Memo to the C-suite: You are not the main driver of change

By Warren Parry and Nicholas Whittall
Many senior executives believe that organizational change must be driven from the top down. Yet others argue for a bottom-up approach, with change initiatives being pushed organically by employee teams on the front lines. Our research, however, has identified where the real power for successful change lies in the workforce of the future. We have found that the most successful change programs radiate neither from the top nor bottom of the organization, but from the center, or core. (See the sidebar “Defining successful change”) Specifically, our data indicates that business unit leaders, who often sit unnoticed between the C-suite and team leadership, play the most significant role in implementing change, delivering business benefits and ensuring high levels of sustained business performance.
The C-suite often gets the most praise for an organization’s success, while team leadership is typically lauded as the foundation for getting work done. Yet our data clearly shows that the most important role for implementing change lies with the business unit leaders, or divisional heads. In our research, studying nearly one million employees involved in change initiatives at 150 global corporations, we identified 10 major drivers of successful change. These include vision and direction, communication, business and team leadership, skills and staffing, systems and processes, accountability, and a broad range of emotions. Of those drivers, we found that business leadership has, by far, the most significant impact on business performance (e.g. improvements in effectiveness, customer service and cost management) as well as a substantial effect on benefits realization. In addition, all of the other major drivers of change are themselves driven either primarily or indirectly by business leadership.1 Thus, in essence, nothing budges without first being nurtured, nudged, pushed, or prodded by the business leadership.

Think of it this way: business leaders are the linchpin that connects the top and bottom of the organization. From the top down, they translate the corporate vision into terms that staffers can understand and, more importantly, embrace. And from the bottom up, they ensure that the teams below them are well led, receive the communication they need, and have the accountability, positive emotions and resources necessary to do their jobs well.

Business leadership has the most significant impact on business performance and a substantial effect on benefits realization.

**Drivers of business performance**

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**Drivers of benefits realization**

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Source: Accenture Strategy analysis, 2015
(see endnote 1 for more detail)
No backseat driving allowed

So what, then, is the role of the C-suite? We learned from our research that C-suite executives may not be the main driver of change but they are the crucial catalyst. First they formulate the vision, communicate it, and remove roadblocks that get in the way of widespread emotional commitment to it. Second, and most importantly, they ensure that strong business leaders are in place who can capture the hearts and minds of people, secure the required resources, and build momentum for the initiative.

In other words, the C-suite must work through the business leadership to drive change. And, in turn, business leaders must work through the team leadership to build strong teamwork and accountability among staffers. This is of particular importance in high-speed, disruptive, highly digital environments where workgroups are becoming increasingly fragmented and virtual.

When leaders at all levels – the C-suite, business unit, and team – are doing their jobs, the result is a system of trust aligned at multiple levels. In this “trust grid,” the overall trust in an organization is held together in an interrelated series of actions. In combination, those actions develop confidence in staffers that management knows what it is doing, is responsive to their needs, and is willing and ready to provide support to help every person bring about change. The synergistic effect of such collective actions goes well beyond what is possible when a single level of leadership works in isolation from the others.

Our research has found that all high-performance organizations possess strong alignment between C-suite executives and the leaders under them, working hand in glove with each other. In such an environment, change radiates from the core of the organization because of the synergies involved. This contradicts the conventional wisdom that change initiatives must necessarily lose steam whenever they hit the “frozen middle.”

High performers possess strong alignment and synergies between the C-suite, business leaders and team leaders—with change radiating from the core.
The big danger is that strength at the top can be counterproductive if there are leadership deficiencies elsewhere. Successful change requires strong leadership at all levels but especially at the divisional and business unit level. When there’s a leadership deficiency there, the temptation is for the C-suite to micromanage or bypass this group entirely, but doing so will only hamper the change effort. According to our data, the lowest-performing change programs (those in the bottom 25 percent in delivering benefits and improving business performance) actually have strong leadership capability at the top to implement change. The problem is that the capabilities of the business unit leadership are only a fraction of the C-suite and the capabilities of team leaders even less. In contrast, the highest-performing change programs (the top 25 percent) have strong, consistent capabilities in leading change across all levels of leadership, with each level playing its required role.²

Top performers (in terms of business performance) have strong, consistent capabilities in leading change across all levels of leadership.

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Source: Accenture Strategy analysis, 2015
(see endnote 2 for more detail)
Are your business leaders up to the task?

To drive change forward, the C-suite must ensure the right individuals are in place at the business leadership level. Business leaders require a complex set of skills for working with team leaders, with entire teams at another level, and with the C-suite at yet another level where they must negotiate to get people the resources they need. Specifically, business leaders need to not only explain but communicate the vision inspirationally to many audiences, across many different contexts, and in myriad ways, constantly keeping the communication about the vision and direction up to date to gain people's buy-in. In doing so, they must answer the key question, "How will everyone be better off after all this?" When the business leadership has done its job well, all teams will be aligned with everyone pointed in the same direction, all headed toward a common purpose. That is, team goals, roles and outputs will all be in sync with the overall organizational vision and direction. Moreover, people will be linked across and between groups, building strong value chains that connect employees, systems, and processes to business outcomes. It's no wonder why the role of business leadership has such a powerful impact on the outcome of change programs.

Defining successful change

As we analyzed our data of 250 change initiatives at 150 global corporations, we realized early on that we needed to define exactly what is meant by a "successful" change program that achieves "high performance." Our ongoing research reveals that focusing only on achieving the financial benefits of change often comes at a price, sometimes making an organization less competitive over the long run. The stress and strain of a major initiative might, for example, leave staffers exhausted and cynical, resulting in the departure of many talented employees. As such, we have adopted a much broader definition of "high-performance change" to include four criteria:

- Realizes the benefits outlined in the business case for the change program,
- Improves business performance across the course of the change,
- Builds people's capabilities to manage change, and
- Leaves the organization in good shape to undertake further change.

We have found that achieving all four of these objectives lies at the heart of successful change. Although organizations might start a change program with weaknesses, those that are successful build capability in these areas while change is taking place. The groups and organizations that make it to the highest levels of performance in change programs build strengths across the board, and any definition of success must include the long-term consequences of any action, such as the ability for the organization to continue to achieve its objectives long after a particular program is over. After all, without a focus on the big picture, organizations could easily find themselves winning a battle only to lose the war.
Making tough talent decisions

Unfortunately, the business leadership at many organizations is simply not up to the task of leading change. In those cases, the C-suite needs to work closely with the business unit leaders to build their capabilities and to establish a mindset where institutionalizing the change is just as important as fixing day-to-day problems. Our research indicates that a 30 to 40 percent improvement in the level of business leadership is often required to bring change back on track, and to achieve that the C-suite must often replace those business leaders who have repeatedly had a subpar track record.

Effective business leaders are crucial to laying the foundation of an organization's change capability. Our data clearly shows that attaining the highest levels of business performance requires this core strength, enabling organizations not just to endure change but truly thrive on it. These high-performing businesses are faster and more responsive to unpredictable events in the environment, and that agility comes from a strong competence of managing change.

Indeed, if our research has taught us anything it is that the highest-performing organizations have the most change taking place at a fast pace, and that change is typically being driven by business leaders who keep their hands tightly on the wheel, quickly implementing one initiative after another while still staying in firm control of their organization's destiny. Without that type of business leadership, high-performance change will be elusive, regardless the strength of the C-suite. Or to rephrase William Butler Yeats’ famous line: when the center cannot hold, things will fall apart. But when the center holds, the C-suite becomes the ultimate winner when the change program stays on schedule, incurs no costly overruns, and succeeds to achieve its objectives.

30–40% improvement in the level of business leadership often required to bring off-track change back on track
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Notes:
2 For more information see chapter 10 of Big Change, Best Path, Warren Parry (Kogan Page, 2015). Change Tracking dataset using CART analysis. In our research we analyzed the profiles of the top 25 percent most successful change programs and compared those with the bottom 25 percent least successful change programs (see sidebar “Defining successful change”). www.accenture.com/bigchangebestpath

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