Going all in : Why employee "will" can make or break transformations
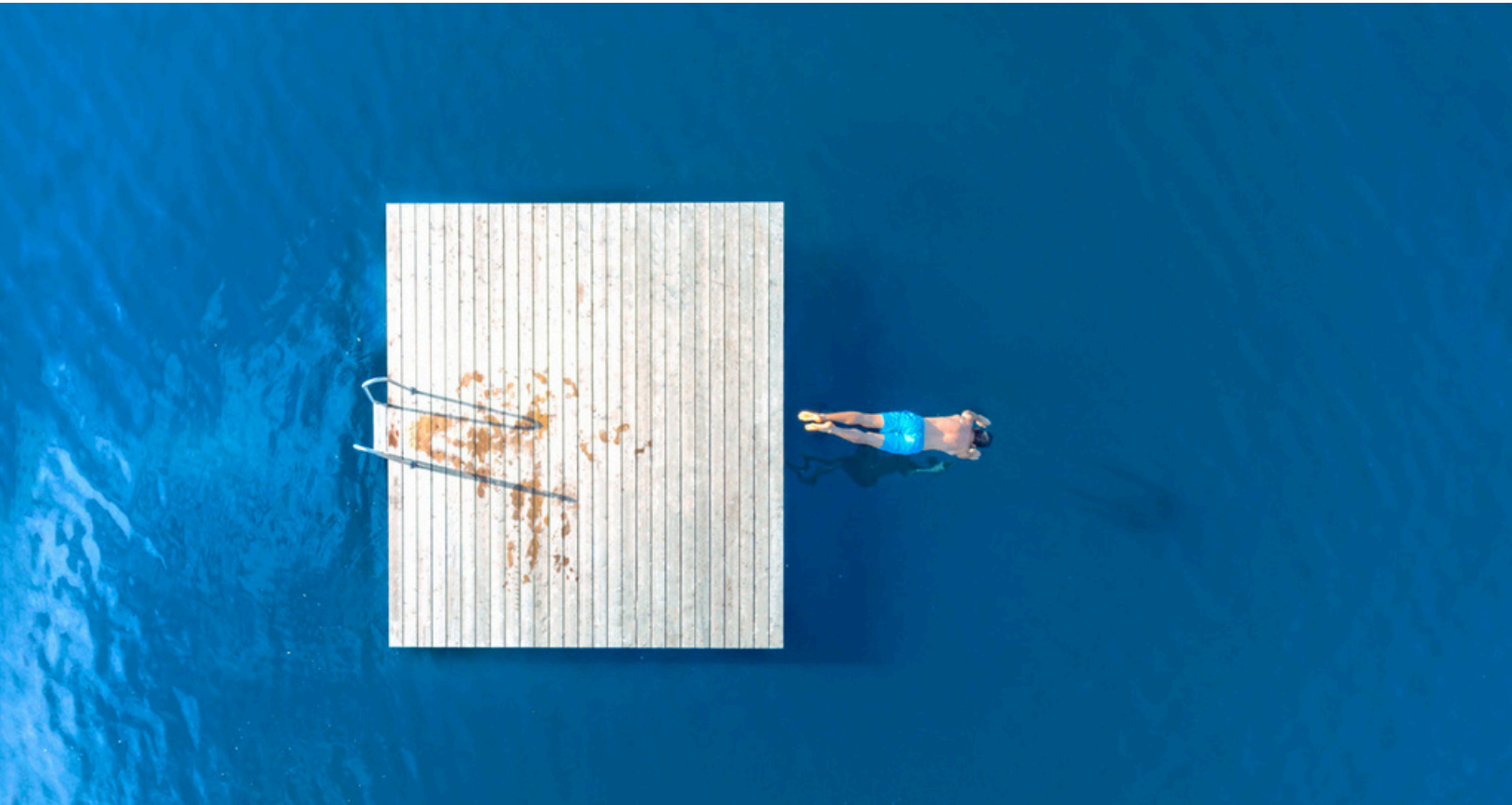Par M. Thirapounnho – GOAT LEARNING® Co-founding Partner

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Tapping the organization's collective energy to implement change is crucial for transformation success. A three-step process creates the momentum to meet the challenges ahead.

Lasting performance improvements that establish a competitive advantage: **What organization doesn't want that?** For a company undergoing transformation, cultivating employee "will" to change the way it operates is critical for success. Organizations that focus on generating this will, along with building critical skills, executing with rigor, and setting a holistic aspiration, are far more likely to outperform peers. Leaders can take three critical steps to get more employees involved and committed to the transformation. First, elevate a core segment of employees to take responsibility for designing and implementing change. Next, build on this strong foundation by empowering a broader group of influencers and managers to amplify transformation- related activities. Finally, make sure transformation sponsors play a critical role in energizing all employees about the change. This step-by-step approach offers **valuable insights for leaders** embarking on transformations and creates momentum for change programs that are already under way.

The three Es: Elevate, empower, energize

To cultivate employees' will to transform, **companies should focus on three actions** (Exhibit 1).

Elevate a strong core of employees across levels to lead the transformationPrevious McKinsey research shows that 7 percent of employees need to be involved in initiatives or milestones for the transformation to generate positive total shareholder returns (TSR). However, in most organizations, only 2 percent of employees are involved. Companies that aim much higher involving 21 to 30 percent of employees in key transformation roles—see the highest TSR.

So how can organizations encourage more employees to take a formal role in transformations?

More than 40 organizations undergoing transformations over two years that took part in McKinsey's Organizational Health Index (OHI) survey (see sidebar, "Our methodology") and identified five management practices that help organizations establish a strong core of initiative and milestone owners and predict the percentage of employees in this key group.
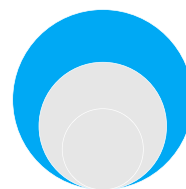
Exhibit 1
Organizations can galvanize a workforce's 'will to transform' with three actions.
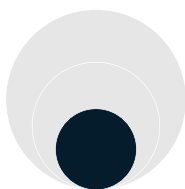
Elevate a core group of employees, including high performers and talent new to the organization, as initiative owners responsible for designing and implementing change
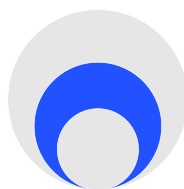
Empower a broader group of employees, including in uencers, leaders, and managers, giving them as active a role as possible to amplify the right behaviors and be role models for changes to the status quo

Energize all employees about the goals of the transformation and what it means for their work, including leader-led storytelling and peer engagement

Exhibit 2

Organizations that engage in ve key management practices elevate more employees to core transformation roles.

Median share of employees
owning initiatives or milestones
2 years after transformation
start, by frequency of
management practices,1 %

11.4

2.6×

5.3

4.3

Bottom
quartile

Middle
quartiles

Top
quartile
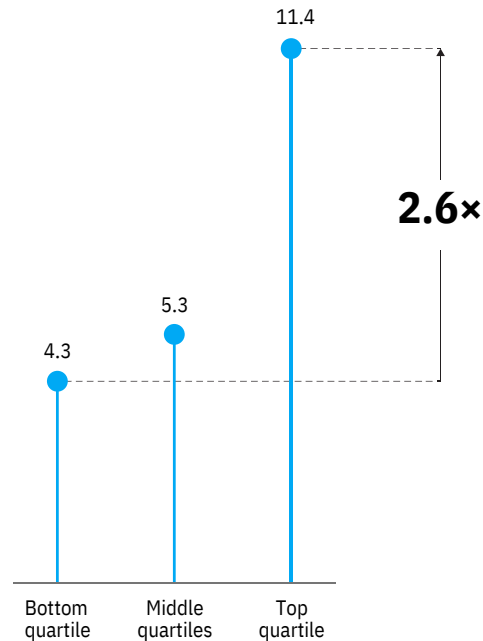
There are even bigger stakes for companies that create the will to transform among employees. Among public companies, those above the median on an index of these five practices saw an average increase in excess TSR of 22 percent two years after the start of their transformation (Exhibit 3).

Empower a broad coalition of change leaders to embody new ways of thinking and working

Once leaders have elevated a core group of employees to own initiatives or milestones, they should turn to empowering a broader group to serve as role models who can activate others. These change leaders—influencers, managers, and supervisors—play a visible role in shaping and amplifying the behaviors that enhance organizational performance while counteracting behaviors that get in the way of success. For example, change leaders can disrupt existing unproductive norms by suggesting that weekly leadership-only brainstorming sessions include employees across levels.

It's not enough, though, to view change leaders only as vectors for communication; they should also be viewed as thought partners who provide feedback and support to senior leaders and employees alike. Successful transformations are also more likely to empower employees to be bold, **take risks, and "shake up" ingrained workplace norms and rituals**.

In fact, academic research has found that <u>if 25 percent of the people in a group are deeply committed to a goal and act as role models for different behaviors, they may be powerful enough to create a tipping point that shifts the entire group's mindsets and behaviors</u>. The key is to approach change strategically and intentionally. One powerful engagement technique is to convene a broader group of change agents and empower them to determine their own way of engaging employee groups.

Exhibit 3
Organizations that engage in ve key management practices saw an increase in excess TSR.
Median change in excess TSR 2 years after transformation start, by frequency of management practices,1 %

	−15	−10	−5	0	5	10	15	20	25
Bottom 2 quartiles	●								
Top 2 quartiles								●	
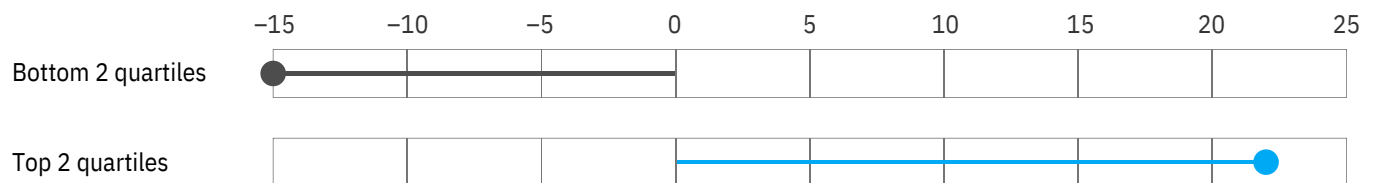
[1]The median change in excess TSR 2 years after transformation start was determined across organizations included in this analysis. A composite of management practices was created by aggregating practices that most strongly predicted the percent of employees owning initiatives or milestones: inspirational leaders, employee innovation, talent deployment, talent acquisition, and healthy working norms. This composite was used to categorize organizations into quartiles: bottom or third quartile, n = 10; top or second quartile, n = 11.

In Mckinsey's recent survey on transformation success, organizations where respondents reported that their leaders modeled the same behaviors they asked employees to exhibit were 1.6 times more likely to report outperforming their peers. For example, a financial-services company undergoing a large-scale transformation called upon thousands of colleagues to participate in a global change-champion network, which leveraged the organization's existing social networks. The company identified these employees through a survey that looked for **"hidden influencers,"** consistent with McKinsey research indicating that transformations are more likely to succeed when they engage influencers. (Exhibit 4).

Before the financial-services company could launch the network, design sessions uncovered a big challenge: many of these influencers were indifferent or even resistant to the change. So rather than getting new responsibilities or projects, the change champions were invited to participate in "discovery missions" that **challenged them to find instances in daily work** when unconventional behaviors led to exceptional company performance, as well as examples of ingrained practices that hindered it.

Exhibit 4

Transformations are more likely to succeed when they engage in uencers, particularly in more active, leader-facing roles.

Role(s) that in uencers[1] played during the transformation, % of respondents

● At organizations with successful transformations[2]   ● At all other organizations

	Increased likelihood for successful transformations
Act as thought partners to line managers on the changes being made in the businesses or activities they oversee	1.4x
Lead transformation initiatives	1.3x
Provide senior leaders with feedback on the state of the transformation	1.2x
Support other employees in developing the capabilities and mindset changes they need to succeed in a changing environment	1.2x
Identify new ideas for business improvements and share them with the relevant project team(s)	1.1x
Role model the new mindsets and behaviors that support the changes being made	1.1x
Disseminate transformation-related knowledge and best practices throughout the organization	1.1x

[1]In uential people other employees look to for input, advice, or ideas. Respondents who answered "don't know/not applicable" are not shown.
[2]Respondents who said their organizations' transformations have been very or completely successful at both improving performance and sustaining those improvements over time.

The missions helped them see the benefits of these shifts themselves while also allowing them to share what they had learned with their peers.

Follow-on "experiment missions" encouraged participants to challenge the status quo by applying new behaviors to business opportunities or problems. Leaders gave the change champions the support they needed to go "against the grain" of the organization's cultural norms, even when these experiments created discomfort or disruption. Following their experience in the program, **96 percent of the change champions agreed that the behavioral shifts prioritized by the company's leadership team would augment performance.**

Energize all employees to transform
Transformation requires a lot of energy to overcome organizational inertia: energy to imagine a new future, energy to find solutions to long-standing problems, and energy to do things differently. The will to transform at scale requires leaders to inspire and energize at scale, which is different from giving orders from the top and expecting they'll be followed.

This is where the work of inspirational communication is crucial, as **leaders engage the entire organization to act upon their vision.** In our recent survey on transformation success, respondents reporting that leaders helped employees understand why the transformation was necessary and how it would move the organization in the right direction were at least twice as likely to say that the organization outperformed its peers.

How do leaders communicate in a way that all employees understand, believe in, and act upon? **It starts with *why*:** as leaders begin to implement changes, employees across levels should be given a clear view of where the organization is going, how it will get there, and why it's all worth it—for employees, customers, shareholders, and other stakeholders. Without this broader strategy, the myriad initiatives under way may seem disconnected, ad hoc, and like "noise" they can tune out. This means that leaders must develop a clear, motivating case for change in language that is clear to everyone.

While the **C-suite** is responsible for crafting the case for change, leaders can't be the only ones communicating it. We've seen transformations where leaders are well intentioned but unable to energize and motivate the will to transform. They may follow a traditionnal top-down model of "informing" the workforce through C-suite email announcements or by providing their direct reports with information and then asking them to share it.

This traditional top-down cascade is a **"no regrets" move,** though organizations invest far too little time deeply engaging all levels of the organization. Sometimes leaders will hold just a short briefing call with their top 200 or so reports and request that they get the message out to their teams. Too little effort is spent helping these leaders tailor their messages in terms of "what transformation means for our team" or prepare for difficult questions. As a result, the organization ends up with a **"frozen middle"**—where messages get stuck in a layer of potentially resistant middle managers or where confusion abounds.

And there's frequently a perception gap about how effectively employees are engaged in change. Previous McKinsey research shows that senior leaders were 18 percent more likely than employees who did not play an active role in transformation initiatives to believe that transformation goals were communicated to relevant employees at all levels of an organization, 22 percent more likely to believe they have allocated high performers to the highest-value initiatives, and 16 percent more likely to believe they are communicating openly and transparently.

Leaders who successfully energize their workforce and tap into their will to transform offer personal narratives called change stories—tailored to specific regions, business units, and functions—to bring the case for change to life. The goal is to foster thousands of meaningful conversations about change, not just a townhall every quarter, important as those are. This approach includes fostering two-way dialogue and peer engagement to help employees understand their roles in achieving a lasting transformation. In short, to ignite employee engagement, the best leaders deliberately communicate with, not at, their teams. **Enabling line managers and supervisors to engage employees in face-to-face conversations is especially crucial** when the workforce isn't frequently communicating in digital channels. Our past research finds that many middle managers don't feel set up for success in managing people. Even though they're the first to get questions about the transformation, frontline supervisors frequently lack deep experience in communicating about change.

- Building supervisors' capabilities through classroom sessions, coaching, and directed practice or role-playing increases the likelihood of success. Encouraging this broad participation in transformations is critical and should be coupled with several other strategies. For example, incentives programs are powerful tools that engage the full organization in transformations.
- We've seen how generating the will to transform throughout an organization can work well in practice. Leaders at an oil and gas enterprise, for example, felt it was critical to ensure that all people leaders were equipped to communicate with their teams during a period of uncertainty.

- A leader-led "communicating about change" program upskilled 650 people leaders across the organization through personal-change stories about the need to restructure the organization. The program included role-playing conversations and preparing supervisors to answer questions with empathy and clarity. At a refining site, leaders used the sessions as an opportunity to get feedback from frontline supervisors about what else they needed to engage their teams.

After the supervisor sessions (and despite an announced restructuring and reduction in force), perceptions of leader commitment to the transformation increased by five percentage points, and employee satisfaction with communication about the transformation rose by nine percentage points. **A rise in confidence reflects how effectively the organization communicated the "why" and "how" of the transformation.**

During complex transformations, leaders must do many things well for a sustained period. Fostering the will to transform among employees, from a core group of initiative and milestone owners to influencers and managers to the broader workforce, pays off. **A workforce that is engaged in the transformation goals and supported by its leaders is ready for whatever opportunities lie ahead.**