



Volume 3, Issue 14 – July 22, 2019

## True Transformation Demands That the CEO Act as the Chief Change Agent

Hard decisions are inevitable when a company sets out to transform its performance – these often include exiting underperforming businesses, changing the organizational structure or operating model, rightsizing the cost structure, making tough tradeoffs on where to invest, and changing long-established ways of working. However, to deliver a significant, sustainable improvement in performance and position the company to compete and win in the future, such decisions are essential – and they must be made and executed with the full conviction of the CEO.

Prosci, a leading change management firm, defines change management as [“the processes, tools and techniques to manage the people side of the change to achieve a required business outcome.”](#) Any true transformation will require exceptional change management. When the CEO fully embraces the role of chief change agent, it can be a key differentiating factor in the success of a transformation, says [Brian Harris](#), Managing Director with Alvarez & Marsal in Chicago and a leader in the firm’s Corporate Transformation Services practice.

“The entire organization, whether it’s 5,000, 50,000 or 500,000 associates, is looking at the CEO to determine if they are fully committed to the change required to transform the enterprise,” he says. “Whether they want to assume the role or not, they are seen as leader of the change.”

If the CEO is seen to waver, or to treat the transformation plan as something separate to the overall running of the business, “they’re sending a message that change is optional,” adds Mr. Harris. To carry out a long-term, sustainable transformation, CEOs must make clear that the transformation is essential to the enterprise’s success, signal that the change required is non-negotiable, and they must stay the course through the toughest times.

“When we asked the CEO of a Fortune 100 company that we were supporting on an enterprise transformation how hard they wanted us to push on a scale of 1 to 10, they responded ‘11’,” says Mr. Harris. “This CEO not only set the tone for their transformation with this mindset, but they also recognized that it was up to them to model change-ready behaviors, be the face of the change and hold the entire enterprise accountable.”

The result? “The company achieved true transformation - by all performance measures – and built a newfound level of readiness to compete in their brutally competitive sector in the future.”

Once a transformation plan has been developed, a coinciding change management plan must be established by the chief human resources officer (CHRO) and his or her team. In some organizations, a change management team comprised of internal experts or external advisers will take on the role. Without successful change management, employees are likely to cling to the past and fall back into old ways of working, resulting in transformation that falls short of expectations.

When a CEO takes on the role of leading change, it does not undermine the critical role of the CHRO or change management team – rather, these expert resources should shape plans that position the CEO as a highly visible leader of the change. So, what does this mean in practical terms? Mr. Harris of A&M identifies five key elements:

1. *The CEO must be the chief storyteller, painting a clear and compelling case for why the transformation is necessary and articulate a vision for the future.*

“This lead communicator role simply cannot be delegated with the same impact,” says Mr. Harris. “CEOs must inspire the organization to see the benefits of the transformation and understand why the change is necessary.”



2. *The CEO must consistently model the new mindsets and behaviors required from the organization and lead by example.*

The CEO's day-to-day leadership and decision making must leave zero doubt in the eyes of their top team and the entire organization about their commitment to the transformation. In weekly meetings with senior executives, for example, the message and priorities regarding the transformation should be interwoven with every interaction, not raised as a separate issue once everything else has been discussed.

3. *CEO's must hold their senior leadership team equally accountable for managing and leading change.*

"The senior team can feel as though the need for transformation is an indictment of their execution," says Mr. Harris. "To be the lead change agent, the CEO has to say, 'Let's not get overly obsessed with how we got here. Let's look forward instead'."

4. *They must clearly and consistently reinforce the "why" and the "how" for the duration of the transformation.*

"Too often the storytelling and engagement peaks at the start of the transformation," says Mr. Harris. "The CEO needs to stay on-message throughout the journey – particularly during those most challenging times."

5. *The CEO must have the courage to identify and tackle head-on barriers to change that could undermine or derail the transformation.*

"It can be lonely at times – even the senior most teams will struggle with the magnitude of change required, and become fatigued and demoralized," says Mr. Harris. "However, CEOs should not underestimate the power of symbolic actions or a willingness to take on tough issues or opportunity areas that have been given a pass in the past." It can be easier for new CEOs to take on this role than incumbents, he adds, but an enlightened incumbent will find a way.

The CHRO has a crucial role to play in supporting the CEO in carrying out all of these actions. Mr. Harris recommends that they actively coach the CEO on how to lead change, providing continuous guidance and feedback in one-on-one sessions. More importantly, he adds, the CEO must be willing to embrace the coaching. "The CEO cannot play the change agent role effectively without leveraging their CHRO as a trust-based advisor."

In many cases, CEOs will argue that they cannot realistically assume the role of leading change because there are so many other pulls on their time. However, Mr. Harris says that during a true enterprise transformation, there can be no higher priority.

"To any CEO whose mindset is 'I just do not have the time,' our response is simple - you do not have time *not* to play the role because it will undermine the transformation and you will fail to achieve or sustain expected results."

In the case of the company described above, he adds: "Our assessment of what made the single biggest difference in this organization's successful transformation was the CEO's level of ambition, willingness to act as the chief change agent and unrelenting conviction in leading the transformation and holding the entire enterprise accountable."

*Brian Harris is a Chicago-based Managing Director and leader in Alvarez & Marsal's Corporate Transformation Service Practice. Mr. Harris specializes in enterprise transformation in Retail and Consumer Organizations.*





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