PART ONE

•

Drive Change

•

SECTION I

•

Use Your Blinkers

•

1

Sandy's Rule

A FEW YEARS AGO, I WAS ASKED to give a talk at a global sales conference for a multinational technology company. In response to plateauing sales, the leadership team defined a change strategy to reignite their growth. Unfortunately, they had announced the change nearly nine months before and it hadn't taken hold. With the conference only two weeks away, they were hoping I could help.

In cases like this where I'm hearing about a session just days before the event, my job more closely resembles triage than it does consulting or speaking. Since that happens fairly often, I've had to develop some shortcuts to get my arms around a situation quickly. One of these shortcuts involves writing the word NEW at the top of a blank notebook page. Then about halfway down the page I scribble the word OLD. As the clients explain their vision of the future to me, I begin taking notes under NEW. If my notes fill up the space between NEW and OLD before they finish explaining their plan, it's often a good sign that we need to clarify the strategy. I adhere to Einstein's dictum that "if you can't explain it to a six-year-old, you don't understand it yourself." As my wife will attest, I play the part of a six-year-old disturbingly well so this method lets me leverage my gift of perennial immaturity. I've found that if I can understand the vision after just a few minutes, then it is usually crystal clear to the client's team members.

So when this call began, I opened my notebook and jotted down NEW then OLD on a blank page. After a few minutes of small talk I asked them to tell me about the new strategy.

"What is it all about?" I said.

The group's vice president, whom we'll call "Sandy," jumped in to explain how the new plan focused on something called "co-selling." Essentially, their internal salespeople would start working closely with the company's external distributors with whom they'd traditionally had more of what you might call a *frenemy* relationship. In theory, they are on the same team, but in practice there was an unspoken assumption that the external distributors might cannibalize your sales, and therefore your paycheck.

With co-selling the idea is that external distributors better understand the individual customer's challenges, while the internal salespeople at the company that actually makes the products better understand the range of possible solutions to offer said customers. By working together, they are able to recommend a more fitting solution to address each customer's unique challenges. Makes sense, right?

When Sandy finished explaining, I had plenty of room to spare between NEW and OLD.

So far so good.

A decade ago, I would have stopped right there and moved on to discuss the demographics of the group, the logistics of the conference, and other housekeeping matters. After all, the new vision was vivid and concise. It was crystal clear *why* the change needed to happen. Everyone understood what "co-selling" was and how to do it. And we had no reason to believe that they somehow lacked the skills or abilities to do it. This was textbook change management.

There was just one problem. They had launched the new initiative seven months before and nothing had changed.

"That sounds great," I continued. "So let's move on now to what needs to change."

Silence.

After a few awkward moments, Sandy spoke up and very patiently explained it to me again. "You see, Nick, with the new model our people will be partnering with the distributors to really figure out what the customers' *true* challenges are so that we can provide them with a comprehensive solution that better suits them."

"Ah, okay, I think I get it. So provide comprehensive solutions as opposed to . . . *what*?" I asked.

More silence.

I broke the verbal stalemate this time. "Sorry, I am not being very clear here," I said. "Let me try again. What have your people been doing that you want them to *quit* doing so that they can do all the new things that co-selling requires of them?"

At that point, it finally sunk in. They were adding new priorities on top of old priorities, rather than replacing the old objectives. They were touting new behaviors, but not explicitly killing or even reducing any old behaviors. They were trying to be in the old place and the new place both at the same time. As a result, the whole department was either oblivious or confused or frustrated or all of the above.

Meanwhile the clock was still ticking on all the department's goals for the year.

The top leaders couldn't understand why their people weren't jumping onboard.

Tick . . . tick . . . tick. . . .

The middle managers couldn't imagine how they were expected to take on the extra work required of co-selling without a bigger team and a bigger budget. As far as they knew, they still had to perform all the old duties, but now had a whole bunch of new responsibilities on top of them.

Tick . . . tick . . . tick. . . .

The salespeople out on the front lines could sense the tension between their direct managers and the executive leadership. This just confirmed the belief that their bosses were nice enough people, but were largely ineffectual cogs in the corporate wheel incapable of talking sense to the out-of-touch executives who didn't really understand what it was like "in the field." So the salesforce simply shook their heads, shrugged their shoulders, and assured each other that this newest fad too shall pass. Back to business as usual.

Tick . . . tick . . . tick. . . .

Fortunately, this was a talented team with a legitimately strong plan in place. Once we correctly identified the problem, the solution was simple.

●

ATTENTION + DIRECTION = CHANGE

"I think that's it," Sandy said. "I've sent out multiple emails and voicemails announcing the new emphasis on co-selling. We've even brought in outside trainers to conduct co-selling courses to our sales teams. They 'get it.' But the message hasn't hit home yet, it hasn't translated to action yet. Now I think I know why."[1]

"Really? Why do you think that is?" I asked her.

"It's the old versus new thing. I don't know that we've made that clear. I think we—those of us on the leadership team, I mean—just assumed that the change was . . . obvious."

"How so?" I said

"I agree with you, Sandy," said Michael, one of Sandy's directors and the organizer of the upcoming conference. "I think everyone gets what co-selling is. They just aren't sure exactly what they need to put on hold or quit doing altogether. A lot of the people on our team probably *think* they are co-selling. And from time to time, I think they are actually involving the distributors in the process. But it's hard to tell, because just as often, they are calling on their customers by themselves and leaving the distributor out of the loop."

"And why do you think that is?" I asked.

"They just don't think it's necessary in a lot of instances," Michael said. "I can say from personal experience, it feels that way a lot. Typically, a big chunk of our sales come from license renewals on our software—and often that just means getting customer organizations to pay for the unlicensed software that their people have been using illegally all along. It's pretty basic. Those kinds of sales just don't require much outside help to make."

"So if that is where most of your sales come from, and they don't require co-selling, then why are you transitioning to co-selling?" I asked.

"Correction. That's where our sales *used to* come from," Michael explained. "Things are changing, though. We can't rely on those license renewals to maintain our position anymore, let alone to *grow*. The perception in the marketplace is that we've become 'piracy police' instead of trusted partners or solution-providers."

"That's it then, isn't it, Michael?" Sandy asked rhetorically. "It's the licensing deals that need to get cut."

"Well . . . I suppose . . . *maybe* . . . ," Michael stammered.

"I don't mean cut them out altogether," Sandy clarified. "We'd go out of business if we did that. I just mean we need to make an example out of the licensing deals—to show the team just how serious we are about co-selling as our future, and how the things we did before aren't going to work anymore."

"What do you think your people would say if you did that—told them to 'stop selling licensing deals,' I mean?" I asked her.

Sandy laughed. "They would think we lost our bloody minds!"

"Well, that's a good thing," I said, only half-joking. "That's what we want. Crazy people get other people's attention."

"Oh, it would *definitely* get their attention!" Michael said.

"But okay. I get it," I said. "So you can't ax all efforts toward selling licensing deals, but— "

"No, we couldn't," Sandy interrupted. "That would bankrupt us. But what we could do is change the proportions. Michael, about what percent of your team's sales have come from license renewals this year?"

"I don't know. I'd guess probably 60 to 70 percent."

"So assuming that is representative of everyone else, how about we introduce something like a '51 percent rule'? At least 51 percent of your sales must come from something other than licensing deals. You'll receive higher bonuses for reaching that ratio, and be penalized for missing it."

Michael let out an audible sigh into the phone. "I'll be honest," he said. "That gives me a mini panic attack." He paused for a moment, then continued, "but on the other hand, it would definitely cause me to rethink my team's approach."

"Well, that's the point, isn't it," Sandy said. "We have to send a signal that we are serious about changing immediately."

"Yes, I guess. I mean, yes, you're right. That is the point," Michael concurred.

I don't want to be too callous since we were talking about real people's livelihoods. But one litmus test for determining whether or not you've actually made a change *decision* or just a change *addition* is whether the people on your team feel any discomfort. If there isn't any discomfort, chances are that you haven't really made a decision. I once heard change described this way: *change is loss; loss is pain*. If there is no initial pain, then there is no loss. If there is no loss, then there is no change.

That's not just pop psychology either. It speaks to one of the most reliable phenomena in human psychology called "loss aversion." Loss aversion[2] was identified in a series of studies back in the 1970s by Nobel laureate Daniel Kahneman and his colleague Amos Tversky. It has since been replicated in thousands of studies in every situation imaginable from shopping and dating to working and investing. The simple fact is that people hate loss. Actually, "people" is too limiting. Research shows that even fish in the seas, birds in the trees, not to mention apes in the jungles and . . . okay, I can't think of a habitat that rhymes with "ungle," but you get the point. Loss aversion is universal. That's why we hold on to poor-performing employees long after it's time to let them go. That's why we "throw good money after bad" when making investments. That's why we so often fail to strive for the job we really want, because we are afraid of losing the security or prestige or comfort that comes from the mildly unsatisfying job we already have. The prospect of losing security or influence or comfort causes a sharp and instinctive emotional reaction. Eventually, good judgment from the rational part of our brain can in fact overrule that knee jerk—and often irrational—aversion to loss, but it's almost impossible to eliminate the reaction before it happens. So if there is no "mini panic attack" like Michael's, then there probably won't be any change either.

The good news is that this emotional reaction is part of what wakes people up. It's what gets their attention and signals a turn. But aren't there other ways to get people's attention?

Sandy could have shown up wearing a hard hat and a utility belt, and asked the rest of her leadership team to dress up as the other members of the Village People, then kicked off the session with a rendition of *YMCA*. She could have reenacted a scene from *Dead Poets Society* by jumping up on a table while reading off the strategic plan for the year, and then asked her team to reply with "Oh captain, my captain!" She could have done wind sprints in her pumps on stage at the global sales conference. At the very least, she could have sent out a mass voicemail to her department that began with a really funny joke before launching into the new priorities. Any of those communications would have been unexpected, memorable, and attention-grabbing.

But none of those elaborate distractions would have been as effective as publicly deciding which of the other known, recognized priorities would be burnt as a sacrifice on the altar of the new strategic direction. What a decision does that a great joke or a silly costume won't do is to clarify a direction that the rest of the team can use to make decisions for themselves.

That's why change *decisions* function like a blinker, and change *additions* function like hazard lights. With a turn signal, the blinking light only flashes on one side of the car at a time—either the left side or the right side. Unlike every other light on a car, a blinker has to get people's attention *and* signal a change in a specific direction. When the car in front of you slams on its brakes, its brake lights illuminate immediately so that you know to slow down. When the driver in front of you switches on the hazard lights, it also gets your attention and tells you to be alert because something is going wrong with that car. But you don't really know what's going on. Are they turning? Did their brakes go out? Did they blow a tire? Do they need help? Did their toddler toss a smartphone out the window? So you might worry, slow down, and gawk, but you'll basically keep right on moving down the road just like before . . . only slower.

What makes the blinkers different from the brake lights or the hazard lights is that blinkers also clearly indicate the new direction.

For leaders who identify a necessary change, the instinctive temptation is to switch on their hazard lights, instead of their blinkers. Sandy had talked herself hoarse for the previous year warning her team about the need to refocus their efforts. She desperately tried to get their attention. And her team wasn't dumb. They knew that the old model of selling wasn't long for this world. But without a clear decision about which old priorities they should temporarily quit pursuing, all those passionate pleas and bold pronouncements in emails, speeches, and voicemails presented the new direction as an *addition* rather than as a decision.

By now, you've probably heard about the famous psychology study[3] where psychologists Daniel Simons and Christopher Chabris asked participants to watch a video of a group of people passing a basketball back and forth, and then count how many passes they make. A few seconds into the video a guy in a gorilla suit walks behind them, faces the camera, pounds his chest a few times, and then walks off the set again. (If you aren't familiar with the study, it's about . . . well, what you just read.)

Most of the participants were so busy diligently counting the passes of the basketball that they didn't even notice Donkey Kong stroll through behind them.

Your new strategic direction is like the guy in the gorilla suit. All your other priorities, key objectives, and projects-in-progress are like the basketball players passing the ball. Pounding your chest with ACTION REQUIRED emails will not get their attention until you tell them it's okay—and, in fact, expected—for them to *stop counting passes*. Telling them to look out for the gorilla, without explicitly ordering them to stop counting passes for a moment, doesn't cause them to change. It causes them to multitask. It inspires overwork, exhaustion, and burnout. But it doesn't inspire change.

When Sandy announced the 51 percent rule at the conference, it effectively sent the team a pitch-perfect message that both got their attention *and* pointed to the new direction by forsaking the old direction.

Another variation of Sandy's 51 percent rule was applied by a clever human resources director I work with. In response to a larger culture change, the HR leader wanted to get his department to think differently about their role in the company. Internal surveys showed that most managers throughout the company viewed the HR department like an internal police force. They were the "compliance cops." That's because the only time most of the managers ever interacted with their HR representative was when they wanted permission for firing someone, or to deal with some employee complaint about their management behavior.

As a result, the managers' relationships with HR had become an elaborate game of cat and mouse. Managers spent more time cleverly devising ways to escape the notice of HR than they did trying to figure out how to make the right people-management decisions.

For their part, some of the people in HR actually liked this relationship. It made them feel powerful. It made them feel like crusaders of truth and justice whose job was to protect the little guy from the evil bosses. It was a case of noble intentions resulting in ignoble behavior.

So how would you go about inspiring a change like this? How do you change a time-worn relationship that was being reinforced from both sides every day for decades?

The HR leader made a decision. He decided to ban the word "no" from his department's vocabulary. "Never say no" became the mantra of the department.

Think about what this simple rule accomplished. Without the ability to say "no," the HR representatives were forced to interact completely differently with the managers in the field. Now, when asked whether or not they could fire an employee, the HR rep had to say something like "N—I mean . . . well, let's see. Uh, here's what we're facing legally if you terminate this person without proper documentation. So I would say definitely N—er, I mean, what's *your* opinion?"

Suddenly, the ball was back in the manager's court. No longer was the manager engaged in a chess match with the HR rep to see what he could get away with. It became a joint problem-solving session, where the manger got to tap into expert advice on the implications and consequences of each option. Instead of being the cop, the HR rep was now more like the manager's personal legal counsel. Not only did the icy relations between HR and management begin to thaw, the managers also started to become better decision makers. They were now forced to think through what the right choice should be, instead of thinking only about how to "get away with" doing whatever it is they wanted to do. At the same time, the conversations gave the HR reps a deeper understanding of the managers' points of view. They had to hear why this employee was causing a problem for the business, and in order to understand that reasoning, the HR reps were forced to better understand the business side of the equation, and look beyond the HR worldview.

Another perfectly rational (though flawed) way to approach this change would have been to come up with a script to guide every interaction. First, you define the problem. "Ms. Manager, what's the real issue here?" Second, you ask, "Do you understand the implications of this decision?" Then you say, "What do you think we should do in this situation?"

That approach makes perfect sense, but it won't get anyone's attention. It won't make anyone change. Why? Because it sounds way too much like every other yawn-inducing training curriculum on customer service or interpersonal communications they've had. On top of that, it feels like it only makes their jobs more complicated. *Now, in addition to everything else I have to remember every day, I also have to memorize this plastic, artificial sounding set of questions that everyone knows is fake and not really "me." Ugh.*

The "never say no" rule took a very different approach. It was a decision, and not an addition. It didn't add a bunch of new skills or lists of behaviors that must be learned and memorized. It simply kicked out a crutch that the entire department had leaned on for years, instead of changing.

The rule also grabbed the HR department's attention precisely because of the risks it conjured up in their minds. The first thing everyone thought of was, "But if we never say no, the company is going to get sued every other day! You should hear some of the stuff that these managers try to get away with!" It was that shock—that potential loss—that grabbed everyone's attention and finally sparked a productive conversation about a real change.

In truth, all the rule really did was put more accountability on the managers' shoulders. It also removed a veil of cover from those managers who were truly poor leaders, but had been able to hide under the protection of this contentious relationship with HR. If the company got sued because that manager made a rash decision, the manager knew that he now shared equally in the responsibility for that decision. Also, the HR reps had to learn to be influential and to think strategically, instead of being authoritarian and narrow-minded. This was the ultimate direction that the head of HR wanted the department to move all along. But simply saying, "Be more influential, instead of authoritarian," even really loudly, was a statement that had no teeth. It was vague and ambiguous and failed to inspire true change. Only when he made the decision to cut out the word "no" from the human resources lexicon did the team finally begin to change.