticipating and adapting to new challenges.

Transformation has been used to describe everything from high-risk overhauls of a business to tactical changes in IT systems. So to be clear, by *transformation*, we mean a wide range of actions and opportunities required to drive continuous prosperity in a business. These range from a new leader “taking charge,” to launching a new phase in the organization, to entering new markets, to integrating major acquisitions, to breaking down silos to operate as “one company,” to boldly launching a major strategic initiative.

This is tough work, and most efforts fall short.

Imagine you are the leader of an organization and you are about to launch a corporate transformation or shift in strategic direction. Your executive team has just completed a set of anonymous interviews with an objective third party. You’re looking over the results as you prepare with your leadership to launch a transformation effort intended to ensure the company’s next growth phase. You wonder how to respond to anonymous quotes like the following:

- “We never follow through on anything all the way to see if it will produce results. We launch things, and then when they don’t immediately turn results, we just start launching more things.”
- “We are the best at being second best.”

- “There should not be 20 initiatives; we should focus on a very few things.”
- “We have organizational attention deficit disorder, starting at the top.”

These are actual quotes from senior executives at some of our multibillion dollar clients who were calling for a shift to a new level of play. Not too encouraging when you are trying to drive a major strategic shift in direction to achieve breakthrough results. These quotes, while alarming, are being expressed in all corners of organizations today. Why do so many high-achieving leaders feel this sense of dread when confronted with the challenge to take things to the next level? Why all the frustration and skepticism?

The need for these major course corrections and interventions to break the status quo—for corporate transformations—is coming in one wave after another because of the challenges of rapid earnings growth expectations, globalization, commoditization of markets, and executive turnover rates, as well as from challenges from activist investors.

How are we doing with these challenges? Not great. Based on data from a poll of 11,000 workers, fewer than half of employees understand their company’s strategic goals, less than 25% feel their organization sets goals that people are enthusiastic about, only 38% believe their planning results in clear assignments for individuals, and 43% feel there isn’t any follow-through on the plans anyway. Whoa! Not a fertile field upon which to nurture a major transformation.

The range of methods for attempting to lead transformations is as varied as transformation challenges themselves. Some leaders resort to dramatic communication “campaigns,” believing that if people can just “get it,” they will “get on with it.” Others attempt to grease the skids of a transformation launch with a barrage of tactical change management and training interventions. Others quickly turn their transformation over to program management offices and then move

on to other issues. And still other leaders scorecard everything in sight because of their gut belief in measurement and delegation.

Clearly, each of these and many other management orthodoxies contain elements that can contribute to corporate transformation success. But none of these more operational and tactical approaches were designed from the outset to handle all of the key moving parts in an enterprise-wide, top-to-bottom, corporate transformation. However, within the orchestration of a proven corporate transformation game plan, many of these tactical methodologies can play an important supporting role—as long as they take their lead from the corporate transformation plan and roadmap that we are about to introduce.

## **Tactical Is Not Transformative**

Let's pause briefly to examine how one of these potentially useful tactical approaches failed to deliver the whole of a corporate transformation.

A typical mid-cap corporation needed to transform to meet new competitive pressures. The senior executive pulled a small team together to build a plan based on industry best practices focused on process and systems enhancements that were targeted at operational savings in Finance, IT, HR, Supply Chain, and other functional areas. A small group of internal analysts provided data to the team to build a financial model that promised to save hundreds of millions of dollars in operating expenses, based on applying ratios of the best practices to the company's financials. These huge expected savings, then taken as a given, would provide much room for investing in reorganization and systems implementations to achieve the savings. With a huge expected return on investment firmly established, the executives signed up to launch the transformation effort.

Right off the bat, rows of cubicles were set up to make room for a newly funded transformation team of process and systems experts to

do their work. Bright and energetic people showed up with great credentials and fantastic analytical skills. They polled managers to build process maps of the current state of the business. Then they applied their “knowledge base” to create a future state of the business, which, of course, included the many organization and systems upgrades they had proposed.

A year into the process, it was time for the organization changes and systems to be rolled out to the “troops.” Blank-faced line managers were now told to “buy in” and start producing the hundreds of millions of dollars in expected savings by implementing the new organization structure, systems, and processes. The money was already spent, so there was no turning back. Unfortunately, the managers weren’t fully engaged in the process and had never agreed with many of the suggested changes. In fact, some of the most high-leverage systems and process changes had not even been addressed because they weren’t a part of the rollout, and the organization changes actually created new problems bigger than the ones they intended to solve. Solutions based on external best practices turned out to be impractical. They didn’t take into consideration how work was actually done in that particular company or their unique approach to customer experience. The process stalled while the rollout team struggled with numerous meetings to listen to the troops’ concerns. By that time, of course, it was too late to make expensive adjustments on a timely basis, and the transformation careened out of control.

Seeing the impasse, the senior executive decided that an internal person should take point because the troops were beginning to reject the entire transformation program. So, two years into the process, a high-potential, upper middle manager was named transformation “czar.” The poor, unsuspecting high potential manager, of course, had little operational clout but fought valiantly in a last-ditch effort to regain momentum for the transformation effort. But, in the end, the effort died a slow death. Some savings showed up as aggressive layoffs. Redeployments caused people to have to do “more with less.”

And a few of the systems changes actually worked. However, the result was far from transformational. It was chalked up by the troops as another “flavor of the month”—just one more layer of projects and programs adding to the overload and gridlock they already faced. Or as one manager called it, “*Just another sugar high.*” Another quick peaking activity followed by a crash.

And what typically happens next? Management sees the lack of results and looks for the next new thing to launch, while employees become even more skeptical and unwilling to salute each successive clarion for change. The high-potential czar is shown the door.

Most of us have seen this type of effort play out similarly to the curve shown in Figure 1.1.



**Figure 1.1** Typical Cycle of Failure

Nobody is immune to the kinds of rapidly changing market conditions that create the need for these bold calls to action, just as nobody can avoid the macro business cycles that make fortunes rise and fall. And special transformation teams certainly have the ability to help in a more productive way if placed in the correct supporting roles where their true expertise is leveraged. The real question from this description of a sad but all-too-common story: How can we break this cycle? How can we lay out a corporate transformation game plan up front that allows everyone to understand, relate, and commit to performing his or her role in an aligned and energetic manner? How can we

orchestrate a leader-led transformation? And how can we sustain the early high level of energy and focus throughout the Execution Phase?

## Get Your ACT Together

More than 25 years ago, groups of CEOs, division presidents, and their executive teams gathered for two weeks to participate in an innovative program at the Harvard Business School. There, they would work collaboratively on their top business challenge with non-competing peers and key faculty. Spending time in the hallowed halls of ivy was not at all a time-out from real business for intellectual theorizing. While sequestered on the Harvard campus, they would help each other build action plans that they would implement back home. They would then return nine months later to describe to their peer group how the solutions worked and how they could be improved.

After several years of the program, a clear pattern emerged. The biggest and most common problem facing executives was in leading different types of corporate transformations. They had trouble getting their organizations to execute on their stated strategies quickly. The rudiments of the process that resulted, later refined over decades and now known as *ACT (Accelerated Corporate Transformation)*, was conceived through the ideas and trials by these groups of leaders. Its value proposition reads as follows:

ACT is a proven, enterprise-level process architecture. It enables an executive leader to rapidly orchestrate the launch of the next major phase in his or her organization in a simple, high-engagement manner to achieve breakthrough results.<sup>2</sup>

### The Origins of ACT

The ACT (Accelerated Corporate Transformation) process was originally distilled by Dr. Robert H. Miles through the innovative “Managing Organizational Effectiveness” program, which he

chaired at the Harvard Business School. This process architecture was developed through work with top executives and their teams wrestling with the realities of how to rise to the major challenge confronting their organization. The process was refined as he served over the next two decades as the principal process architect of over 30 successful CEO-led corporate transformations. It continues to be refined by Michael Kanazawa and Dr. Miles through their collaborative work with executive leaders facing a variety of corporate transformation challenges.

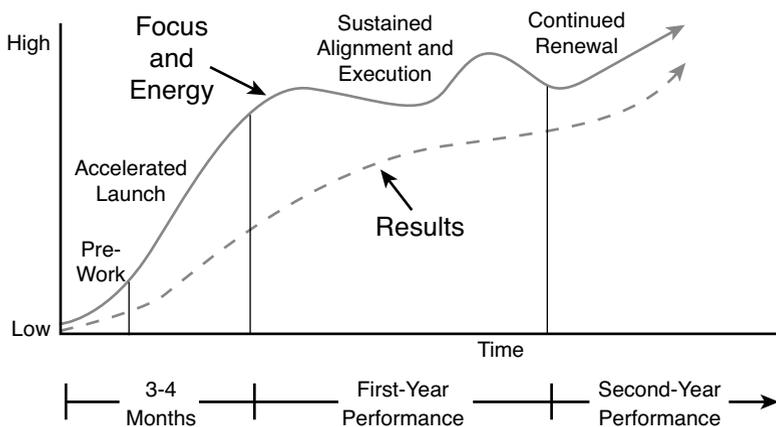
The ACT process architecture has been designed to quickly focus, align and engage the full organization, and then rigorously follow through for execution. It was also designed to be run by business leaders with only light consulting and implementation support the first time through. By design it allows managers at all levels to effectively lead organizational transformation and strategy execution on their own.

Over the years, countless leaders and teams have leveraged the same process and refined and streamlined it with their contributions.

By keeping the responsibility for leading the transformation squarely in the hands of business leaders themselves, the result is not only quantum improvement in the targeted initiatives in a shorter-than-expected period of time, but also a fundamental improvement in the leadership acumen from top to bottom in the organization. Through experience across many transformations, it is clear that each of the ACT process steps counts and, hence, should not be side-stepped. However, the manner in which you and your team lead the organization through the steps really makes the difference. For this reason, in the core chapters of this book, the keys to success are largely conveyed through the stories told by the leaders who have used the ACT process architecture to successfully generate large-scale breakthroughs while driving short-term execution and results.

Following are three examples of the dramatic shifts in performance that are possible, even at a very large scale, within a matter

of months (not years). The companies profiled implemented and adopted the ACT process into their operating and management models to quickly generate their breakthrough results. In comparison to the typical cycle of failure, these successful efforts looked like the curve in Figure 1.2 where focus and energy were built early and then sustained, leading to compounding growth in results.



**Figure 1.2** Business Cycle of Success

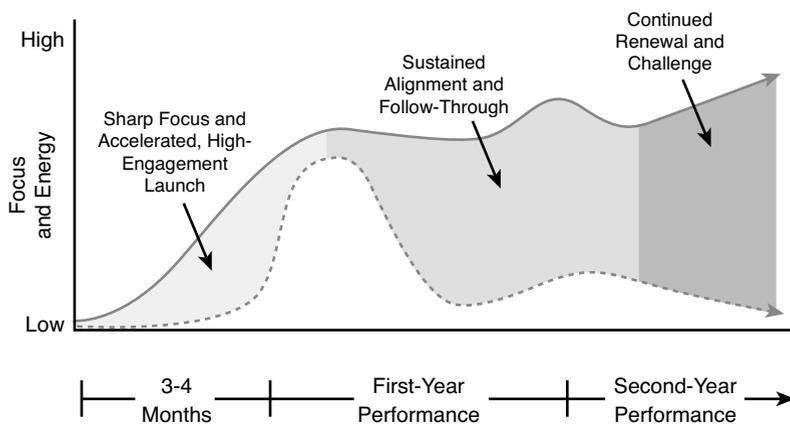
- Twelve months after it failed to merge with a major competitor, the new, internally promoted CEO of a major global retailer faced a huge challenge: to rapidly revitalize the company's sagging retail operations. The company's leaders resolved to once again make the company the industry's most compelling place to *invest, shop, and work*. Indeed, these became the major transformation initiatives upon which the company's revitalization was launched. They succeeded. In a year, the company's share price jumped by 156%, customer complaints fell by 50%, and employee retention rates rose by 72%. The company also moved up from the bottom 10% of the Standard & Poor's 500 to number two in terms of percentage increase in shareholder value. "The biggest surprise," the CEO reflected, "was how

*quickly people in our company said, 'Count me in. Let's go.' I knew it would happen; I just didn't think we'd get there this fast."*

- One of the largest electric utilities in the U.S. needed to transform its major production function, which consisted of fossil fuel and hydroelectric power plants spread over several geographically dispersed operating companies, each with its own union, into a single, new generation company (or GenCo). Changing from a confederation of line units within a regulated public utility into a self-contained, competitive business required the GenCo to learn a whole new way of thinking and acting, all under the white-hot light of a nationally prominent parent company that was acclaimed as *Fortune* magazine's "Most Admired" company in the utility industry and was the nation's largest power company at the time. The makeover involved almost 100 plants and over 50,000 union-based employees reporting to several separate subsidiaries, and the feat was accomplished in the middle of a CEO transition. After the repositioning, the company's operating costs plunged by more than \$100 million in a year and over \$300 million in three years, while accidents were cut by 30% and union grievances fell by 72%. Employee morale soared as well.
- Once a vibrant Silicon Valley high-tech company, a global high-tech software leader had stopped growing. Sales had stagnated at a little less than a half billion per year, largely because its past strategy of acquiring companies for growth had run its full course. In fact, all of the best targets in the market had been acquired, and future growth would require a different strategy based on internal innovations. With strong leadership and the simple ACT-based transformation process, this software leader managed to fold its disconnected subsidiaries into one smoothly integrated business focused on customer needs. The new customer focus and highly engaged team revived innovation, inspired new products, and triggered steady sales growth

worldwide. In the first year alone, the company improved morale, slashing employee turnover by 41%, while its stock price rose by 53%, its revenue jumped by 24%, and its profitability soared by 290%.

The key differences in these successful efforts compared to the typical failed effort can be seen by comparing the success versus failure cycles in Figure 1.3. The keys are generating a tight focus and an accelerated, high employee engagement launch up front and then maintaining alignment and follow-through for the remainder of the performance year. The transformation phases have to be carefully orchestrated by senior leadership. With that kind of corporate transformation game plan in place, it comes down to consistency in driving the process on an annual basis to continually stretch performance.



**Figure 1.3** Key Differences Between Success and Failure

## Make Transformation a Simple Routine

Overall, driving transformations and dramatic shifts in performance is hard work. Old habits die hard. In transformation work there are many moving parts and tough decisions to make. But if you are intent on breaking your organization free of mediocrity or sending

it in a bold, new direction, you can profit from the insights of leaders who have succeeded in doing just that in the chapters that follow. If you put the right process in place, it will handle 90% of all of the lessons, keys to success, and subtle warning flags to which you need to pay attention. Then you can spend your time thinking strategically, working closely with your leadership team, and communicating clearly with all your employees—the key areas where you can provide the most value.

The surprisingly simple ACT-based process architecture can be put in place to bring all of the critical principles into play. It contains the foundational elements for simply and reliably leading a rapid and successful corporate transformation. Most of the remaining chapters lay out in sequence the foundational accelerators that you need to deploy, starting with the Launch Phase and continuing all the way through the Execution and Replanning Phases.<sup>3</sup>

So let's take a closer look at ACT.

## **The ACT Basics: Powerfully Simple**

The ACT process itself does not look too exciting or different on the surface. Many people sharing advice and methodologies have maps that will look almost identical to the untrained eye. However, there are big differences when you go to use them; just as two pieces of music can look very similar on paper, one creates beauty when played, and the other creates dissonant noise. On the surface, both scores will have notes, bars (the lines where the notes sit), and different markings that are the basics of music. But if the notes aren't in the correct sequence and timing and played in the correct key and note combinations, it will just produce noise. One of the pieces of music in Figure 1.4 is the first part of Mozart's *Eine Kleine Nachtmusik* (A Little Night Music), a beautiful song. The other is noise, given a few subtle changes and errors. Can you tell which is which? Clearly, some

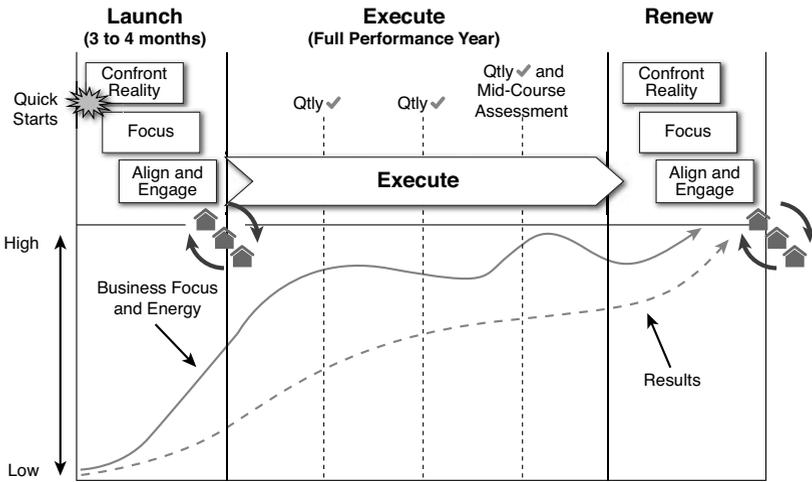
musicians and experts will immediately know, but it is tough to tell on the surface. If we played them both through for you, you'd immediately know for sure. The second one sounds really awful.



**Figure 1.4** Harmony or Cacophony?

Consider the ACT process architecture a symphony that has continuously been played through, improved, and boiled down to the essentials over years of productive work and active use. Each time a new leader uses it, he or she turns another crank on streamlining the process that's been going through refinement for over 30 years. So, the fact that it is simple and not some Rube Goldberg type of process with a million extra moving parts with fancy names is intentional and took hard work. Each part has been simplified and optimally sequenced, and it plays off the other parts in an intentional way in which you as a transformation leader can depend. The methodology is perfectly horizontal. It has never met an industry vertical for which it did not succeed.

In its simplest expression the *Accelerated Corporate Transformation*, or *ACT*, process architecture takes the form illustrated in Figure 1.5. The highlighted elements are what we refer to as the *Foundational* elements that are necessary for effectively leading a rapid transformation.



**Figure 1.5** ACT Process Architecture

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The basic ACT-based plan starts with the Launch Phase, compressed into a few months that goes from clarifying the purpose, strategic vision, business success model, company values, and corporate transformation initiatives, as well as some obvious “Quick Starts” to get the process moving while planning proceeds. The Launch Phase consists of a series of steps, starting with confronting reality, focus, and alignment, which ends with a transition to the Cascade Phase, which rapidly engages the full organization, and which enables and engages managers and employees at all levels to translate the corporate transformation constructs into individual commitments to action that are relevant for their level and job scope. ACT accomplishes this rollout with its unique *Rapid, High-engagement, All-employee Cascade™* methodology and tools.

The cascade is followed by a longer Execution Phase that puts in place quarterly leadership performance checkpoints to hold accountabilities, share best practices across the businesses and departments, and make mid-course adjustments in an agile way when needed. Each

quarterly checkpoint is quickly followed by a mini-cascade that enables all managers and employees to make timely refinements in their commitments to further accelerate the corporate transformation.

Finally, there is a Renew Phase at the end of the first performance year under ACT, which is designed to refresh the corporate transformation initiatives in light of actual achievements and associated organizational learning. This phase engages *everyone* in a relaunch of the ACT-based corporate transformation process, although in a more streamlined manner than was possible the first time through.

The top of Figure 1.5 shows a graphic of the full process architecture; the bottom of the figure shows how the organizational energy and focus are built and sustained over time. Notice that the process steps are designed and sequenced specifically to maintain the business focus and energy at the correct level to drive results over the course of the first full performance cycle, usually one year. When implemented without skipping its few simple steps, the ACT process creates energy and momentum, as well as an acceleration of business performance and culture change as it is integrated into the business operations.

## **Creating Safe Passage—A Clear Transformation Process**

Before leaving this introduction to ACT, we want to highlight the importance of its first step, “*Creating Safe Passage.*”

The first key to effectively launching a tight corporate transformation game plan is to make sure that everyone understands the path that will be followed and how and where they fit in. It is fun to say that “we need a burning platform” to get people moving. It sounds decisive. You might get people scrambling out of fear, but that is not the kind of energy you need to create to be successful.

Before “lighting the fire,” you need to make sure that there is a clear and *safe passage* from the state of things today to the new state or strategic direction. Safe passage does not mean that 100% of the people will keep their jobs or that all budgets will remain intact. Everyone knows and understands the realities of making tough trade-offs to refocus a business. So, above all, be honest if there are these types of tough decisions that will need to be made. All that is expected by your team is that you lay out a very clear process architecture that shows a few critical steps: who will make decisions, when and how people will have input into the decisions, when you will announce final answers, and what will happen as these decisions are made.

There is one qualifier to the term “safe passage” from the perspective of motivating a whole organization to drive the effort. It is not enough to simply lay out your process in advance. Your process needs to be specifically designed for speed and high engagement to be received well and to work. In addition, it is better to set a purposeful “burning ambition” as the motivator to change. Rather than running away from the past based on fear, the idea is to build such a compelling shared purpose and reason for being as a business that employees are magnetized and drawn down the transformation path to pursue the new.

Many processes don’t have both the speed and high-engagement elements covered. The typical belief is that to get speed, you can’t spend time on communications and dialogue. While under the gun by a board or boss to quickly focus an organization on a new strategic path, it can seem too messy and time consuming to get too many people involved. However to generate a burning ambition in the team necessary to engage fully and continue driving the transformation, it is required. Strategy is not done by consensus, that’s true, but it can be done quickly with high engagement. As is typically the case with shortcuts like speeding past engaging the right people up front, things actually end up taking longer because of repeated revisits of past decisions, continued questioning, lack of alignment, and rework. With the

right process for engagement up front and leverage of proper technology such as crowd-sourcing and enterprise social media platforms, execution actually goes faster and farther in the end.

A story of a new leader who had been placed in such a position comes to mind. Like many new leaders, he was charged with rapidly turning around the performance of his organization. As a first pass, he and one other executive gathered for a few days with an external consultant to the business and hammered out the new strategy for the company. It was bold, well worded, and to the point. He gathered his VP team to share the document and to get some feedback from them before rolling it out to the entire company.

As he finished reading out the new strategy, the room was absolutely silent. This was uncharacteristic for the hard-driving and outspoken team of executives. He said later that it was one of the worst meetings he recalled being in. He tugged at each of the VPs to obtain a few slight changes to some words, but clearly nobody had any energy or excitement. In fact, they seemed completely disinterested. The team left quietly when the meeting was over. This was the impact of trying to change the direction of the company without the engagement of the right players within the leadership team. It certainly was fast to gather just three people to hammer out the document, but the Senior Leadership Team had no ownership, didn't believe that the right things were considered, and assumed no accountability for making it better. They were being asked to "buy in" to something that they should have been included in building up front.

From there, the leader moved quickly to launch the new strategy through various corporate events and communications, but the people's reception was similar at all levels. Following several months of lackluster execution, the executive team decided to double-back to engage the organization in the strategy development process. Not surprisingly, the result was the complete opposite. The engagement effort re-energized the executive team, who began talking with each other about the business, departmental silos began to disappear, and

enthusiasm for the future rebounded radically. As one of the executives put it, “People went from feeling like defeatists back into thinking we could win.”

## **This Is Not a New Religion, Just a Better Way of Managing the Business**

We do have a word of caution on launching this type of process. We generally find it necessary to provide an overview of ACT at the beginning of engagement with each level of employees. That seems to be sufficient aside from reminding people when they gather where they stand in terms of waypoints on the transformation roadmap. But ACT is intuitive enough that it doesn't require its own center stage to become operational. As one of our CEO clients once reflected,

So many other times we would launch programs that were extraneous to our regular jobs. And those other programs were focused just on the executive team. We would come back from one of those off-sites, and everyone on the team would be looking at us suspiciously and questioningly, like ‘OK, just tell me what you want me to do now.’ With an effective transformation process like ACT, it is not a program. It just becomes the way the business is managed. The process just became our normal management practice as a part of daily life from setting strategy to setting individual personal business commitments and following through on performance.

In the ACT process architecture (refer back to Figure 1.5), you see the essential design elements in the streamlined process architecture. As another seasoned CEO of technology start-ups as well as large companies pointed out following his ACT-based intervention explained,

Our transformation process was all about taking charge of our future. The process was an opportunity to look at the business

as a whole and ask really tough questions. Instead of defending the status quo, it was more about understanding where the world was going. This type of effort has to be a formal process; otherwise, you won't make the time to address it or the conditions for people to be open minded and self-critical, which are necessary components.

With this brief overview of the ACT process architecture, and its opening gambit of “creating safe passage,” the bulk of the subsequent chapters pace you through the transformation roadmap, with each chapter devoted to one of the major phases of this approach to rapid transformation. And each chapter reveals what you need to do to successfully lead your transformation as it unfolds, one step at a time.

We call these ACT steps the *Foundations* of transformation—those few steps that all transformation leaders must master for success. They have been distilled and refined from over 30 years of serving as principal process architects at the right hand of CEOs in over 30 successful corporate transformations.

## **Tips for Planning an Accelerated Corporate Transformation**

- Follow a simple, streamlined process that creates “safe passage” for the full team (easy-to-understand, clear rules of engagement, and is internally led by leaders at all levels).
- Begin with a clear roadmap in place that shows how and when people will be engaged and decisions will be made.
- Leverage a proven corporate transformation process architecture and customize it for your situation.
- Be principally guided by an emphasis on simplicity of content and compression in process.
- Treat your approach to corporate transformation as simply how business will be done, not as a new “religion.”

## Endnotes

1. Robert H. Miles, “Accelerating Corporate Transformations: A Framework for Success,” Corporate Transformation Resources, August 2013, p. 2.
2. Robert H. Miles, “New CEO’s ‘Taking Charge’ Challenge: ACT Solution,” Corporate Transformation Resources LLC, White Paper 12-101, May 2012.
3. For a more extensive review of the “Inhibitors” and “Accelerators” of rapid corporate transformation, refer to Robert H. Miles, “Accelerating Corporate Transformations—Don’t Lose Your Nerve!” *Harvard Business Review*, January–February 2010; reprinted in the “Reinvention” Edition of HBR OnPoint, Spring 2012.

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