

New CEO's "Taking Charge" Challenge: The ACT Solution

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The CEO's "Taking Charge" Challenge



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New CEOs face many challenges the moment they are appointed. They must quickly develop a plan for "taking charge" and for launching the next major phase in their company. In essence they are immediately confronted by a corporate transformation challenge that not only requires a re-examination of the company's business realities and corporate strategies, but often a re-shaping of its management process and culture, a fundamental re-alignment of its businesses and functions, and a re-engagement of its managers and employees.

In order to ensure success, a new CEO needs a proven, enterprise-level methodology, or process architecture, which can be relied on to boldly orchestrate the taking charge process in a simple, step-by-step manner that speeds the launch of the next major phase of the enterprise.

Successful corporate transformations keep the responsibility for leading the transformation squarely in the hands of the business leaders themselves, resulting in quantum improvement in the targeted initiatives in a shorter-than-expected period of time.

Accelerated Corporate Transformation (ACT)

ACT is a proven, *enterprise-level process architecture*. It enables an executive leader to *rapidly orchestrate the launch of the next major phase* in his or her organization in a *simple, high-engagement* manner to achieve *breakthrough results*.

ACT

The Accelerated Corporate Transformation, or ACT, methodology was specifically developed to provide this kind of assistance to new CEOs. Its origins may be traced back to an innovative, two-week residential program for CEOs and their teams that Robert H. Miles chaired at Harvard Business School; and it has been refined as the principal process architecture in over 30 successful corporate transformations.

Leader-Led Approach

In contrast to traditional consultancies, the ACT approach relies on a single, seasoned business advisor with a robust process architecture to coach the leadership team over the predictable obstacles to and through the essential steps for corporate transformation success; thereby resulting not only in early quantum improvement in the business initiatives and cultural changes, but also in a fundamental improvement in leadership acumen from top to



bottom in the organization. Thus, the transformation effort becomes leader-led, not consultant-led, and the ACT intervention becomes a permanent part of the company's management process and culture.

ACT Addresses Typical Transformation Challenges

Over the years, ACT has been deployed to enable new CEOs to successfully rise to the following types of corporate transformation challenges:¹

- Launch of the next major phase in a company or a major component of it
- Engage all levels of an enterprise in a new corporate agenda and business success model
- Boldly and rapidly implement a major new enterprise strategy or set of initiatives
- Re-align people, process, culture and technology with a new strategy and vision

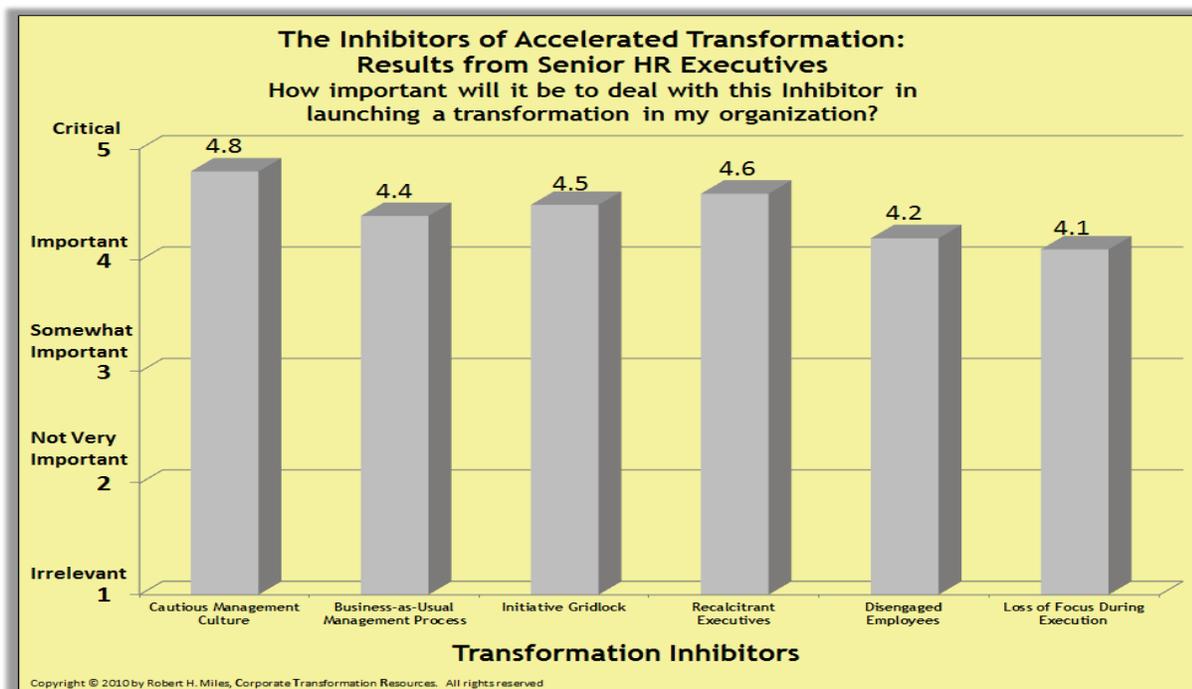
In general, an effective new CEO "taking charge" effort usually encompasses all of these elements.

Overcoming the Inhibitors to Rapid Transformation

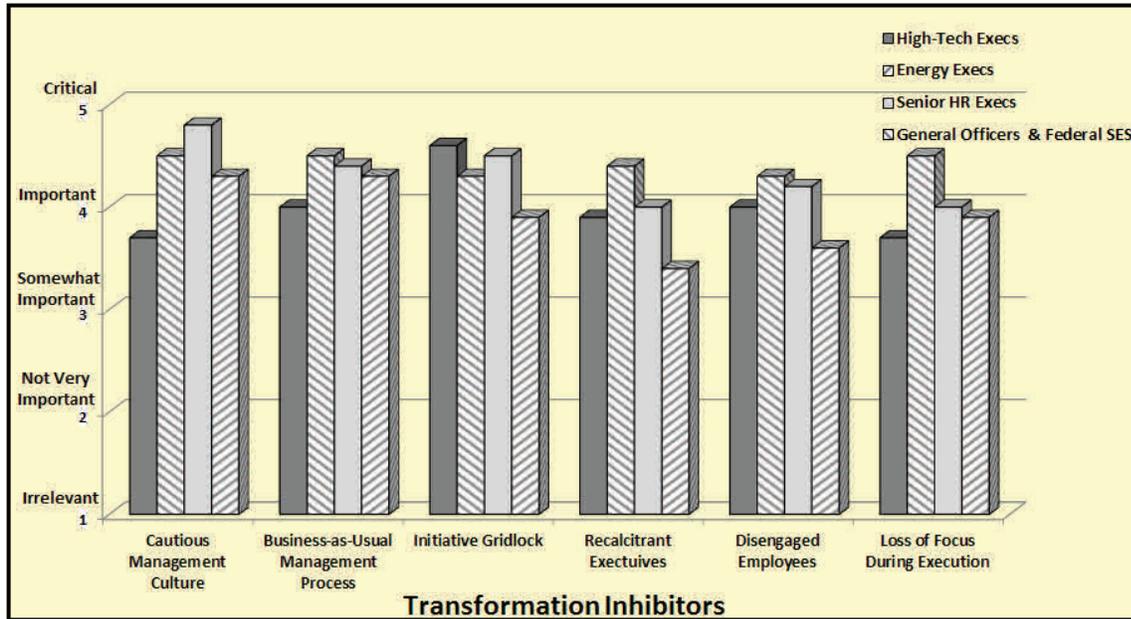
Such an approach was explicitly designed over the past three decades to enable a leadership team to rapidly and sequentially overcome all of the typical barriers that reside in all organizations that inhibit, and often derail corporate transformation attempts. The most challenging of these "inhibitors," which are detailed in a recent *Harvard Business Review* article by Miles, titled "Accelerating Corporate Transformations – Don't Lose Your Nerve!"² are:

- Cautious Management Culture
- "Business-as-Usual" Management Process
- Initiative Gridlock
- Recalcitrant Executives
- Disengaged Employees
- Loss of Focus During Execution

The following illustration reveals how important it is to deal with each of these transformation inhibitors, based on survey results obtained from senior human resource executives in 22 different industries.³

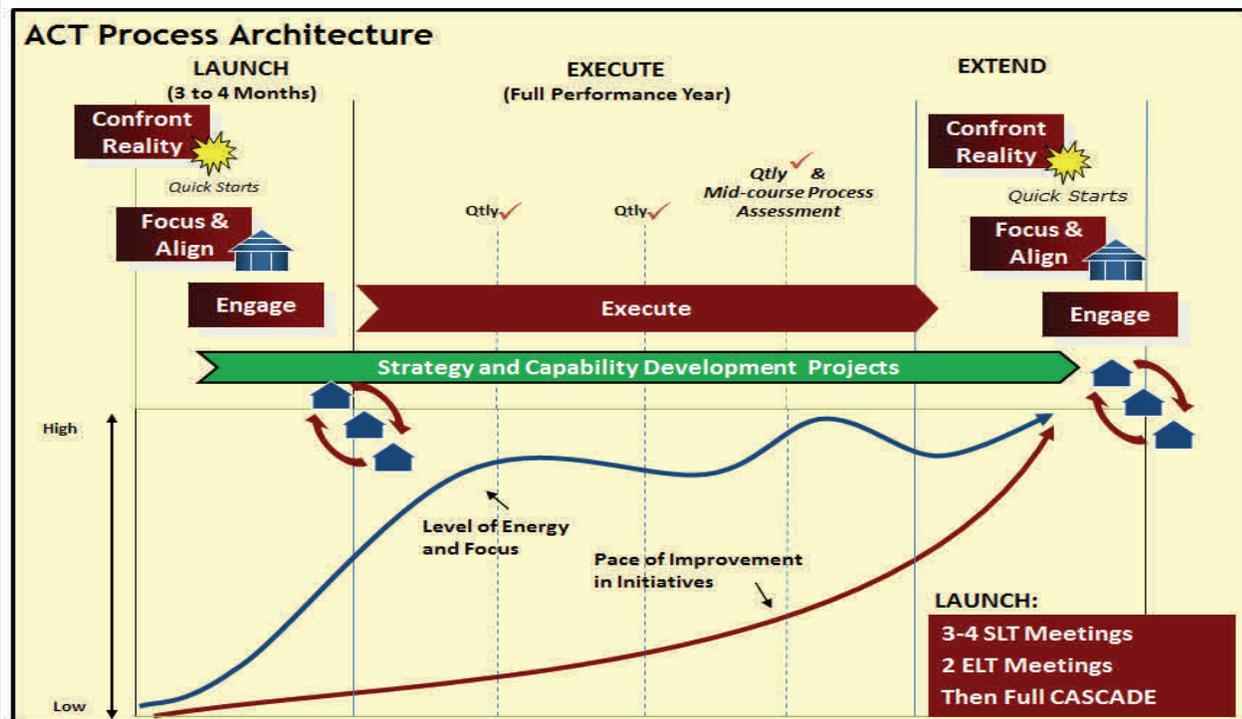


The next figure shows that these results are substantially replicated across a wide variety of industry and functional boundaries.



The ACT Process Architecture

The ACT process architecture has been designed to quickly focus, align, and engage the full organization and then rigorously follow through for implementation (as shown in the figure below). By design, ACT enables managers at all levels to effectively lead organizational transformation and strategy execution on their own. Moreover, ACT was explicitly designed to enable a CEO or executive leader to quickly engage and overcome each of the corporate transformation "inhibitors." It incorporates a compressed Launch Phase (usually no more than 3-4 months) so that the entire organization can quickly get into Execution and accelerate the process of learning from performing.



Notice that the process steps are designed and sequenced specifically to maintain the high levels of focus and energy required to drive results over the course of the first full performance year. The typical ACT roadmap unfolds over a 15-18 month initial engagement. When done correctly, ACT creates a building of momentum and acceleration of business performance and culture change that eventually becomes integrated into the operations and management process. Full engagement across this initial time span is essential for energizing managers and employees at the different levels in the organization and sustaining strong execution traction.

All of the essential steps and deliverables in the ACT approach are summarized in the table below.

ACT - Helping New CEOs and their Teams Address Corporate Transformation Challenges		
	Services	Outcomes
ACT	<ul style="list-style-type: none"> A proprietary, streamlined process architecture for rapidly and boldly launching the next major phase in a company or organization 	<ul style="list-style-type: none"> Tailored Leader-led ACT Process Senior Advisor approach
Confront Reality <i>Quick Starts</i>	<ul style="list-style-type: none"> Internal & External due diligence Leadership readiness assessment Confront realities: Data based work session 	<ul style="list-style-type: none"> Create "Safe Passage" for objective business & organization assessment Prioritize Issues & Opportunities
Focus & Align	<ul style="list-style-type: none"> Focus: Vision and Business Success Model Align: Transformation Initiatives and Behavior Drivers Compressed series of concentrated, 1-day Work Sessions: Senior and Extended Leadership Teams 	<ul style="list-style-type: none"> Set clear direction Focus 3-4 initiatives for rapid execution Align top 3 mgt levels Prep Executives to lead
Engage <i>All Employee High Engagement Cascades</i>	<ul style="list-style-type: none"> Engage: Uniquely rapid, High-engagement, All-employee Cascade to create organization-wide excitement, accountability and leaders at all levels 	<ul style="list-style-type: none"> Create widespread understanding, excitement and commitment Establish clear line-of-sight goals for entire organization
Follow Through <i>Only</i>	<ul style="list-style-type: none"> Rigorous execution tracking: Initiative Tracking, Individual Performance Tracking, Midcourse Assessment, Quarterly Performance Checkpoints with 1-day Work Sessions, and Streamlined Re-launch at beginning of next year 	<ul style="list-style-type: none"> Breakthrough Performance Results in First Year Demonstrative culture shift in First Year More robust mgt process

✓ Accelerated
✓ Focused
✓ Leader-led
✓ Resource-Rich
✓ Proven

BIG Idea:
Successful launch of next major phase in firm's development

The 15-month Roadmap consists of five Phases:

- Phase 1: Launch
- Phase 2: Refinement and Alignment
- Phase 3: Engagement and Commitment
- Phase 4: Execution
- Phase 5: Re-planning

Launch Phase

The Launch Phase begins with Pework, which consists of assembling the salient elements in the external and internal environments of the enterprise as well as the results of an initial round of confidential interviews with all members of the executive team. The latter is used to gauge the magnitude of the required changes, identify major improvements needed in the organization, and assess the functioning of the leadership team. Then, preliminary versions of the company's new performance aspirations, strategic vision and intent, business success model, and values are developed, and they are reviewed and refined in the initial meeting of the Senior Leader-



ship Team, referred to as SLT1. This is also the time to identify and put into play some "Quick Starts" that can generate early returns to reinforce the transformation effort, even before its plans are finalized.

Refinement and Alignment Phase

What follows is a series of carefully designed meetings of the Senior Executive Team (SLT) and the Extended Leadership Team (ELT), each led by the new CEO and structured to successively refine and ultimately finalize the core constructs of the company's transformation, including agreement on Business Realities, Strategic Vision and Intent, Business Success Model, Values and Culture, Organization Design, and Transformation or Strategic Initiatives (each with specific Areas of Focus, Outcome Metrics and Action Programs). Proprietary ACT templates and procedures (supported by ACT Practice Guides) are utilized to guide this process. Structured dialogue is established to ensure that the process is rigorous and that all executive leaders are engaged and ultimately aligned. Only then is the transformation cascaded to all employees to ensure their engagement and commitment.

The deliverable at the end of the Refinement and Alignment Phase is a simple, but comprehensive set of client-built constructs that define and prioritize the focus of the enterprise for transformation. This deliverable takes the general form of a corporate transformation plan, as illustrated in the ACT "arrow." Only after this plan has been refined and vetted by the top 3 levels of management should the transformation be cascaded down through the organization to all employees to set the stage for full Execution.

Engagement and Commitment Phase

Once the corporate transformation plan is finalized, it is time for the CEO and all executive leaders to first, identify their commitments to action (CTAs) to drive the business initiatives as well as their own behavior change commitments to live the new values. This is accomplished using common ACT templates in a compressed format, just before all employees are introduced to the corporate transformation plan and explore what it means to them at their job level.

To accomplish this last pre-Execution task, ACT incorporates a *rapid, high-engagement, all-employee cascade methodology* to rapidly create clear line-of-sight accountability between the new company-wide initiatives and the job-level commitments of all managers and employees.



The cascade begins within a meeting of the Extended Leadership Team (ELT2 in the Typical ACT Roadmap), during which each construct in the final transformation plan is reviewed. In the cases of the strategic initiatives and company values, specific commitments to action (CTAs) are first presented by Senior Leadership Team (SLT) members to their teams before their team members discuss and then develop their own preliminary CTAs. Subordinates meet within a week with their SLT member to finalize their CTAs, before they lead a similar process with their direct reports, and so on, until all employees have created individual commitments that establish clear line-of-sight accountability from top to bottom in the organization.

The entire cascading process is guided by ACT toolkits and is led by leaders, rather than consultants or internal staff members, at each level in a high-engagement manner, using ACT principles, templates and techniques. This is how the link between the corporate transformation plan and performance management is completed.

Execution Phase

During the rigorous Execution Phase of ACT, every effort is made to raise the level of traction in implementation. For example, the company's executive leaders (SLTs) wear "two hats." First, they are responsible for executing all 3-4 strategic initiatives in the part of the enterprise for which they have line management responsibility. Second, having served as the co-champions of one of the strategic initiatives during the planning process, they remain in place throughout the Execution Phase to provide ongoing "execution oversight." Just before the start of the Execution Phase, divisional champions are added to these company-wide Initiative Teams.

This process of execution implementation and oversight is complemented by a series of quarterly ELT meetings in which the top three levels of leaders review progress on the strategic initiatives, identify gaps, and articulate "accelerators" that the enterprise needs to pursue during the coming quarter to speed implementation. The learnings and guidance from these quarterly reviews are systematically cascaded down the organization in well-designed supervisor-employee meetings, called mini-cascades. Toward the end of the second quarter of execution, a top-to-bottom midcourse assessment is conducted of the process itself.

Typical First-Year Performance Outcomes

By focusing on 3, but no more than 4 transformation or strategic initiatives using the compressed ACT roadmap, executive leaders have been able to routinely generate breakthrough results by the end of the first full performance year, as illustrated with three ACT clients in the table below. Early achievement of breakthrough performance on the key initiatives helps reinforce the transformation process and re-energize the workforce for the second year of the effort.

Re-Planning Phase

Toward the end of the first full performance year it is important to go through a streamlined version of the ACT process to launch Year Two. The initiatives are refreshed, the process is tuned and managers and employees at all levels become re-focused and re-engaged in the next-round plans. This ensures that the principles of ACT work their way into the day-to-day management process.

Time ACT Right

The timing of an ACT intervention should be pegged at the point of entry of a new CEO. Indeed, the conversation with a new CEO about ACT and his or her transformational challenges should ideally take place shortly after the announcement of the appointment, a few months before the new CEO comes aboard. That way the new CEO can take full advantage of the early ACT steps that are most effective in "taking charge" to launch the next major phase in the enterprise.



ACT: Focus for Breakthrough Results

	Global Retailer	Software Leader	Largest U.S. Utility
BIG IDEAS	<p>INITIATIVES... To make this global retailer the most compelling place to...</p> <ul style="list-style-type: none"> • INVEST: Shareholder Value Creation • SHOP: Customer Satisfaction • WORK: Retention and Engagement 	<p>INITIATIVES... To fundamentally reposition this leading high-tech company in an increasingly competitive global software industry...</p> <ul style="list-style-type: none"> • Growth • Retention • Profitability 	<p>INITIATIVES... To fundamentally reposition in the context of evolving deregulation and competition...</p> <ul style="list-style-type: none"> • Business Focus • Adaptive Culture • Low Cost Producer • Empowered People
BIG RESULTS	<p>FIRST YEAR RESULTS...</p> <ul style="list-style-type: none"> • "Worst Ten" to "Number Two" among S&P500 in Shareholder Value Creation • 50% decrease in Customer Complaints • 72% increase in Employee Retention 	<p>FIRST YEAR RESULTS...</p> <ul style="list-style-type: none"> • 24% increase in revenue • 41% decrease in voluntary employee turnover • 290% increase in profitability 	<p>FIRST YEAR RESULTS...</p> <ul style="list-style-type: none"> • \$100MM costs reduction in first year (\$400MM in three years) • Union grievances fell 72% in two years • 38% increase in employee attitude survey • 30% reduction in reportable accidents



ACT Practice Guides

Footnotes

1. For case studies of a variety of ACT applications over the past two decades, please refer to the following books: Robert H. Miles, *Leading Corporate Transformation: A Blueprint for Business Renewal* (Jossey-Bass, 1997), Robert H. Miles and Michael T. Kanazawa, *BIG Ideas to BIG Results: Leading Corporate Transformation in a Disruptive World* (Pearson, 2016).
2. For an explanation of the typical barriers to rapid transformation and how to overcome them, refer to Robert H. Miles, "Accelerating Corporate Transformations-Don't Lose Your Nerve!" *Harvard Business Review*, January-February 2010, pp. 68-75, and Robert H Miles, "The Inhibitors of Rapid Transformation: Perspectives of Senior Human Resource Leaders," Corporate Transformation Resources, Working Paper 11-103, April 2012.
3. Robert H. Miles, "The Inhibitors of Rapid Transformation: Perspectives of Senior Human Resource Leaders," Corporate Transformation Working Paper 16-104, January 2016.



Robert H. Miles, Ph.D.



Robert H. Miles, Ph.D., President, Corporate Transformation Resources, is a global thought and practice leader in the fields of corporate transformation and executive leadership. He has served CEOs as the principal process architect and supervisor of over 30 corporate transformations. A summary of insights from his experiences, titled "*Accelerating Corporate Transformations*," appeared as a feature article in the Jan/Feb 2010 issue of the *Harvard Business Review*; and was reprinted in the "*Reinvention*" issue of *HBR OnPoint*, Spring 2012.

Over the past two decades Bob has pioneered an **Accelerated Corporate Transformation (ACT)** methodology at such leading companies as Apple, Black & Veatch, General Electric, IBM Global Services, National Semiconductor, Office Depot, PGA Tour, Rockwell International, Southern Company and Symantec, as well as a number of emerging high-tech companies. ACT has been licensed to several global consulting firms. Miles also is the author of a series of books on corporate transformation and organizational effectiveness, including **Corporate Comeback**, **Leading Corporate Transformation: Blueprint for Business Renewal** and **BIG Ideas to BIG Results: Leading Corporate Transformation in a Disruptive World**, Second Edition, with Michael Kanazawa (Pearson, 2016).

Frequently serving as the Principal Process Architect to executive teams as they plan, launch and refocus their corporate transformation efforts, Bob helps new CEOs "take charge" and sitting CEOs launch the next major phase in their organization. A trademark of his approach has been the intensive, high-engagement, all-employee cascade, which launches the execution phase by quickly focusing everyone in the enterprise on a shared set of business performance and cultural stretch goals for breakthrough results.

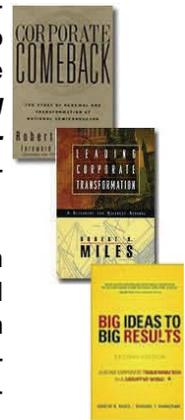
On the Yale and Harvard Business School faculties for many years, Bob taught in the MBA and Doctoral and senior executive programs. At Harvard he was Faculty Chairman of an innovative residential executive program, which helped CEOs and their teams plan corporate transformations. He is a Cofounder of the Macro Organizational Behavior Society, (Miles, **Macro Organizational Behavior**, 1980), a convocation of elected global scholars held each year at HBS.

Later he was Hopkins Distinguished University Professor and Dean of the Faculty at the Goizueta Business School at Emory University.

Bob served for over a decade at both the AEA/Stanford Executive Institute and at GE's Crotonville Operations (where he redesigned and taught all of the executive-level change management modules). He also served on the Editorial Review Boards of Management Science and Administrative Science Quarterly, and on the Advisory Boards of the Organizational Effectiveness Division of The Conference Board and the U.S. Department of Energy.

Earlier in his career, Bob was an Operations Analyst at Ford Motor Company, a First Lieutenant (Armor) in the U.S. Army, Special Assistant to the Director of Research, Development and Engineering at U.S. Army Missile Command, and a Project Manager at the Advanced Research Projects Agency (ARPA) in the Office of the Secretary of Defense.

Miles received a B.S. from the McIntire School of Commerce at the University of Virginia (where he served for two decades on the Advisory Board) and a Ph.D. in Business Administration from the University of North Carolina.



*The ideas expressed in this paper are elaborated by the author in his latest book, **BIG Ideas to BIG Results: Leading Corporate Transformation in a Disruptive World** (Pearson, 2016), and in his latest article, "Accelerating Corporate Transformations—Don't Lose your Nerve!" **Harvard Business Review**, January-February 2010, and reprinted in the "Reinvention" edition of **Harvard Business Review OnPoint**, Spring 2012.*

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