The Leader's Role in Managing Change: Five Cases of Technology-Enabled Business Transformation

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Transformation is critical for any organization to succeed, and technology-enabled change has become a widespread means of improving responsiveness to competition and customer satisfaction. In the current climate of economic uncertainty, the imperatives that are instrumental in pushing organizations to consider transformation include innovation, business agility to adapt to external changes efficiently and effectively, the alignment of information technology (IT) and business strategy, and global demand and support for new ideas and new opportunities. The critical success factor for such initiatives lies in effective leadership to manage the changes associated with both people and processes. A review of the various aspects of leadership and change management and an analysis of five case studies in technology transformation identify the common leadership parameters that can lead to the effective and efficient adoption of change. ©*2015 Wiley Periodicals, Inc.*

The contemporary globalized business environment demands not just incremental improvements but periodic transformations, particularly when a firm relies on technology for its competitive advantage. Consequently, enterprises increasingly need to think about fundamental change—business transformation—to gain or maintain competitive advantage. Global annual information technology (IT) expenditure has exceeded $2.5 trillion (Gartner, 2014), yet less than half of large-scale IT transformation initiatives ever come close to realizing the anticipated benefits. KPMG (2003) reported that among 230 of the largest global companies it surveyed, 57 percent had to write off at least one IT project in the past 12 months, and only 41 percent were able to determine how much the failure had cost their organization.

In most of these cases, failure was attributed to leadership. The magnitude, urgency, and nature of the transformation; the capabilities and failings of the organization; and the personal style of the leader all influence the nature of a CEO's role (Aiken & Keller, 2007). A transformational model of leadership is gaining prominence in organizations characterized by geographically dispersed businesses, technological diversity, and a fast-changing environment.

Change requires creating a new system and then institutionalizing the new approaches (Kotter, 1996). Research has demonstrated that there is a positive relationship between transformational leadership and employees' commitment to the organizational change effort (Bass & Riggio, 2005) and to the leader (Kark & Shamir, 2002). Transformation efforts inevitably lose steam if leaders fail to create the desired mind-sets on the part of employees or to ensure that the right people are spending the right amount of time on driving necessary changes.

Although transformational change management and leadership are intertwined, there has been little research that focuses on the nature of this

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relationship and attempts to identify the characteristics of the leaders who implement such change.

Managing Change

The notion of change can mean different things to different people. Planned change models assume that leadership is the primary source of organizational change, and that leaders deliberately initiate change in response to perceived opportunities. In contrast, those who argue for emergent change claim that change cannot be anticipated or planned for in advance (Mintzberg & Waters, 1985). Similarly, Orlikowski's (1996) situated change model claims that organizational change is grounded in micro-level changes, which are enacted over time as actors attempt to make sense of the world in which they act. The focus here is only on planned change.

Change Management Versus Business Transformation

The process of managing some major or minor change in a business, change management is usually ongoing. Business transformation, however, is organizational change on a more fundamental scale. Although the term *business transformation* can be applied to a division or function, it is normally reserved for changes that affect a whole business. Viewed in this way, business transformation is the end and change management is the means, while change management, partnered with project management, provides the engine for its implementation.

Business transformation involves large-scale intervention from senior management, driven by situational factors and technological or internal changes that affect all dimensions of the organization, with the long-term goal of increasing the performance of the entire company. It starts with pivoting the company's business model to its core competency (which can be quite different from what the company actually does), and getting rid of everything that does not contribute to value generation around the reshaped value generation model through technology. It can be done in waves—turnaround, stabilization, and revitalization—over two to three years. The existence of a transformational leader is critical to such a large-scale transformation, which usually questions not just the processes but also the fundamental business model.

A standard technology change adoption cycle consists of:

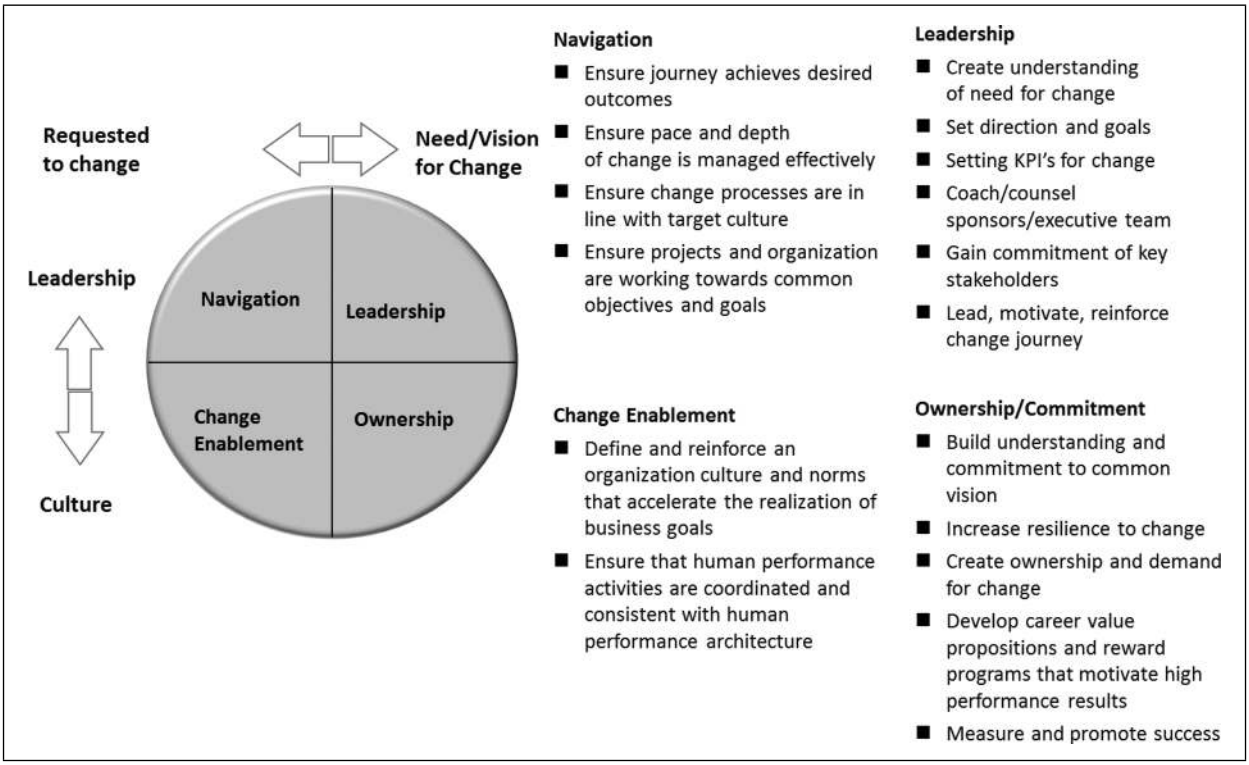
- A business preparation stage, focusing on sponsorship and communication;
- Deployment, focusing on training and performance support (enablement); and
- A sustainability stage, which includes performance management activities (ownership).

> Most technology transformations involve resistance to change, expressed through the behavior of organizational members who refuse to accept a particular change in the organization.

This can be related to Ruddle's (1999) four-quadrant change model (see **Exhibit 1** on page 30). The push is created through facilitation, awareness, and an integrated approach to managing change involving all stakeholders. The pull is created when top management is fully aligned and mobilized and stakeholders are involved and/or represented in the decision-making process.

Most technology transformations involve resistance to change, expressed through the behavior of organizational members who refuse to accept a particular change in the organization (Cheng & Petrovic-Lazarevic, 2004). Leon (2008) ascribed 69 percent, 28 percent, and 13 percent failure rates of enterprise systems to people, process, and technological problems, respectively. This shows the importance of people issues in such system implementations. The common areas of resistance of employees for technology transformation are summarized in **Exhibit 2** on page 31.

Exhibit 1. Ruddle's Change Management Model



On Leadership and Change Implementation

Able leadership is critical for enacting a radical change in an organization. The specific leadership parameters that are associated with successful change adoption are often unclear, and leadership style and performance are mediated by the organization's culture.

Brown and Eisenhardt (1997) identified three key characteristics of successful managers in continuously changing organizations:

- Providing clear responsibility and priorities with extensive communication and freedom for individuals to improvise and be creative;
- Exploring the future using a variety of simulations, which enables leaders to anticipate and shape the future; and
- Linking current projects to the future with predictable time-paced intervals and a synchronized transition mechanism.

Eisenbach, Watson, and Pillai (1999) further explain that this last characteristic enables employees to synchronize their energies with one another, creating a focused flow of attention that enhances performance. Ruddle (1999) combined the change management and transformational approaches to arrive at four different management styles, each dependent on the degree of change and the level of uncertainty about the future (see **Exhibit 3** on page 31).

Transformational leadership implies leaders with the power to motivate, stimulate, and influence the behavior of people to transform the "soft variable" of transformational rearrangement—that is, an

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Exhibit 2. Areas of Change Resistance

Resistance Area	Description
Lack of awareness	Lack of awareness about the change, why it is needed, or how it will affect them. Limited participation, during program design and build phase, or lack of clarity about the new roles and responsibilities, or limited or untimely communications about the milestones of the project, leading to confusion and apprehension among stakeholders.
Comfort with the status quo and fear of the unknown	Mature workforce, tend to be complacent and/or entrenched in the current way of doing business.
Organizational history and culture	Organization's past performance with change projects influences the employees' perception of the current change project. A technology project is often seen merely as the "flavor of the month" and employees expect it go away like those in the past.
Opposition to the new technologies, requirements and processes introduced by the change	Changes may increase the performance requirements and measurement of employees' work or employees feel the change would not solve the problems they were experiencing. Lack of motivation or knowledge to take on the revised roles—perceived resistance from employees to move to a new platform.
Fear of job loss	Perceiving the change as a threat to job security; apprehensions of end users moving from highly customized disparate systems/manual set of processes to a unified system.

Source: Cheng & Petrovic-Lazarevic (2004).

inner qualitative or mental change of the organization, which is the key to the successful management of transformational changes.

Case Studies Point to Common Leadership Traits

The following case studies from a variety of industries reflect technology-enabled business transformations. How leaders managed the change with respect to performance and culture has been analyzed in order to identify the commonalities of leadership behavior that lead to successful change adoption. The sources of the case studies are given in **Exhibit 4** on page 32. A summary of the findings is presented in **Exhibit 5** on page 33. As the case

Exhibit 3. Management Styles

Journey	Description
Operational Improvement (OI)	Incremental changes with high degrees of certainty, with narrow financial and operational targets and a centralized and disciplined approach to change. Our study does not include this.
Evolutionary Learning (EL)	Characterized by many of the quality management approaches using the transformational process success factors of involvement and ownership. Huge efforts are expended to understand consumer needs and competitive improvements. Uncertainty may exist in the precise direction of these changes.
Programmatic Leadership (PL)	A radical shift in outcomes is needed, in both strategy and capabilities, and a planned and prescribed approach might achieve the fastest result since outcome is certain.
Transformational Leadership (TL)	A radical shift in strategy and capabilities in an uncertain world. Leadership needs to own and understand the whole journey and adjust course wherever required. The leadership processes and capabilities need alignment to the whole reorganization.

Exhibit 4. Sources for Case Studies

Case Study	Sector	Source
A	Utilities	Ruddle (1999)
B	Health Care	McKinsey (2013)
C	Financial Services	Padmanabhan (2012)
D	Technology	McKinsey (2011)
E	Manufacturing	Motwani et al. (2005)

studies reveal, transformational leadership and change management are intertwined.

Case Study A: Business and Technology Transformation in Utilities

In 1994, the management of a leading water service company in the United Kingdom looked to business and technology transformation to explore new ways of working with new customers and to provide greater commercial focus, flexibility, and growth. The motivation for this was provided by the global financial crisis and tighter regulatory price control. As with other transformations, "there are patterns of sequence such as crisis, exploration, awakening, followed by visioning and engagement with the organization" (Ruddle, 1999, p. 138).

The transformation resulted in fundamental shifts in processes, behaviors, ways of working, and the enabling mechanisms of the organization. The change took more than three years and demonstrated both emergent and intentional change as it evolved. Contextual issues like politics, governance, and organizational structure influenced success at a number of points. The leadership team remained largely unchanged. The members' experience was limited to single large projects but not of such a massive complex scale. The resulting leadership style "meant more emphasis on factors such as vision, coaching, empowering the front line to lead change, balancing change co-ordination and control with local ownership, and use of balanced scorecards" (Ruddle, 1999, p. 139).

The leaders faced dissatisfaction in the workforce and lack of consistent ownership and values across the company. Early involvement of all stakeholders and consistent and continuous communication were the keys to success for the initiative. Ruddle (1999) summarized the factors influencing the successful transformation at the company as follows:

- Establishing a business case for readiness to change;
- Having a clear, well-articulated, and owned strategic intent and vision;
- Energetic, involved, and visionary leadership demonstrated in the top team;
- Focusing on customer propositions and the core processes and capabilities to deliver them;
- Ownership of the values outlined throughout the organization;
- Alignment of the enabling factors, particularly reward, performance, and structural mechanisms;
- Change style that used high-level outcomes across a spectrum of balanced measures; and
- Exploring and experimenting with new ways of working to shape intent for success of the program.

Case Study B: Market-Driven Technology Transformation in Health Care

HCA, one of the world's leading health care facilities operators, embarked on multiple initiatives over a period of years to deploy technology solutions to improve health care. Significant projects included establishing a clinical data warehouse and a big data resource to support predictive modeling. The organization's leaders also aimed to leverage "size and scale to drive cost efficiencies, using our multi-market positions to test new and innovative ideas, using our collective operating

Exhibit 5. Summary of Case Studies

Construct	A	B	C	D	E
Industry Segment	Utilities	Health Care	Financial Services	Technology	Manufacturing
Scope of Change	Organization; phase-wise	Organization; single operation	Organization; single operation	Organization; phase-wise	IT only; phase-wise
Transformation Type	Business	Business	Technology	Technology	Technology
Top Management Commitment	Yes	Yes	Yes	Yes	Yes
Driver for Transformation	Industry crisis; reactive	Responding to market changes; proactive	Merger; proactive	Tap new market; proactive	Technology change; proactive
Journey Management	Navigation to enablement	Leadership to ownership	Navigation to leadership	Leadership to ownership	Leadership to ownership
Journal Management Style	Programmatic	Transformational	Evolutionary	Transformational	Programmatic
Stakeholder Management	Yes	Yes	Yes	Yes	Adequate
Vision Clarity	Yes	Yes	Yes	Yes	Improvement
Integrated Planning	Yes	Yes	Big challenge to align IT and business	Yes	Yes
Relentless Impact Assessment	Yes	Yes	Somewhat	Yes	Yes
Leadership and Accountability	Yes	Yes, fully accountable	Yes	Yes	Yes
Aligned Performance and Culture	Yes	Yes	Collaborative innovation	No	Yes, semi-cautious
Training and Awareness Communication	Yes	Yes	Yes	Yes	Medium to high

intellect to drive best clinical and management practices across the enterprise" (McKinsey, 2013). They implemented strategic pilot initiatives to ensure people closest to execution could provide input and solutions based on their collective experience to ensure effective skills transfer and planning. Specialists met with staff to mentor them and transfer knowledge and staff were trained in proven best-practice processes.

The significant leadership characteristics identified from this case study are:

- *Identification of improvement opportunities*. Leadership recognized the opportunities in the industry.
- *Rightsizing*. The right team, with the right skills was in place to execute the plan with the abilities to adapt appropriately, when circumstances changed.
- *Detailed plan*. A clear and detailed operating plan was in place with appropriate metrics and checkpoints (balancing both short-term and long-term goals) and was communicated across the organization.

- *Alignment of technology with business*. The operations team was made an integral part of strategic planning and development.
- *CEO's regular interaction with employees*. Relationships with people across all levels ensured better buy-in of a new initiative.

Case Study C: Industry-Focused Technology Transformation in Financial Services

As in other parts of the world, the banking sector in India strongly emphasizes technology and innovation. Initially used to provide support for internal requirements pertaining to bookkeeping and transactions processing, technology soon enabled banks to provide better quality services at greater speed. Internet banking and mobile banking made it possible for customers to access banking services from anywhere at any time.

The banking sector is an example in which IT infrastructures have had implications for economic development. A customer is now empowered to choose a service from a range of providers. Customers are increasingly individualistic and choosy and have started to demand transactions on their own terms. The predicted entry of nonbanks in retail banking has made this scenario even more competitive (Padmanabhan, 2012).

Lenovo's acquisition of IBM's PC operations implied a technology transformation to support the new operating model, spread across 160 countries, and the need for standardization of operations.

The significant leadership characteristics identified from this case study are:

- *Planning for increasing customer-centric products and intensifying competition*. This may also imply a change in strategy for marketing high-technology products that result in a probable change in mission and vision in some cases.
- *Achieving a balance among people, process, and technology involved in the transformation*. "This may also mean that you have to press the pause button while engaging the top management once in a while, for effectively bridging gaps between the IT and business teams," said G. Padmanabhan, executive director of Reserve Bank of India, at a conference of the Institute for Development & Research in Banking Technology in Hyderabad (Padmanabhan, 2012). The support of top management for IT was crucial.
- *Technological transformation leaders drive the scientific and technological innovation processes in high-technology industries to improve operations by innovation*. The entire organization gets involved in the innovation process and is aligned with the organization's strategy.

Case Study D: Postmerger Technology Transformation in the Technology Sector

Lenovo's acquisition of IBM's PC operations implied a technology transformation to support the new operating model, spread across 160 countries, and the need for standardization of operations. Legacy IT systems were replaced by a global enterprise resource planning (ERP) system to standardize processes while remaining receptive to local variations and statutory requirements (McKinsey, 2011).

The PC market has traditionally had a very thin profit margin. The new IT solutions were needed to enable the company's global operating model with new business capabilities and support the newly diversified customer base and global back-end operations. There was a clear need to link business strategy with the IT transformation road map. Rather than outsourcing, the focus was on building an internal team. The major releases of the new system were delivered on schedule and on budget. Standardized global operations for finance and the supply chain were launched and migrated to all

strategic platforms. Overall, IT spending as a percentage of revenue dropped from 2.8 percent in 2008 to 1.3 to 1.4 percent in 2010 because of the initiative.

The significant leadership characteristics identified from this case study are:

- Because it had a globally dispersed and transformation inexperienced team, the people strategy was to gradually build the internal IT team. Culture integration was critical. According to the company's vice president of human resources, "It's not about what Lenovo used to do or what IBM used to do, but rather what we want to do together, combining the best of both organizations" (Tang, 2007, p. 43).
- IT-business alignment was important, as was understanding that not all business requirements can be accommodated. The initial focus was on delivery of functionalities that are critical to business operations; fancy features/enhancements were secondary.
- Supportive leadership from the very beginning was key to success.
- Robust monitoring and continuous impact assessment led to resource coordination and benefits realization. The responsibility and scope of the ERP implementation project was clearly defined and controlled. The project team was balanced between IT professionals and end users.
- Change champions/agents were deployed who consistently advocated the benefits of ERP systems to engender commitment.
- There was a clear understanding of the business model, as well as a deep understanding of the legacy systems that were being phased out.

Case Study E: ERP-Enabled Business Transformation in Manufacturing

To support its newly developed centralized supply chain and year 2000–compliant general ledger system, a supplier of wiring harnesses for the automotive industry with facilities in the United States, Mexico, and Canada embarked on a plan to implement ERP.

A team-approach was followed that eventually received consensus to proceed at a corporate level. A learning environment was established based on appropriately responding to technological changes or learning from other organizations that had achieved best practices in the industry (Motwani, Subramanian, & Gopalakrishna, 2005). The significant leadership characteristics identified from this case study are:

- Communication was open, leading to information sharing, cross-functional training, and personnel movement within the organization. Use of external information included employees, consultants, and customers.
- Three crucial teams were deployed to ensure successful implementation: a strategic thinking team, a functional consultant/business analyst team, and an operations team.
- Leaders worked very closely with the ERP vendor during the implementation process with appropriate process metrics.
- Leaders had accepted that there would be glitches and did not point fingers when they occurred; instead, lessons-learned documents were compiled to avoid repetition of mistakes.
- Managers were able to take all employees in their fold. Thus, they willingly went the extra mile to support the project. Change champions were deployed for change advocacy.

Requirements for Effective Leadership

The data from these case studies highlight the key factors that enable leaders to successfully foster change. The particular actions taken at various stages of each organization's experience were analyzed to fashion a set of success criteria for the change process. The success characteristics can also

Exhibit 6. Employee Resistance to Change Under Four Management Styles

Employee Resistance	Mitigated through	Management Style			
		OI Case B	EL Case D	PL Case A, F	TL Case C, E
Lack of awareness	Integrated planning and teams Awareness communication	Yes	Yes	Yes	Yes
Comfort with the status quo and fear of the unknown	Vision clarity Leadership and accountability	Yes	Yes	Yes	Yes
Organizational history and culture	Relentless impact assessment	Yes	Yes	Yes	Yes
Opposition to the new technologies, requirements, and processes introduced by the change	Stakeholder engagement Leadership and accountability	Yes	Yes	Yes	Yes
Fear of job loss	Training and awareness communication	Yes	Yes	Yes	Yes

indicate measures of success for the change process itself. The leadership characteristics identified as being common to all the case studies are discussed below. Referring to the management styles outlined in Exhibit 3 and the sources of employee resistance to change outlined in Exhibit 2, **Exhibit 6** summarizes how leadership behavior can mitigate sources of employee resistance to technology transformation assignments.

Stakeholder Engagement

Authentic transformational leadership builds genuine trust between leaders and followers. The preceding case studies demonstrate that effective change happens only when top-down insight/leadership meets bottom-up drive (commitment to execution, the opposite of resistance). The case studies show that the early involvement of people affected by change and the commitment and buy-in of senior management are very important for successful implementation. Aligning and mobilizing leaders and the commitment of middle management are also viewed as important.

Employees need to fundamentally rethink and reshape the business while continuing daily operations. This has to be done as a cooperative relationship, not as a project delivered by management. User involvement is critical. Only by owning the problem, and by being seen to own the problem, can a team collectively engage with the issues and want to move it forward by finding solutions. Once the vision is out, leaders need to constantly reinforce it and get every individual engaged. Success comes from taking change to employees, encouraging debate about it, reinforcing it, and prompting people to infuse it with their own personal meaning (case study E). When organizational participants are empowered to act as effective leaders and followers based on core values and a common vision, the chances of exceptional outcomes are bolstered.

Vision Clarity

Leading by example is imperative, as is clarity about what the organization wants to achieve. A leader is expected to own the change. Personalized stories of successful transformation written in "human

language" work much better than dry presentations. More than 70 percent of ERP implementations fail because of lack of leadership commitment. In case studies D and E, top management publicly and explicitly established the project as their top priority.

A clear understanding of the business model, the multitude of IT cost drivers, and how to earn the trust of business executives is needed to push the transformation forward.

After the initial business case is made, the leaders' responsibility is to continuously reinforce successes and thus earn stakeholder confidence. Leaders should "pursue their transformation journeys individually, but collectively discuss and reinforce their personal objectives in order to create an environment of challenge and support" (Aiken & Keller, 2007). In congruence with the findings of Keller and Price (2011), all the case studies demonstrate the necessity for inspirational leadership and strategic clarity.

Leadership requires a high degree of what is sometimes termed *emotional quotient* (EQ). A connection at the emotional level helps a team find courage and gain acceptance, changing from a culture of fear and doubt into one of planning and action. There is increasing evidence that EQ plays a huge part in leadership roles, which gives leaders their competitive edge. A comprehensive benefits realization program linked to the achievement of the vision would enable measurement of the business benefits and thus ensure that the next generation of top management personifies the new approach (Kotter, 1996).

Integrated Planning

A common factor for all the preceding success stories is building strong and committed top managers who can work as a team and align themselves to overall corporate goals. Just installing a system without a proper business case fails to deliver results. Component systems need to be analyzed along the lines of the primary value streams of the enterprise, with data sharing and removal of redundant processes. Resolving organization-wide acceptance and people issues associated with these solutions is critical. In case study E, a critical success factor was the staff's acceptance and assimilation of the process innovations and work practice complexities that the system produced. In-depth business process reengineering/global design, followed by in-depth training, coaching, and aiding of personnel at all levels, is crucial.

A clear understanding of the business model, the multitude of IT cost drivers, and how to earn the trust of business executives is needed to push the transformation forward (case study D). Business-IT alignment is critical. The CIO needs to identify the organizational impacts and communicate them to business leaders well in advance in order to obtain their buy-in and preparation. Careful selection of motivated and high-performing managers also is crucial. EMC CEO Tucci has said he had to take public action to tackle the "whiff of arrogance" that used to characterize certain parts of the company (Aiken & Keller, 2007).

Once a core team is selected, the members need to be aligned in a clear direction through a charter that chronicles desired actions. McKinsey suggests the following rule of thumb: 80 percent of the team's time should be devoted to dialogue, with the remaining 20 percent invested in being presented to. Face-to-face meetings with a well-structured agenda ensure the effectiveness of dialogues. The best leaders never forget that GNSP = HLOS (the greater number of successful people equals a higher level of organization success).

Powerful Business Case and Impact Assessment

Technology transformation is a long exercise and, thus, demands collective motivation and

commitment. As Brown and Eisenhardt (1997) found, programs that track progress through metrics and milestones are much more likely to be successful, for they allow significant deviation from plans to be identified and acted upon. All the case studies follow the same general phases. A steering committee conducts reviews, encompassing any deviations from plans, identifying root causes of such deviations, and taking corrective action; having a single point of contact for all these activities is crucial.

Equally, the long-term objectives of the firm should not be overlooked in the relentless pursuit of quick gains. Many transformations fail because CEOs go for quick gains in order to secure their position but lose sight of the big picture. Change readiness assessments preceding a transformation effort can be helpful. This helps to understand current performance, and to identify problems, risks, issues, and ways of mitigating these. An assessment—such as the Lean Enterprise Self-Assessment Tool, or LESAT (Nightingale, 2005)—is usually conducted by a third-party facilitator and addresses enterprise strategic planning, focusing on the value stream, developing lean structures, and refining transformation plans.

Understanding employee attitudes and continuously communicating throughout the phases of unfreezing, change, and refreezing (Lewin, 1951) ensures that old habits do not resurface. Often, leaders succumb to their initial reaction to push back and use positional power in an attempt to force buy-in. That, of course, rarely works, and leaders are left with benign support (and sometimes malicious obedience). In the case studies above, change impact sessions to coach the users on what they should start, stop, or continue doing in the new system produced results.

Leadership and Accountability

Ultimately, when individuals make decisions about how hard they will work to support a technology transformation, they seem to rely on their own personal view of the leader who makes the request. Do I buy into the leader's vision? Is the leader trustworthy? Is this the kind of leader who can help me navigate the turbulent waters of change? The combination of leader's charisma and vision can motivate employees at the highest level. Charisma can enhance the morale of employees, while vision complements this by directing attention toward challenging and worthwhile goals. A trusted leader will also be insightful, tapping into a mix of intuition, experience, and knowledge. Risk is embraced, provided it does not put the entire enterprise under threat. Resistance to transformation should never be publicly punished; rather, dialogues should be initiated for a peaceful understanding of concerns. As seen in these cases, this factor can be compared to Butler's concept of "leading change" (Butler, 2003), with the overall boundary considered as "possibility space."

Ultimately, when individuals make decisions about how hard they will work to support a technology transformation, they seem to rely on their own personal view of the leader who makes the request.

Leaders need to have a top-down knowledge of business operations to navigate complexities, make informed decisions, and be accountable for the same. For example, in case study D, the CFOs who were strong sponsors of change worked with IT on two rounds of dry runs before changing ledger systems. Transformational leaders need to concentrate on values such as integrity and fairness with a responsibility for their own organization and the resulting impact on society.

Aligned Performance and Culture

A transformational change requires the involvement of all related parties, and a culture that promotes team decision making will help to minimize cynicism and resistance. In the case of the transformation of IBM from a mainframe maker to a provider

of integrated hardware, networking, and software solutions, the new CEO, Samuel Palmisano initiated the company's transformation via a bottom-up reinvention of IBM's core values (Rouse, 2006). The values included dedication to every client's success, innovation that matters, and trust and personal responsibility for all relationships. Processes and practices were then aligned, or realigned, with these values.

In case study B, the CEO believed that a company's receptivity to change follows the culture enforced by the leader. That implies "a continued statement, restatement, communication, and validation of the company's mission and values, which includes reinforcing its culture" (McKinsey, 2013). In addition, another aspect of culture is how the organization deals with failure and missed opportunities.

If the company culture is important to realizing the strategic vision but is not moving in the same direction, or is being asked to move too often, misalignment can occur. Culture and strategy need to be realigned to ensure that the people and systems support the strategy. In case study D, the company had a military-style culture that was threatened by the merger. The global business had a team with a variety of cultural backgrounds and experiences. The resulting culture mutated to a patient one to build buy-in for decisions and to be more open-minded in adopting a different leadership and communication style.

Specific Training and Awareness Communication

The leader will get engagement only if everybody understands the common goal, accepts it, and can clearly identify what theypg are supposed to do and can do to contribute toward its achievement. This requires constant communication in different ways to tap into unconditional acceptance and to trigger intrinsic motivation. Communication throughout the program is required across all levels (both horizontal and vertical) to maintain productivity. Technology transformations are often long and frustrating. So in all the cases, systematic company-wide communication was used, and customer and vendor briefing sessions were conducted to keep external stakeholders abreast of progress. Unless communication is effective, even a well-crafted change strategy will go awry. N. R. Narayana Murthy, former CEO of Infosys, said, "The first responsibility of a leader is to create mental energy among people so that they enthusiastically embrace the transformation" (Aiken & Keller, 2007).

Training and storyboarding facilitated by leadership is another important aspect of this. In case study E, employees were aided by training sessions available both day and night. The open bilateral communication (surveys and company internal social networking sites) encouraged by management gave users a sense of ownership of the system and the feeling that they had room within their role to do their best.

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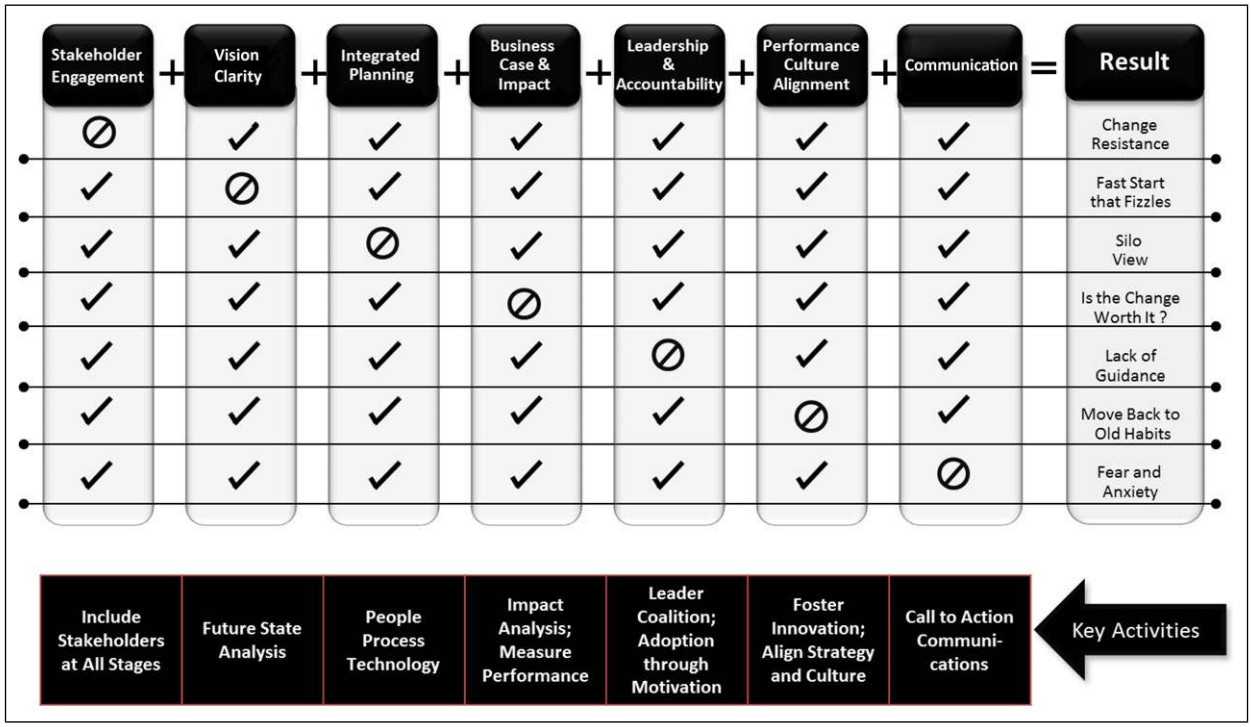
Technology transformations that have extensive training programs are much more likely to succeed. Training strategy can be a mix of classroom sessions (virtual or physical), e-learning training programs, application simulations, and performance-based learnings. This ensures an ongoing training program that addresses both social/relational and technical skills.

The Leader's Role in Managing Transformational Change

Transformation requires resolute action and the classic virtues of commitment, single-mindedness, passion, adaptability, and hard work. The case studies presented here show that organizations

Exhibit 7. Critical Success Factors in Business Transformation



need to have distinctive leadership capabilities to manage radical discontinuity. **Exhibit 7** lists the critical success factors for an effective transformation, the key activities and deliveries for each of them, and the likely results when any of these factors is missing.

All key stakeholders need to be engaged in understanding problems facing the organization and in seeking solutions. A committed top management team should be pulled together exclusively for the initiative. HR managers should engage in building new competencies.

Ideally, leaders should state the direction of a particular initiative and work with their teams to determine how best to get there. This also empowers line managers and team leaders to own the change with their teams. Afterward, positive behavior will need to be reinforced and the adoption of change monitored.

Communication skills in both directions are crucial. Leaders may have to have tough conversations about emotionally charged subjects. Leaders have to realize they are part of the system they are trying to change. Too often, they think they are just there to approve the program, write the check, and review the results. In actuality, they have to understand the change, decide to move the organization in the direction of the change, and pay attention to the change every day until it becomes the culture. Leaders need to understand that in order for their teams to follow, there needs to be an understanding of the changes taking place and the benefits of the same.

Organizational culture mediates the association between leadership style and performance, and

changes to cultural traits affect effectiveness and efficiency. Competitive and innovative cultures that are sensitive to external conditions have a strong and positive impact on organizational performance and sustainable competitive advantage (Barney, 1991). Both leadership and culture are critical to understanding organizations. To make them effective, managers cannot ignore one or be complacent about the other. The results from this comparative study of five firms suggest that an implementation process backed by careful change management, innovation, and cultural readiness is likely to be successful. Understanding such parameters will enable business leaders and managers to be better prepared for such transformations.

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