Building a Game-Changing Organization

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MIT Sloan Reunion Weekend, June 4, 2015
Idyllic cottage

but…
Transformation is not for the faint of heart... no matter how you look at it... and the closer we get to deep change, the scarier it feels.
Mind-blowing pace of innovation

...in great need of talent for effective execution.

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What are the hallmarks or distinguishing characteristics of a Game-Changing Organization?
Game-Changing Organizations...

- Stand out
- Think differently
- Beyond value creators
- Craft a “special place”
Building Game-Changing Organizations…

Where do we start?
Game-changing leaders do really well.

5 things

really well.
The Game-Changing Leader’s Job—Building the Capabilities to Move from Inspiration to Implementation

- Articulating Your Company’s Collective Ambition
- Distributing Leadership Accountability
- Building a World-Class Talent Factory
- Aligning Promises Made with Promises Kept
- Next-Generation Capabilities
- Sustaining a game-changing capability
- Getting messaging, metrics and rewards right
- Engaging and enabling the organization

Your company’s compelling story

The building blocks of competitive advantage

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#1 Purpose and The Power of Collective Ambition

- Articulating Your Company’s Collective Ambition
- Building a World-Class Talent Factory
- Distributing Leadership Accountability
- Aligning Promises Made with Promises Kept
- Next-Generation Capabilities

Your company’s compelling story
What Happens in Organizations When Every Issue is a “Top Priority”? 

- Managing Networks, Partnerships, & Alliances
- Becoming a Learning Organization
- Developing Next-Generation Leadership
- Articulating Lasting Values
- Building Trust
- Customer Intimacy
- Creating Strategic Agility
- Digital Economy
- Environmental “Green” Agenda
- Productivity Improvement
- Creating a Vision
- Building World-Class Core Competencies
- Transformation

- Good Governance
- Managing Performance
- Cycle Time Reduction
- Creating Shareholder Value
- Knowledge Management
- Innovation and Growth
- Simplicity
- Fast, Focused, Flexible
- Global Competitiveness
- Value & Supply Chain

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Welcome to Your World!
The story? Your company’s path to becoming a game-changer
Game-changing companies are... purpose-driven, performance-oriented, principles-led.

Easier said than done!

Why is it so difficult to build these capabilities simultaneously?
Paul Polman, CEO, Unilever

Committing to Sustainability

Paul Polman, CEO, Unilever

Excerpt from May 2014 McKinsey & Company Interview
Powerful Storytellers
The Game-Changing Leader’s Job—Building the Capabilities to Move from Inspiration to Implementation

#2 Distributing Leadership Accountability

Articulating Your Company’s Collective Ambition

Building a World-Class Talent Factory

Distributing Leadership Accountability

Engaging and enabling the organization

Aligning Promises Made with Promises Kept

Next-Generation Capabilities

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How the hell do I tell them I haven’t a clue where we’re going?
EXERCISE—Reflect on teams, businesses, or functions you have led—were any of these experiences characterized by either “bad marriage,” “blame game,” or “big hat/no cattle” environments? What did you do to move your organization toward a climate of “mutual investment”?
Distributed Leadership
The Game-Changing Leader’s Job—Building the Capabilities to Move from Inspiration to Implementation

#3 Next-Generation Capabilities

- Building a World-Class Talent Factory
- Articulating Your Company’s Collective Ambition
- Distributing Leadership Accountability
- Aligning Promises Made with Promises Kept
- Next-Generation Capabilities

The building blocks of competitive advantage

The Game-Changing Leader’s Job

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Skills/processes that create differentiated competencies leading to competitive advantage.

Stand Out

Be Different

Organizational Capability:

Get Noticed

Generate Value

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Approximately 2/3 of companies say building organizational capabilities is a top priority…

<1/3 actually do it.

Why?
Next-Generation Capabilities

Case Example

KIA MOTORS
The Power to Surprise™
Kia Motors Corporation

- Kia founded in 1944 – steel tubing and bicycle parts
- 1957 – motorcycles…1962…trucks…1974…cars
- 1997–Asian financial crisis. Kia declares bankruptcy
- 1998–Hyundai outbids Ford for 51% of Kia
- 2005–Targets Europe and U.S. as key growth targets
- 2006–Hired Peter Schreyer (Audi’s legendary head of design) as Chief Design Officer
- 2005/6–Establishes “core future growth engines” (design, quality, safety, value, technology, fun)
- 2010–Records best-ever sales records in U.S. and Europe
Kia Motors Corporation
Building Next-Generation Capabilities

Vision

Rising Out of Asia
Top 5 in the US
#5 in Europe
#1/2 in Korea
Top 5 in Latin America
Top 5 in Asia

Capability gaps

Importance

Strength

Brand Promise

Values/Principles

Strategic/Operational Priorities

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Building mission critical capabilities…

…for a clear competitive advantage!
The Game-Changing Leader’s Job—Building the Capabilities to Move from Inspiration to Implementation

#4 Aligning Promises Made with Promises Kept

Articulating Your Company’s Collective Ambition

Distributing Leadership Accountability

Next-Generation Capabilities

Aligning Promises Made with Promises Kept

Building a World-Class Talent Factory

The Game-Changing Leader’s Job

Getting messaging, metrics and rewards right

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“I want the public to think of us as ‘The Company With A Heart’. But I want you to think of us as the company that will chew you up, spit you out and smear you into the carpet if you screw up.”
What attracts a potential game-changer to your company?

A powerful, compelling sense of Purpose

An exciting Brand promise

Extraordinary Opportunity—growth, perspective, rewards

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Attracting and retaining top talent
The Power and Perils of Organizational Culture
Jumble Word Game
Try to put these words into a sentence that provides us with a coherent definition of organizational culture. Add your own words as necessary!

manifested through culture
relationship among normative behaviors
rewards
articulated values
shared beliefs
consequences
Organizational Culture may be thought of as the relationship among our shared beliefs, articulated values, and normative behaviors, as manifested through a series of reliable rewards and consequences.

or, for the scientists in the room...

$$OC = \frac{SB + AV}{NB} \rightarrow \approx R + C$$
Isadore “Issy” Sharp, Founder and Chairman, Four Seasons

THE GOLDEN RULE
"if you treat people well, the way you would like to be treated, they will do the same"
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#5 Building a World-Class Talent Factory

Articulating Your Company’s Collective Ambition

Building a World-Class Talent Factory

Distributing Leadership Accountability

Aligning Promises Made with Promises Kept

Next-Generation Capabilities

Sustaining a game-changing capability

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“We don’t need to waste time building a talent management process for our company...that’s what headhunters are for!”

Division President, Fortune 100 Manufacturing Company
Building a robust Talent Factory isn’t just good for the soul... it’s great for the business!

Superior Productivity

Higher Growth Rates

More Positive Organizational Climate

* McKinsey, Egon Zehnder, Hay Group studies

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Talent Factories Share Two Characteristics

Their talent management processes have:

**High Functionality:**

*What You Do, Do Well*
Processes can be benchmarked, but it is impossible to copy passion

While Functionality is fit-for-purpose (one size does not fit all)

The second characteristic and the secret weapon is:

**Vitality**

Vitality is universal and characterized by three hallmarks:

- Commitment
- Engagement
- Accountability
Talent Magnets
The Hallmarks of a Game-Changing Talent Strategy

- Serves as the “glue” and the “grease” that enables your company to be Purpose-Driven; Performance Oriented; and Principles-Led…simultaneously.
- Line leaders are “in deep” as Talent Champions—deeply committed; highly engaged; and thoroughly accountable.
- HR partners who are no-nonsense, highly skilled, strategically oriented doers.
- Together, these talent champions and HR partners are passionate about creating and sustaining “a special place” that sets them apart.
Game-changing companies are... purpose-driven, performance-oriented, principles-led
Game-changing leaders…

- are powerful storytellers
- build a distributed leadership capability
- demand disciplined decision-making while driving innovation and change
- do everything in their power to align Promises Made with Promises Kept
- are talent developers and talent magnets
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Yes, transformation is complex and, indeed scary…

Taking action: A whole new look and feel!
Cucumbers seem just fine... until we taste grapes!
“An organization, to render any service so widely useful, must be large in scope as well as great in purpose.”

Henry Ford, 1925
Thank you!