CoachHub

Coaching as a Key Lever for Success in Organizational Transformation

Executive summary

Almost every industry around the world is experiencing volatility. As a result, there is an increasing need for organizational transformation due to changes in employee expectations, evolving societal demands and new technology. Many organizations are now trying to set themselves up to allow transformation to happen dynamically, reacting to emerging events and needs both within the workplace and the wider environment. For example, as organizations increasingly experience a greater diversity in expectations from their workforce, they must also evolve practices and ways of working. Likewise, technological disruption has also transformed the way organizations operate from every angle.

The success of organizational transformations comes down to how the various forces of change are managed, and seeing these through to realize their benefits. This is complex, so it is important for leaders to take an open and flexible approach, remaining aware of how this will impact employees with regards to changing demands on professional growth, attitude and workplace behaviors.

In this paper, we aim to support organizations to manage transformation effectively, using coaching to deliver strategic objectives.
We will:

- Examine the underlying rationale behind organizational transformation
- Explore some key different types of organizational transformation
- Describe how coaching can help to increase the success of a change initiative.

Why organizational transformation?

Transformation is needed when an organization realizes their current business practices are no longer serving them to deliver on productivity, profit and performance objectives (Van Tonder, 2004). It should come as no surprise for leaders when the "old" ways of doing business cease to deliver new results. In other words, organizations experience a need to trigger transformation when something in their context changes. That might be a new technological development, changing expectations among employees, suppliers or customers, regulatory changes, or activities amongst competitors and the wider market among others.

Typically led, at least in name, from senior leadership levels, organizational transformation demands innovative thinking and an understanding of the underlying logic underpinning existing processes, in alignment with business strategy. Several researchers have developed models to support key stakeholders with responsibility for organizational transformation, and each model has a role to play.

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A	Awareness of the need of change
D	Desire to support the change
K	Knowledge of how to change
A	Ability for skills and behaviour
R	Reinforcement to make it stick

ProSci Research, for example, proposed ADKAR as a mnemonic to remember the core elements that need to be addressed to ensure successful organizational change (Hiatt, 2006).
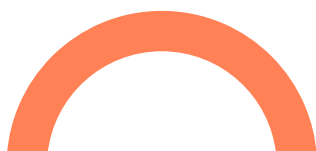
In order to embed change successfully, the people affected need:

- **Awareness** of the need for change
- **Desire** to support the change
- **Knowledge** of how to change
- **Ability** to demonstrate skills and behavior
- **Reinforcement** to make it stick.
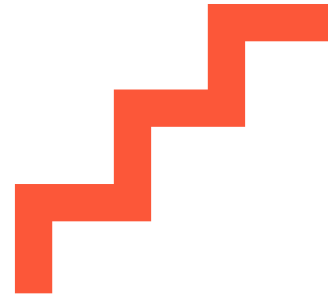
In the 1940's's Kurt Lewin proposed what has become a well known model for thinking about organizational change (Lewin, 1947):

- **Unfreezing,** in which an organization communicates to employees why a change is necessary, sells the vision and strategy to employees and listens to employees in order to respond to concerns.
- **Changing,** in which an organization prioritizes giving time to employees to adjust to the proposed changes, and communicates with them the benefits for employees and the wider organization.
- **Refreezing,** in which an organization embeds change by identifying the support and barriers to change, reviews the organizational structure, encourages leadership ownership and feedback and ultimately celebrates successful implementation of the change.

This conceptual model, developed in a different era, has come under heavy criticism in recent years for its assumption that organizations are fundamentally static (Burnes, 2004). While that may have been true in the 1950s, this is certainly no longer the case, if it ever was. Many organizational transformations fail to be completed on time, deliver the benefits as stated or remain relevant once the period of the change program has finished.

To target our thinking for this paper, therefore, organizational transformation can be thought of as a process that exposes leaders and employees to a spiral of events in which they need to:

- Learn new behaviors required to operate in the "new world"
- Adapt existing behaviors to respond to new circumstances
- Rethink the assumptions which underpin their old and new behaviors.

An opportunity for evolution

Organizational transformation fundamentally changes people, not just systems and processes. One researcher described that an organization seeing results from a transformative process creates room for core values to be defined, thus birthing a distinctive persona outlined in organizational intentions, priorities, routines and sense-making activities (Weick, 1995). By introducing a transformation program to an organization, we're not just tweaking peripheral elements to tick the box of saying something's changed, we're providing an opportunity for evolution. And if that's true, it's critical to get it right.
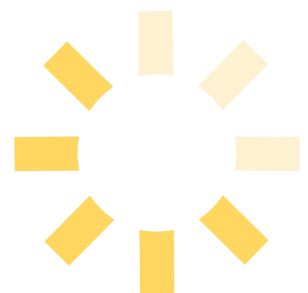
One key aspect of organizational transformation is communication from leaders about why changes are being made, who will be impacted and how. Leaders need to take employees on the change journey by explaining the vision, describing what the organization will achieve and which benefits will be delivered. This could present challenges, as not everyone will share the change vision and be aligned with the interventions, which are likely to take place regardless of their engagement (Francis, Bessant & Hobday, 2003).

Organizational transformation fundamentally changes people, not just systems and processes.

Given this reliance on good leadership, it's worth highlighting some of the benefits that organizational transformation can bring when associated with a strong leadership development tool such as coaching. These include:

- Changing employee behaviors and attitudes to better reflect the future needs of the organization
- Increase resilience, anti-fragility, and other behaviors and responses to make future needs for organizational transformation be more effective and efficient
- Creating an environment where workplace conflict which can be triggered through the natural tensions introduced by organizational transformation can be addressed and resolved in an effective manner
- Increasing employee productivity and alignment to organizational strategy.

Over the past five years, and particularly as we deal with the continuing effect of the COVID-19 pandemic, it is vital that organizations respond and evolve to our changing workplace environment. Uncertainty and volatility are a daily experience for most leaders, and employee expectations are constantly changing. Demand for greater inclusion and diversity, maturing remote and hybrid working practices and an embracing of digital innovation are all at play, sometimes in tension with short-term pressures to continue to deliver financial results. The world of coaching has changed too, and many leaders have experienced how effective digital coaching has been to help individuals and organizations manage transformation.
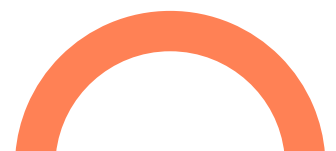
Case study: Pernod Ricard

Being a global leader means constant change and evaluation of internal processes. Even more so, when you add in a worldwide pandemic. For Pernod Ricard, the world's second-largest wine and spirits seller, the focus on what's most essential is clear the employees.

In 2018, Pernod Ricard launched a strategic plan entitled, "Transform & Accelerate," with a clear goal to transform their organization and improve their ways of working in order to accelerate their growth. This meant there would be a high concentration on talent development, strengthening a high performance culture and digital acceleration.

The challenge

To further support their transformation and to keep employees across the globe engaged, Pernod Ricard designed a new leadership program. However, determining the best way to facilitate the adoption of the program became a challenge, as well as upscaling their people to develop the right skills for this model. Recognizing a need to fill in the gap of where they are and where they needed to go, Pernod Ricard searched for a global solution that could upskill their mid-level managers, which they regarded as, "The transmission belts" for transformation.

The solution

While other forms of coaching have been implemented in the past, Pernod Ricard sought more personalized experiences to help those working remotely, in contrast to group and face-to-face meet ups. After assessing the best approach, Pernod Ricard determined their mid-level managers across the EMEA and LATAM regions would be the first participants to receive digital coaching from CoachHub.

The coaching strategy focused on deepening their leadership skills so they could develop further in their roles in order to provide the best support for their workers. The coachees were able to determine their key focus areas based on internal reports given to them by their managers. They shared this information with the coaches and each session was built on strengthening and developing areas they wished to improve upon.

The result

Our framework allowed leaders to anticipate and evolve for tomorrow's mindset, skills and capabilities. Moving forward, Pernod Ricard plans to widen their scope by offering comprehensive coaching for executives and to customize the coaching journey for a total personalized experience.

> "At Pernod Ricard, we want to prepare our talents for their future roles, support their development, strengthen a high performance culture, and also, retain our talents. We also expect them to pro-actively prepare their individual development plans to develop their skills. CoachHub coaching services support these talents to work deeper in their leadership skills and develop further."
>
> **Head of Talent Management & Inclusion**
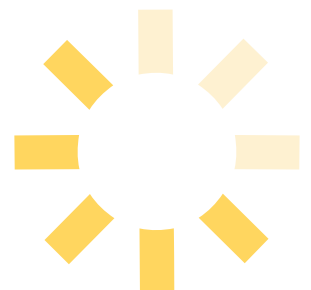
Organizational transformation in practice

Mergers and Acquisitions

Effective use of coaching can be a driver for success during mergers and acquisitions (M&As). The research shows that introducing it early and focussing on culture, communication and leadership makes the biggest difference. As many M&As fail, and the reasons behind the failures of those that do tend to be related to people, coaching can serve a helpful purpose at every stage, by:
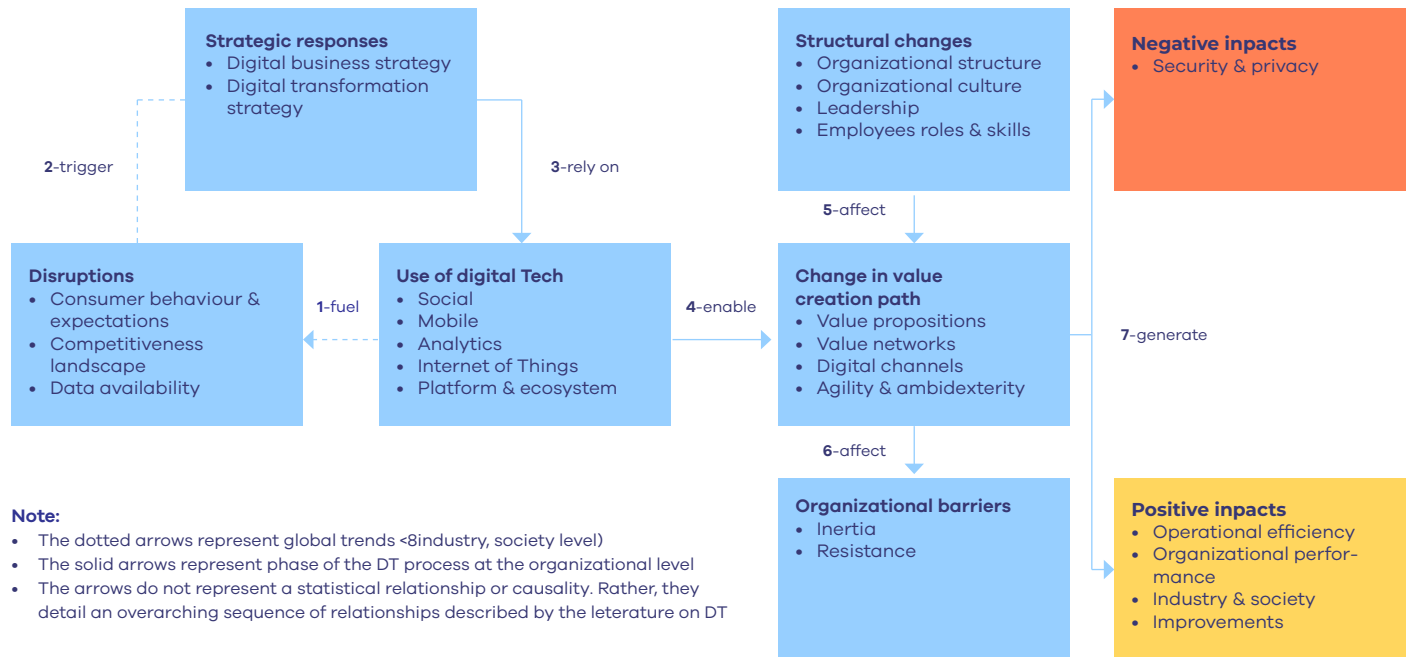
- Establishing values for the M&A leadership team
- Setting the bar for ethics and critical success factors
- Creating transparent and effective communication flows
- Holding people accountable for their actions
- Putting in place strong relationship networks (Thomas & Passmore, 2020; CoachHub, 2022).

Digital transformation

One of the biggest disruptors impacting almost every industry at the moment is technological innovation. Digital transformation offers some tactical benefits in terms of efficiency and effectiveness, and at present feels like a necessity. Digital capabilities in competitors and increased customer expectations are causing organizations to trigger strategic responses, shaking up the ways they generate value whilst managing the structural and organizational factors impacting the outcomes of this process (Vial, 2019). In 2018 alone, over $1.3 trillion was spent on digital transformation worldwide, and yet over $900 billion of that has been estimated to have been wasted on unsuccessful transformations (Tabrizi et al, 2019).

Building blocks of the digital transformation process

Strategic responses
- Digital business strategy
- Digital transformation strategy

2-trigger

3-rely on

Structural changes
- Organizational structure
- Organizational culture
- Leadership
- Employees roles & skills

Negative inpacts
- Security & privacy

5-affect

Disruptions
- Consumer behaviour & expectations
- Competitiveness landscape
- Data availability

1-fuel

Use of digital Tech
- Social
- Mobile
- Analytics
- Internet of Things
- Platform & ecosystem

4-enable

Change in value creation path
- Value propositions
- Value networks
- Digital channels
- Agility & ambidexterity

7-generate

6-affect

Organizational barriers
- Inertia
- Resistance

Positive inpacts
- Operational efficiency
- Organizational performance
- Industry & society
- Improvements

Note:
- The dotted arrows represent global trends <8industry, society level)
- The solid arrows represent phase of the DT process at the organizational level
- The arrows do not represent a statistical relationship or causality. Rather, they detail an overarching sequence of relationships described by the leterature on DT

Technologies that have emerged in recent years, such as robotic process automation and the Internet of things, have influenced how organizations operate. Ninety-six percent of organizations were planning structural changes in 2018 (Mercer, 2018), but people are still at the heart of managing digital transformation, from the initial innovation all the way through to the final end user.

Digital transformation is not just about technology; 75% of digital transformations fail to generate a positive return on investment, and research has suggested that this might be because of employees' lack of adoption, flexibility and openness to change (Vial, 2019). Organizations embarking on digital transformation should therefore consider the opportunity they have to empower people, through increasing their ability to adapt to new technologies even outside of the workplace, and to apply new ways of working that leverage new technologies, increasing employability. Coaching is a valuable tool to support with achieving that goal.
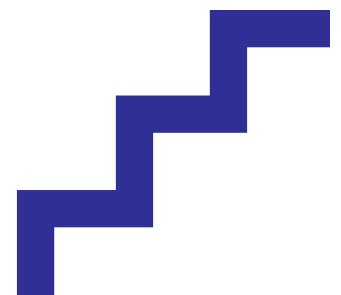
Cultural transformation

For an organization to transform, cultural changes are required. This means a shift away from more traditional ways of working and towards being responsive to current societal norms. By their nature these are complex and interwoven, as well as differing across geographies and generations. By developing a coaching culture, organizations position themselves well to respond to those demands.

The world of work has historically been responsive and adaptive to the ever-changing generational demands placed upon organizations. However, as time has gone on, the rate of those changes has accelerated. For example, each generation brings different workstyles and expectations, which have an impact on corporate memory and history. Millennials currently make up the largest populations of employees and are now well-established in some senior leadership positions. Different generational perspectives in an organization can be a good thing, with younger minds generating new ideas that disrupt positively, and more experienced members of the workforce offering wisdom and lessons learned. With a greater diversity of ways of working emerging, particularly since 2020, organizations need to be receptive to generational responses and mindful of mental well-being.

It is good news that organizations are increasingly becoming aware of the importance of inclusive workplaces and psychological safety. Organizations who welcome employees from a diverse range of backgrounds benefit from being able to think differently.

- Ethnically diverse teams outperform non-diverse teams by **35%** and collaborate with more sensitivity toward each other.

- Executive teams that are highly gender-diverse are found to be **21% more likely** to outperform on profitability.*

*Mckinsey & Company, 2020
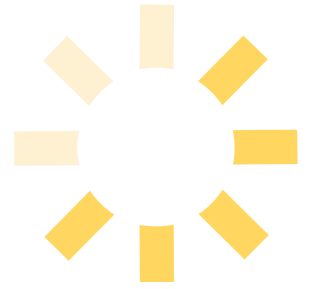
As organizations build more diverse teams, there may be an increase in employees who do not feel like they share an identity with a majority of people, but who belong in their organization due to the knowledge, skills and experience they can offer. Organizations therefore have a responsibility to support employee wellbeing and professional growth that is relevant for everybody at an individual level.

Case study: 360Learning

360Learning is a collaborative learning management system (LMS) that helps organizations to transform their internal experts into drivers of talent, client and partner development. They provide a suite of solutions to their 1700+ clients to onboard new employees, ensure employee development, train teams in the field and support clients and partners.

The challenge

In addition to its rapid growth, 360Learning faced added pressure as a company which provides training and employee development strategies to apply the advice it gives to others to its own employees. With its strong corporate culture, 360Learning decided to transform its ambitions into an everyday reality: being a fair company and advocating equal opportunities and transparency in human resources.

One objective in particular was seen as being key: ensuring gender parity in management positions by supporting the development of female talent within the company.

The solution

360Learning chose to provide coaching for certain female employees, whether or not they were already in management positions, so as to help them identify and achieve their professional potential.
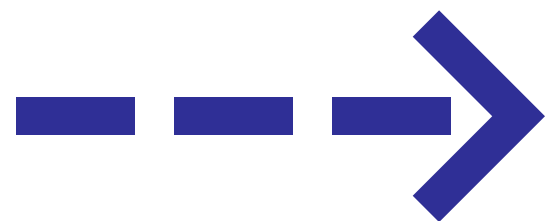
A bespoke program called Woman@360 was developed with CoachHub. It has three key phases:

- Before coaching sessions: a DISC self-assessment by the coached employee, shared with their coach, followed by a three-way discussion between the coached employee, her line manager and her coach to identify the main areas of focus and the objectives of the programme.
- Eight sessions of individual coaching over a period of six months.
- After coaching sessions: a self-assessment by the coached employee and another three-way discussion between the coached employee, her line manager and her coach.

This managerial involvement reinforced the program's impact and participants' positive feelings. Topics covered include self-confidence and visibility.

The results

The program was a bonafide success with its first intake. Coached employees saw a clear improvement in their skills (with an average increase of 175% in terms of the objectives set by participants) and reported a 100% satisfaction rate. All managers of coached employees said that they were very satisfied with their professional development.

"There was a huge response to the launch of the programme, with more applicants than available places! Launching this programme for the first time, we focused on employees faced with a specific challenge, such as entering a new market or managing a new team. Learning self-confidence and dealing with complex problems were key areas of this targeted coaching,"

Head of Learning at 360Learning

The value of creating a coaching culture

A coaching culture is one in which habitual behaviors include self reflection, active listening, and asking open questions of others in order to continually learn and improve, as well as to maximize one another's performance for the good of the whole. This optimizes potential across an organization, including for its employees, suppliers and customers. Through the application of coaching skills—both informally as a leadership style and more formally through the contracted use of trained coaches—creating a workplace where individuals are supported and challenged to develop personally and professionally makes business sense at all levels.

Some of the benefits of coaching cultures can include:

- Increased efficiency as people communicate more transparently and collaborate more naturally
- Increased productivity as people develop a greater understanding of their role and how it fits into the wider picture
- Increased employee engagement and retention as they feel more aligned to the organization's objectives
- Increased innovation, providing the organization with resilience and a competitive edge.

85% of organizations with a strong coaching culture state they achieve superior customer service when compared to their peers, compared with 67% of those that don't

(HPI & ICF, 2019)

54% of organizations with a strong coaching culture are classified as high performing

(HPI & ICF, 2019)

62% organizations with a strong coaching culture retain 62% of top performers, compared with 28% of those that don't

(HPI & ICF, 2019)

70% of transformation initiatives fail due to people issues

(McKinsey, 2022)

Why organizational transformations fail

Unfortunately, organizational transformations are often not successful, for several possible reasons. Almost all of these relate to people. Employees may resist a change, whether consciously and overtly or not, through not feeling aligned to its purpose. There may be a lack of commitment and motivation, or a lack of knowledge and skills. When presented in combination, these can lead to a successful transformation not being feasible.

These challenges can be overcome. Good program management and effective leadership skills increase the likelihood of success and coaching can support this process. In particular, coaching can help managers and employees identify and use the characteristics and skills available to them to optimize their own engagement with the change, and collaborate with the organization to increase its overall effectiveness.

> **Employees may resist a change, whether consciously and overtly or not, through not feeling aligned to its purpose.**

Coaching as a lever for successful organizational transformation

Coaching can help leaders, employees and organizations as a whole to achieve the best outcomes from organizational transformation. When coaching forms part of a change program, it is important for both coach and coachee to understand their respective roles in this unique situation.

Coaches working within an organizational transformation may frame conversations that allow the coachee to:

- Acknowledge and explore the current situation
- Identify and envision a changed future state
- Consider a variety of routes and behaviors to positively contribute to the programme
- Identify practical steps to take
- Summarize key discussion points for reflection.

The main challenges

Change Agents

- No grasp on all relevant levels of change
- Poor stakeholder and change recipient management strategies
- Fail to adequately communicate the change
- Transforming is tricky, ensuring it settles into a new equilibrium it's even harder

Change Recipients

- Low resilience and openess to change
- Lack of holistic reflection about the impending change
- Lack of transparencing and proactive contribution
- Struggle to calibrate with/ internalise the importance to change

Leaders of organizational transformation can link any coaching delivered as part of the change program to existing leadership and talent programs to maximize efficiencies. Working with CoachHub for all of these elements makes this process as smooth as possible. We work with both coaches and coachees to foster a culture of resilience through personalized programmes, setting clear targets supported by personalized road maps and measuring results by evaluating activity, achievement and engagement.

Conclusion

The consequential impact of an ever changing modern day society on the workplace, means organizational transformation needs attention from senior leaders on an ongoing basis. This is of particular importance when thinking about digital and cultural transformations, which are disrupting every industry globally, and offers opportunities through fostering coaching cultures which will increase organizational resilience, efficiency, collaboration and innovation.

Implementing coaching as part of a change program will support leaders and employees in understanding their respective roles and building a sense of alignment. Working with one large-scale provider like CoachHub offers opportunities for efficiency, consistent quality and a holistic approach incorporating other strategic people interventions.

Resources

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About CoachHub

CoachHub is the leading global talent development platform that enables organizations to create a personalized, measurable and scalable coaching program for the entire workforce, regardless of department and seniority level. By doing so, organizations can reap a multitude of benefits, including increased employee engagement, higher levels of productivity, improved job performance and increased retention.

For more information, visit **coachhub.com**

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