

NHH



How leaders mobilize for radical change

DNB NXT

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Research on radical change



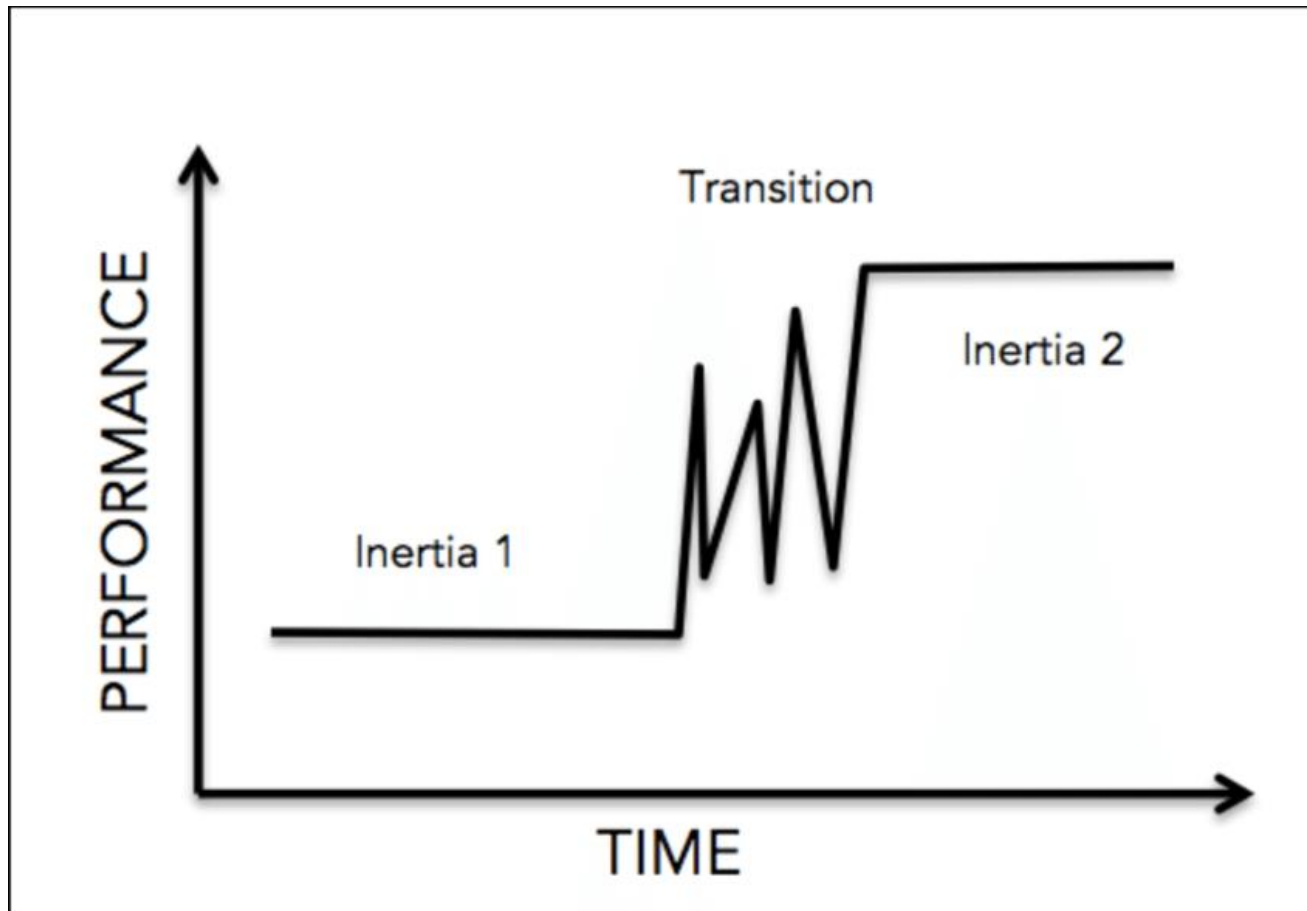
75-90%
of planned change initiatives
FAIL

Radical change is difficult, costly and risky
Radical change alters the power balance
Radical change will trigger resistance
Radical change involves uncertainty
Yet, no change = death



Model of how radical change happens #1

Punctuated equilibrium model

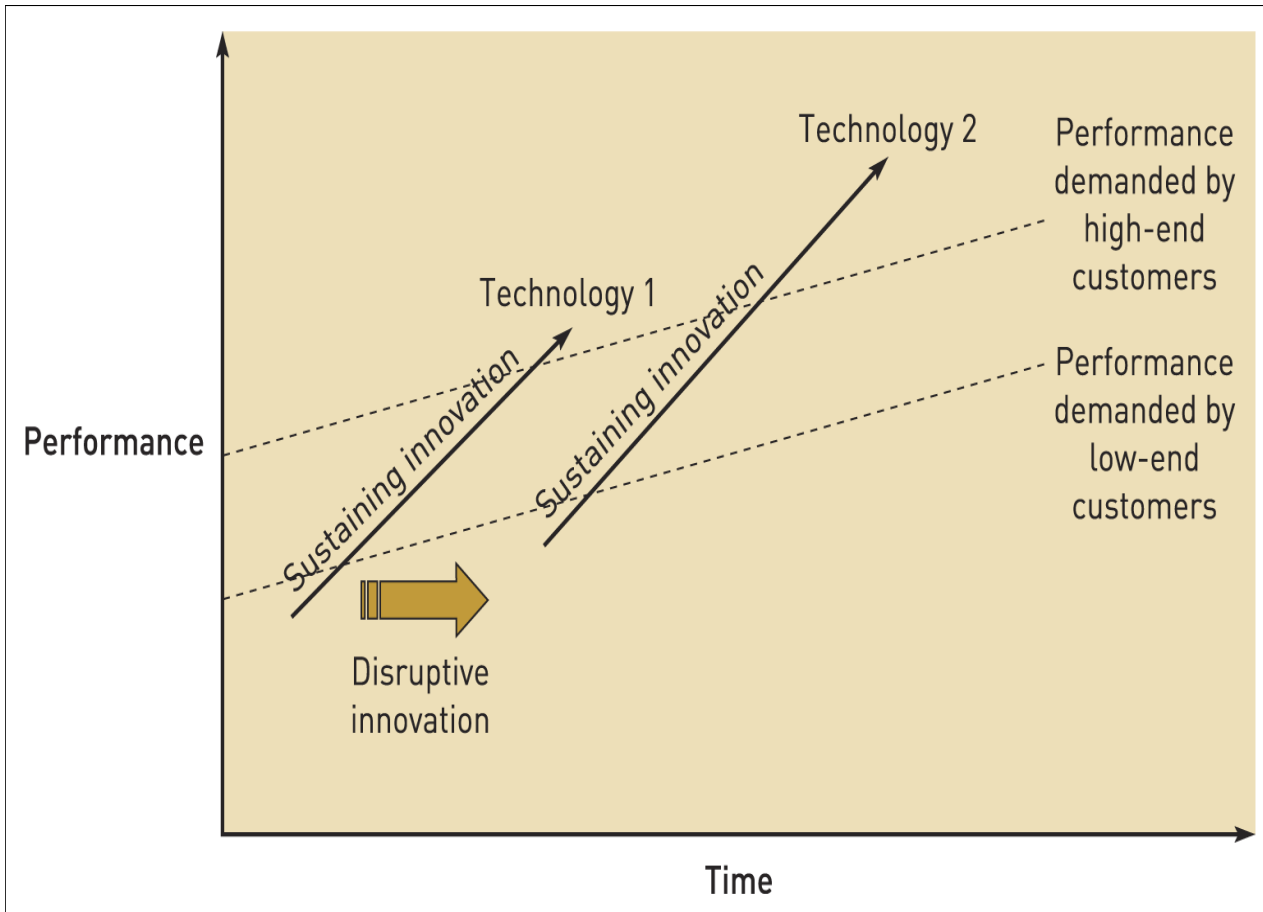


Implications for leadership:

- Change needs to be driven from top
- Requires external resources and perspectives
- Change involves tough decisions
- Need to keep change agents separate from existing organization

Model of radical change happens #2

Disruptive innovation & the innovator's dilemma



Implications for leadership

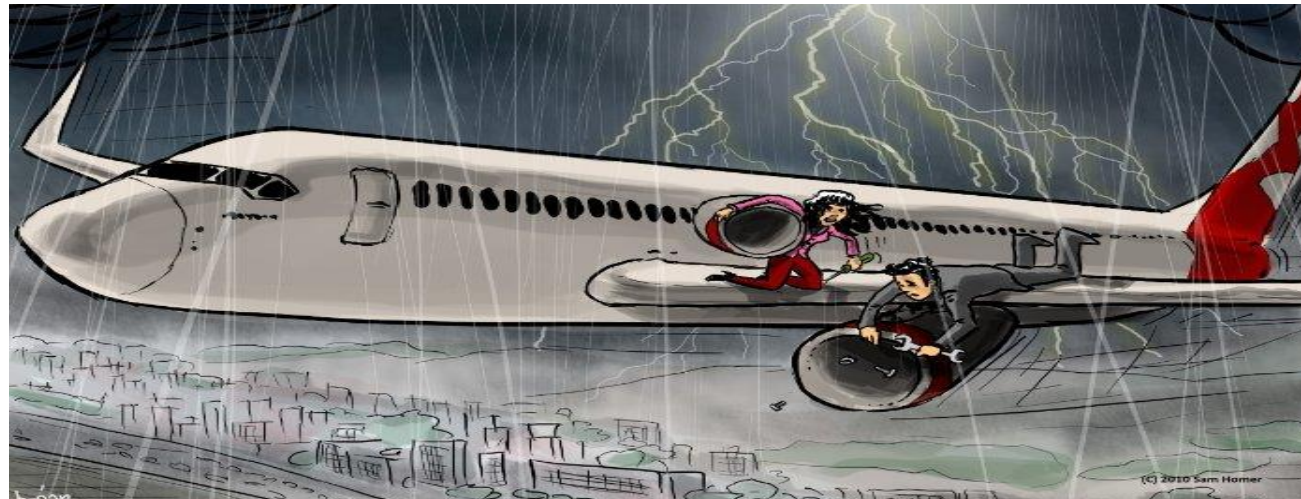
- Place your bets on the newcomers
- Established firms – huge disadvantage!





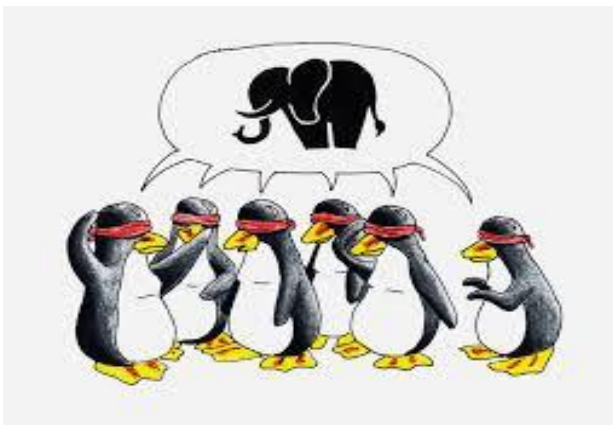
Million dollar question remains the same

How can an established firm innovate and develop new business that potentially cannibalizes the existing business, while maintaining sufficient focus on existing business?





But, this time it's different....



Greater uncertainty



Collective sense of urgency

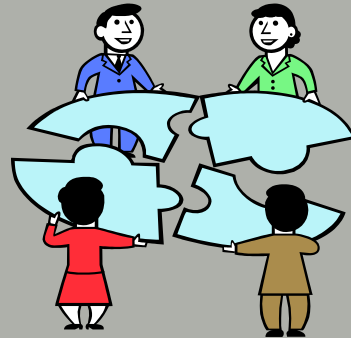


Higher pace of change



Leading radical change in established firms

Designing an organization that facilitates and supports change



“The design issue”

Mobilizing people in and around the organization for change



“The people issue”

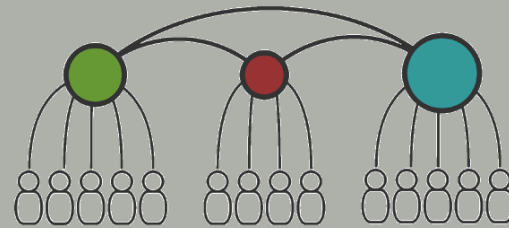


Mobilizing for radical change – 3 organizational solutions

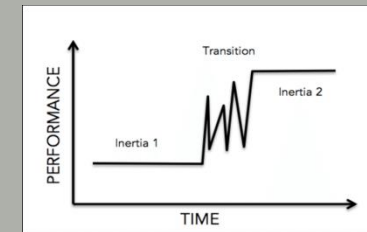
The ambidextrous solutions



The decentralized solution

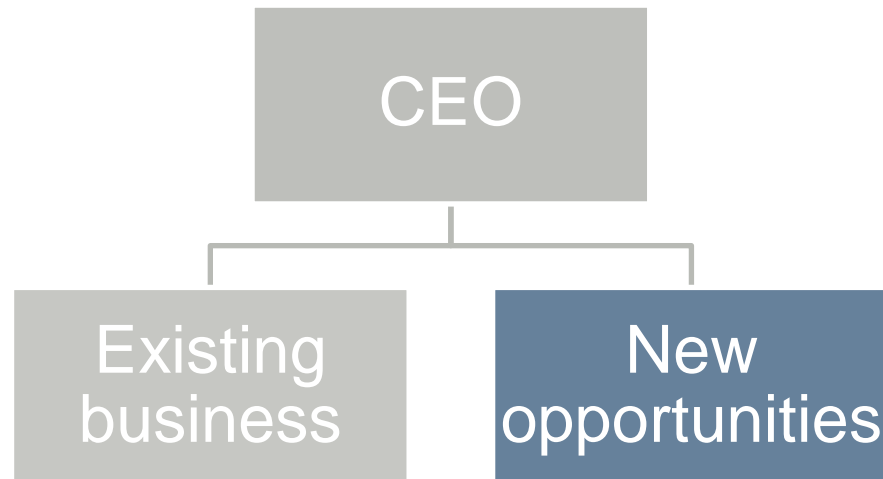


The (speedy) sequential solution





The ambidextrous solution



Key features:

- Maximum separation to avoid cross-contamination
- New unit more entrepreneurial mindset
- Mobilizes people through specialization; seeing is believing

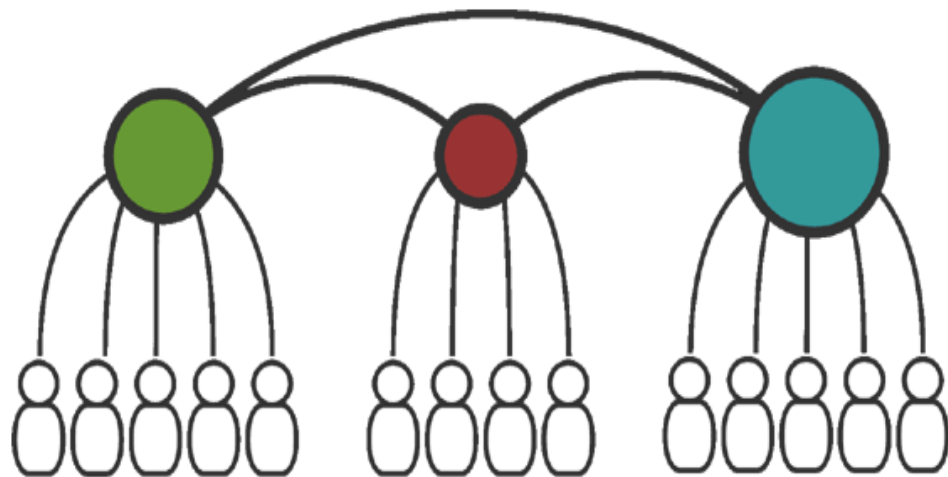
Implications

- CEO/leaders must have dual focus
- Alliances & collaborations target new unit – provide solutions/opportunities
- Similar entrepreneurial mindset

Examples: Schibsted, BBC, Nestlé



The decentralized solution



Key features:

- Minimum separation
- High-competence employees who handle both exploration & exploitation
- Mobilizes by empowering individuals

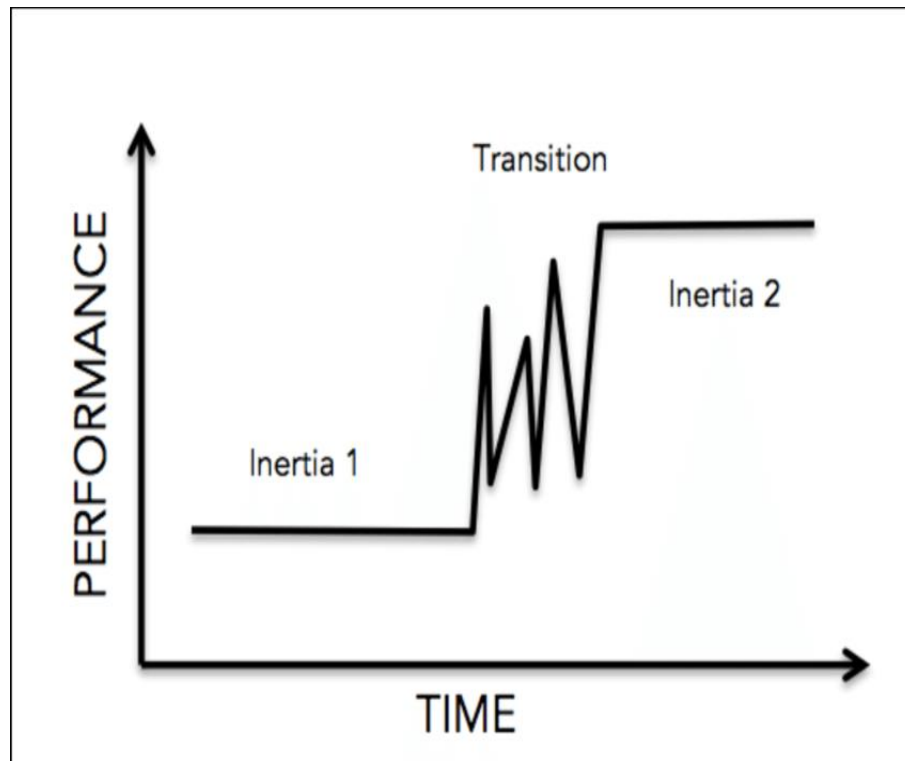
Implications

- All employees must have dual focus
- Potential for alliances & collaborations spread out in the organization
- New alliances must understand how decentralized org's function

Ex: GlaxoSmithKline, Schibsted?



The (speedy) sequential solution



Key features:

- Sequential emphasis
- Consolidation – innovation - consolidation
- Mobilizes people by allowing full focus

Implications

- Employees need ability to shift over time
- Timing is everything!
- Potential alliance partners must target innovation period

Ex: BMW



Which model is superior?

Depends on firm **history, vision & culture**

The ambidextrous solutions

Unifying vision
Complementary unit goals
Dec.mak authority w/i units
Multiple career tracks

The decentralized solution

Allow contradictory goals
Entrepreneurial & commercial orientation
Accountability

The sequential solution

Long-term orientation
Common identity
Tight alignment
Job rotation

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Thanks for your
attention!