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Change Management

# 5 Behaviors of Leaders Who Embrace Change

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At best, mergers and acquisitions (M&A's) have a 50/50 chance of reaching their intended results. Study after study puts the failure rate closer to 70-90%. Why is the failure rate so high? Repeatedly, research cites the human factor as the leading reason why mergers and acquisitions fail.

Part of the issue is how organizations view the human aspect of the closing date, which is usually treated as the end of the transaction, when it's really just the start of change. Organizations, processes, and cultures will be integrated for weeks and months after the organizations come together, causing disruption and uncertainty. Leaders in the M&A environment are managing an organization that hasn't existed before. Their people are no longer part of the organization they joined. Their sense of normal is disrupted. In response, they may choose to hold on to the past and what's comfortable or feel a bit disoriented as they search for their place in the new company. In the midst of the disruption, new challenges and opportunities will arise not just in the integration of the new organization, but in its marketplace and among its customers. And, the merger or acquisition won't be the last change they are facing. CEB reports that the average organization has undergone five enterprise-wide changes in the past three years and 73% expect change to accelerate (URL: <https://www.cebglobal.com/insights/change-management.html>). In this environment, change agility needs to be part of the new organization's and leaders' DNA. It can't just exist in a few people in the organization; it needs to be the way business gets done.

Successful change-agile leaders at all levels in the organization respond to changes in the business environment by seizing opportunities, including throwing out old models and developing new ways of doing business. They try to make change thinking contagious, embedding it into everything they do from the most fundamental daily interactions to the

most complex strategy.

Change-agile leaders demonstrate five integrated behaviors that, together, create a competitive advantage for the organization. They:

**Share a compelling, clear purpose:** Purpose is the guardrail for actions. Change agility requires an answer to the question “Why?”, so that people can fight the natural instinct to resist change. The answer needs to tap into what’s meaningful and important, providing an irresistible invitation to come along. As CEO Shoei Yamana of Konica Minolta has said, “My belief is that people don’t work for numbers...they need to share the same belief that they are creating value in some way.” If you can’t articulate a clear purpose behind the changes being made, it’s unlikely that your employees will be able to implement them.

**Look ahead and see opportunity:** Most leaders view this as the role of senior executives. To infuse change agility into your culture, mid- and front-line leaders — who are closest to the markets, customers, and daily operations — need to be encouraged and incented to see opportunities in what they do every day. They need to look beyond this month or this year to identify trends and take action. History is littered with market leaders who didn’t see the opportunities ahead or take action on them. Kodak, Sears, and Motorola are just a few. To build this behavior into the organization, leaders should:

- Make opportunity-seeking part of the regular conversation. Simply asking questions like “What are our customers talking about? What do you think they will want a year or two from now? What new trends do you think will impact us?” sends the message that looking ahead is important.
- Provide space to experiment. When a potential opportunity is identified, allow individuals or groups to experiment with ways to take advantage of it. Minimize the need for multiple layers of sign-

off. It makes the culture too risk averse and squelches momentum.

- Advertise successes. Nothing breeds success like success. Tell the stories at company events and recognize middle and front-line leaders who are looking ahead and identifying opportunities. Show that the status quo is not enough anymore.

**Seek out what's not working:** The old adage says that bad news doesn't travel up. During the integration of an acquisition or even in the internal merger of business units, there will be bad news that the organization needs to learn from. But for real learning to occur, people need to feel psychologically safe to share the good, the bad, and the ugly.

Consider this example: Derek was leading the integration of several internal units into a merged organization. This integration created a new team of direct reports for him. Over the course of the integration, he worked on creating the psychological safety for his team to discuss the challenges of working together and of the integration overall. They used a trust framework to openly talk about what they were doing to build and breakdown trust with each other. Individuals discussed what they brought to the team and what they needed from their fellow team members. They did pulse checks to assess their alignment and where there was work to do. They had difficult conversations. This type of open conversation and psychological safety cascaded through the new 250-person organization. It culminated in a two-day meeting for the entire organization that included open conversations about what was working well and what opportunities and challenges this new organization needed to address for its clients. The meeting also included a read-out of the employee engagement survey scores that, in the midst of the turbulence of an integration, were among the highest in the company's history.

**Promote calculated risk-taking and experimentation:** Robert Kennedy, paraphrasing George Bernard Shaw, said, "There are those who look at things the way they are, and ask why. I dream of things that never were,

and ask why not?” Too often, our traditional organizations’ first response to a risk is to ask, “Why?” Change agility requires leaders to ask “why not?” and to establish opportunities for pilots, prototypes, and experimentation. Experimentation is an integral part of R&D. While an overall strategy informs the researchers’ focus, any R&D scientist will tell you that there are sometimes dozens of experiments that don’t get results and that, without the failures, they couldn’t find the successes.

**Look for boundary-spanning partnerships:** As work becomes more complex, it takes teams and cross-boundary collaborations to build products, attract customers, and achieve results. Change-agile leaders and organizations are replacing functional silos with formal and informal organizations that allow for the rapid flow of information and decision-making around a product, customer, or region. For example, Maureen is a mid-level learning and development leader at a global tech company that’s growing rapidly through acquisition. Having growth and development opportunities for key talent has been critical for retention, and enhancing the employee experience is a strategic focus. Learning and development teams are dispersed across the organization, working independently to address business unit needs. Looking ahead, Maureen sensed that the company was also going to be focusing on efficiency in response to market changes and the continued integration of the acquired companies. Seeing the opportunity to improve the employee experience and create cost efficiencies across the learning organizations, she brought together her fellow learning leaders. They designed and implemented a new shared services organization that centralizes training development and vendor management. It will create standardized branding and processes, leverage tools, and create cost savings from consistently negotiated contracts. This creates a more consistent employee experience across learning functions and more efficiently addresses learning needs across the company.

These five behaviors, when used in concert with each other, create culture

shifts that increase change agility. They are shifts that need to be made at all levels of leadership. They can mean the difference between M&A success and being an also-ran.

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