

## Transformation Habits

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Hi, it's Rob Llewellyn here and welcome to episode thirteen of transformation management. Thank you so much for joining me today. As always, I'm going to do my best to help you get better equipped to manage and lead transformation.

Whether the aim is to respond to disruption, create strong and sustainable value, or fulfil your organisation's purpose, transformation is now an essential habit.

People and companies that fail to learn how to really transform, will eventually become obsolete in a world which is increasingly focused on transformation.

CEOs are now under increasing pressure to continually balance short and medium-term objectives with long-term goals. They not only need to ensure their business runs well but they also need to reinvent the business model and enhance customer experiences.

They need to foster the right mindset among their leadership teams, which in turn needs to nurture the right culture across the wider organisations. The best CEOs do a great of doing all that, so they can achieve their long terms goals, and short to mid-term objectives.

But the words goal and objective are often confused with each other. They both describe things a company wants to achieve or attain but in relative terms may mean different things. Both are desired outcomes but they're not the same.

Goals are broader than objectives, in the sense that goals are general intentions and are not always specific enough to be measured. Objectives are narrow and are set for certain specific tasks.

In the context of transformation, a goal is a broad primary outcome. It's the purpose towards which a transformation endeavour is directed.

For example, a CEO might say; "I want our company to be the disruptor in this market".

That's a very generic goal, which many other CEOs might also want to achieve. It's an outcome they want in the longer term.

An Objective on the other hand could be something that certain projects and programmes are intended to attain or accomplish.

For example; a business leader might say; "I want this project to increase our annual profits

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for this product by 20%." It's a very specific action for the mid or short term.

In a nutshell, objectives enable the achievement of goals. But what helps us achieve our objectives?

Imagine two versions of your company three years from now. Both versions have the very high-level well-intentioned goal of transformation that many companies share these days.

It's too easy for any company to say, "we are innovative and transformational". The reality in many firms is very different when you ask to see the evidence of transformation, because often the processes and systems for it don't exist, and the words "innovation" and "transformation" are often empty ones.

But I digress. Back to the two versions of your company.

One version of the company is the result of exactly what it's doing right now in terms of transformation. Keep all the bad habits that you know have been happening for years and which you know don't help transformation.

The cultural challenges remain the same, the level of your project success remains the same and the trend-lines for profit and market share continue along the same trajectory. If habits today at your company continue, what would your company look like in three years from now? Despite any goal to be transformational.

Will your company still exist? Will it be ripe for being made less relevant or even obsolete when new disruptive business models appear?

The other version of your company is the result of the new habits and systems required to achieve transformation objectives and goals. Would the company look very different to what the company looks like right now? Would it be introducing its own new disruptive business models to the market?

The habits exhibited throughout your organisation (good ones and bad ones) will largely determine the success or failure of your company's transformation goals.

Stephen Covey taught us to begin with the end in mind. It's Habit #2 in his book "The 7 Habits of Highly Effective People".

He suggested that while we know there's value in setting and having goals, that the greater value is in leading those goals to fruition.

A workforce can't help leaders drive towards the company's goals unless those leaders share not only the goals, but they also provide the resources, authority, skills, tools, and expectations for the transformation journey.

That in turn requires new habits to form in people. Habits that play a part in the many different aspects of transformation.

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A goal of any CEO who 'gets' transformation will be to steer their organisation to digital economy success.

Similarly, the goal of any professional athlete or sports team is to win.

But the reality is that goals don't guarantee success - in sport or business.

While goals are important and leaders need to set them for direction, if you want transformational results, you need to focus on your objectives, systems and habits. And most people listening to this will know that culture plays a massive role in transformation, and that culture is defined by behaviours and habits.

Habits are the small decisions we make and actions we perform every day. And according to researchers at Duke University, habits account for around 40 percent of our behaviours on any given day. So, a business is essentially the sum of its habits. And in our daily lives, we as individuals are the sum of our own habits.

Habits form the bedrock of everyday life - for companies and individuals.

How in shape or out of shape we are is a result of our habits. How successful or unsuccessful we are is a result of our habits.

A habit is something we do repeatedly and regularly without even thinking about doing it. And habits are formed by performing a certain action or behaviour so regularly that it becomes automatic.

Generally speaking, when you think of having successful habits in a company with aspirations of transformation, you think of the ones that will enable your company to thrive in the digital economy. While the companies that don't transform will become obsolete.

By now, most people know that transformation is about creating a new future, without the constraints of the past. And to transform a business, we need to remove limiting beliefs which keep a company stuck in the past.

From its old ways of working and old business models, to its old products, services and customer experiences. That past doesn't equal the future, and what worked well in the past for a company is not what will determine success in the digital economy.

It's those limiting beliefs that prevent a company from really transforming. They keep the company doing what it's been doing for years or even decades. From culture, to leadership mindset, to the way people think about data, customer experiences, business processes, operating and business models, technology and so much more.

In that context, habits keep workforces and leaders doing what they've always done, despite their best intentions to participate in transformation. That's part of the reason why many companies are talking about transformation, while only a minority are actually doing it.

Many aren't doing what it takes to form new habits that bring about legitimate transformation,

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and they settle for believing that executing a portfolio of digital projects is equal to business transformation.

Let's not forget that the words digital and transformation have different meanings and they shouldn't always be used in the same sentence. Because not all things digital result in transformation. There's enough digital sugar coating and fake transformation going on these days which demonstrates that.

While inexperienced transformation managers and leaders need to be mindful, deliberate, and conscious at their jobs, transformation experts have moved beyond that, and they do the right things simply from habit. They no longer need to be mindful, deliberate, and conscious. The right behaviours have become habit.

The same can be said for many experts required in transformation. Their ability to perform well is second nature.

On the other hand, those that haven't formed the right habits, and who also aren't mindful, deliberate, and conscious in a transformation environment, can actually damage the company's hopes as they continue to practice old habits that were formed in the pre-transformation era.

If habits account for around 40 percent of our behaviours on any given day, and systems also help define how we work, leaders should consider doing what's necessary to ensure their people go about their work with the right behaviours and systems, to achieve the objectives required to reach the company's transformation goals.

In his book "Atomic Habits" James Clear refers to four stages of habit, which he describes a habit loop. And this habit loop is continually scanning the environment, predicting what will happen next, trying out different responses, and learning from the results.

A cue for a habit triggers a craving, which motivates a response, which provides a reward, which satisfies the craving and, ultimately, becomes associated with the cue.

James then refers to four laws that provide a framework that can help bring about new habits.

The 1st Law of Behaviour Change is to make something obvious. This law is connected to the cue, which is the first step of the habit loop. A cue is anything that gets the attention of your employees or customers and suggests what to do next. The most obvious cue is often the one that captures someone's attention. And the cue that gets their attention is the one that can initiate a habit.

The 2nd Law of Behaviour Change is to make it attractive. This is connected to the craving, which is the second step of the habit loop.

So often in companies, people are told what to do, without there being any incentive for them to do it.

Unless you can make the desired habit attractive, it's probably not going to become a habit,

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which means you're going to have to constantly remind people to be mindful, deliberate, and conscious at their job. While the effective leader and manager will have freed themselves from such monotony and have a team of people that have adopted the right habits.

The 3rd Law of Behaviour Change is to make it easy. This law is associated with the response, which is the actual behaviour or habit you perform. Behaviours are more likely to be performed when they can be accomplished with ease. Business is an ongoing journey to deliver the same or better results in an easier way. The idea is to make every phase of the process as convenient as possible.

The 4th Law of Behaviour Change is to make it satisfying. The final stage of the habit loop is the reward. If there's a reward associated with a behaviour, meaning it feels good and has a satisfying ending, then we have a reason to repeat it in the future.

In transformation we could say that by offering attractive rewards for participating in our innovation process, people are encouraged to keep trying to come up with disruptive new concepts. Or you could say that making your product or service so satisfying, you increase the odds that customers will keep coming back. As Amazon of course, have become masters at this.

The speed of the reward is a crucial factor in the 4th Law of Behaviour Change. Employees and customers need to feel immediately successful, even if it's just in a small way.

Behaviours that make the workforce and customers feel good are followed by an immediate sense of satisfaction, pride, praise, encouragement or pleasure. These are the types of behaviours you want to repeat in the future.

But remember that work habits need to be learned, felt, and practiced as second nature. They shouldn't be imposed from the top.

Most companies have some master motivators who are able to achieve exceptional performance with their teams by enabling them to adopt the right habits. They use their emotional intelligence to bring about powerful change within their people. These managers and leaders are different from those limited to a specific skillset such as technology, marketing or data.

While good managers and leaders set clear direction and create momentum by focusing on results, the best of them create momentum for results that become self-reinforcing. They focus on the behaviours required for results as well as the results themselves.

While good managers help those with strong potential to progress along their development paths, transformation leaders act as powerful agents for each one of their peoples' development needs and opportunities. Essentially, they enable people to be the "best they can be" by adopting the right habits.

These are the leaders who orchestrate successful transformation. The leaders who recognise that transformation is so much more than setting strategy and executing technology projects.



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I appreciate you listening, and here's a quote to finish off the day from Jim Rohn.

“Success is a few simple disciplines, practiced every day; while failure is simply a few errors in judgment, repeated every day.”

What new disciplines are you encouraging your people to practice every day? And what errors in judgment are you helping them avoid?

I hope you enjoyed this episode. Thanks for listening - Take care and I'll catch you in the next episode of transformation management. Bye.