



Transforming Organisations with Honest Conversations

Dr Michael Beer

TRANSFORMING ORGANISATIONS WITH HONEST CONVERSATIONS

To face new challenges and societal changes, organisations must be able to adapt their practices swiftly and effectively. But all too often, efforts to change organisations fail to achieve the desired results.

Dr Michael Beer, Professor Emeritus at Harvard Business School, devised a new approach to organisational change informed by his extensive experience as a researcher and management consultant. His approach centres on the development of honest, collective, and open conversations between senior management teams and key people below the top.

The Pressure to Adapt

Organisations are required to operate in increasingly complex landscapes, marked by rapid market changes, technological advances, socio-economic problems, and new global phenomena. This places them under significant pressure to redefine their very purpose and strategies, and then adapt how they are organised, managed, and led in the face of these changes.

Irrespective of whether they are large or small, private, government or not-for-profit, organisations must be able to adapt if they are to survive and thrive in our ever-changing global scene. In many cases, however, successfully implementing new strategies has proven to be extremely challenging, with disappointing results that have forced leaders out of companies and brought new leaders in.

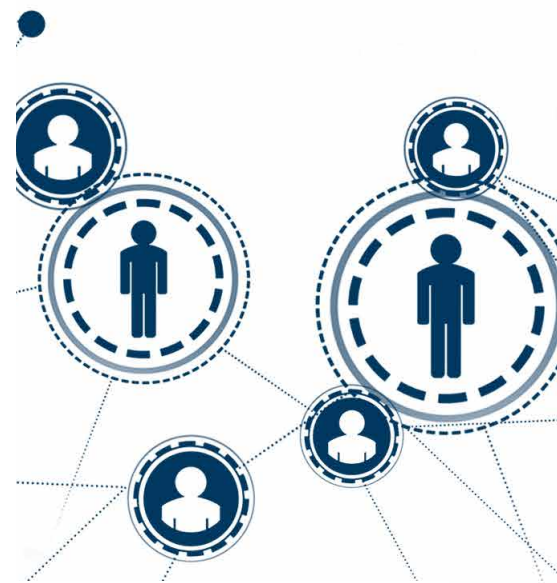
Dr Michael Beer, Professor Emeritus at Harvard Business School, has been exploring effective ways to implement business strategies. Over many years as a researcher and management consultant, he observed that leaders

who employ top-down change processes fail to develop adaptive high commitment, high-performance organisations.

‘We know from experience and research that organisational change is difficult at best and efforts to change all facets of the organisation in concert often fail,’ says Dr Beer. ‘Changes in one facet of the complex social system may be made but they are not followed by others. Quick-fix changes in tangible practices are made but deeper intangible leadership, cultural and management issues are left unchanged. By some estimates, about 70% of efforts to change do not achieve intended change in the desired time frame or fail entirely.’

The Silent Killers of Learning and Change

Dr Beer and his colleague Dr Russell Eisenstat collaborated with a team of senior managers at 12 companies, and over three decades with hundreds of others, coaching them to lead the Strategic Fitness Process (SFP), an intervention they developed to enable honest conversations about the extent to which an organisation is effective



in achieving its strategic goals and a healthy culture. This allowed them to identify six key barriers consistently reported (80–100% of the time) by key lower-level people. Senior managers were found to be not fully aware of, or avoidant in confronting and changing the following:

1. Unclear strategy, conflicting priorities or unclear values.
2. An ineffective senior team.
3. Poor coordination and collaboration across the value creation chain – functions, business units and/or regions.
4. Inadequate leadership development resulting in too few effective down-the line leaders required to lead change.
5. Insufficient honest conversations about the quality of the strategy and effectiveness of the organisation in implementing its strategies and cultural values.
6. A top-down or laissez leader incapable of turning these barriers into strong capabilities.



These deficiencies in organisational and leadership capabilities prevent organisations from learning and adapting in conditions of continuous change and uncertainty. Dr Beer calls these deeper factors ‘silent killers’ of learning and change. Just as hypertension and cholesterol are silent killers (i.e., causes of heart attacks), these six barriers cause ineffectiveness, unhealthy cultures and failures to perform. They threaten the capacity of the organisation to adapt to the continuously changing competitive and social environment. To overcome these barriers, senior management must first enable the truth to be spoken to those in power if they are to learn how the silent killers and other problems stand in the way of organisational performance and health.

‘The underlying problem is that management drives change from the top,’ says Dr Beer. ‘These approaches to change may produce the wrong organisational solutions and fail to develop the trust and commitment of people at all levels required to produce changes in long-held assumptions and ways of doing things.’

‘This occurs because the pressures to change and improve performance from multiple stakeholders are great and getting greater,’ says Dr Beer. ‘In response, managers choose quick fixes to tangible problems instead of taking the time to foster honest conversation about the intangible and hidden silent killers that are causing their organisation to be stuck in neutral, unable to change and improve its performance fast enough.’ Yet, we have found that the truth can be learned and a plan for changes made in 6 to 8 weeks using SFP.

Encouraging Honest and Open Conversations

This spurred Dr Beer to create a new approach to organisational change that places a greater emphasis on honest communication and cooperation between employees at different levels of an organisation. ‘My colleagues and I developed a quite different approach to change, and worked with hundreds of companies and organisations who were willing to apply our counter-intuitive and counter-conventional approach,’ explains Dr Beer. ‘Our approach goes against the prevailing instinct to drive change from the top – particularly when there is pressure to change. At its heart is an honest conversation between the senior team of the organisation that has set the direction and lower levels who know why the organisation is ineffective in achieving the goal that senior teams have set.’

The new theory of organisational change introduced by Dr Beer and his colleagues emphasises the need to create an open and receptive space where people can be completely honest, without being perceived negatively for it or facing undesired repercussions to their careers, while also enabling senior managers to listen non-defensively. These conversations must be public, meaning that employees at different levels should be told the truth about arising issues by senior management and how they are going to address these issues. This approach increases trust dramatically between top management and lower levels, fostering cooperation and increasing commitment to a common goal.



Silent killers are a syndrome. They are interdependent and mutually reinforcing which accounts for why it is difficult to change one without changing the others. As such, a systemic approach like SFP must be employed for changes to be sustainable.

Developing The Strategic Management Process

The SFP Process, developed by Dr Beer and Dr Eisenstat, make his theory actionable and easy to use in real-world settings when new strategies require changes in the organisation.

‘Our normative and actionable theory of planned organisational change and development is based on fifty years of helping leaders and their senior team to lead change. Our counter-intuitive approach employs a nine-step process,’ says Dr Beer. ‘We had to do this because what we are asking leaders and members in the organisation to do is unnatural in everyday life, counter-intuitive and goes against human instincts to avoid dealing with potentially threatening issues that could cause defensiveness and anger by those in power.’

The SFP is a strategic management and organisation development process that every organisation requires to stay healthy and effective but is rarely done. It starts with the senior team developing a clear and short statement of the strategic and cultural direction they would like to steer their organisation toward. A task force containing some of their most talented key people below the top level is then selected by them to interview around 100 key stakeholders inside and outside the boundaries of the organisation. This task force is trained to conduct confidential unstructured interviews about

organisational strengths to be preserved and barriers to the effective execution of top management’s aspirations. Interviews are very open, sometimes emotional (e.g., ‘I have known about these problems, but this is the first time our leaders have asked to hear about them and change them’). Employee paper surveys that are typically employed by most organisations do not have this effect.

Themes developed by the task force are reported back to senior managers in a carefully structured meeting with guidelines that prevent defensiveness and blaming that derail honesty. Importantly, this process is structured to ensure the senior team listens and learns. Working alone, the senior team then develops an action plan designed to address the barriers reported by the task force. It is then communicated to the task force. Meeting alone, the task force critiques the plan and feeds back any concerns to the top team. Finally, the task force and senior team meet again to finalise the action plan. What senior teams heard from the task force – the good, bad, and sometimes ugly – and their action plan is communicated to the whole organisation to close the loop and build trust and commitment to change (‘I am impressed by our leaders’ courage to hear the truth, tell us what they heard and make changes’).

Moving Towards Sustainable Organisational Transformations

Dr Beer and his colleagues have conducted several in-depth studies to evaluate the extent to which SFP enables change in effectiveness, trust, and commitment as well as performance. These studies found honest conversations to be powerful and effective because they make deep issues discussable and actionable. Furthermore, people are relieved that senior leaders have heard their concerns and are committed to changing. These positive results are, however, contingent on the values and authenticity of the leader. Those who embrace the practice of honest conversations with the intention to learn and make changes, and repeat the process over time, are able to create remarkable and sustainable change.

The implications for creating sustained organisational renewal over time are clear. A process for honest conversations guided by the principles underlying the SFP must be repeated periodically at the top and in multiple units of larger enterprises – the corporate, business, functional, regional and country units. Leaders of these units must be held accountable by their leaders for implementing periodic honest conversations and reporting what they learned, plan to change and have changed. This requires a board of directors that will hold the CEO accountable and a CEO who will hold leaders below the top to do the same. It also requires the replacement of leaders who are unable or unwilling to employ the discipline of a renewal process that adheres to the principles underlying SFP or SFP itself at all levels. This will build and sustain an adaptive, high commitment and high-performance enterprise.



Meet the researcher

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Dr Michael Beer is a Professor of Business Administration at Harvard Business School. He holds a BA in Psychology from Queens College, an MS in Organisational Psychology and Statistics from North Carolina State University, and a PhD in Organisational Psychology from Ohio State University. In addition to teaching classes at Harvard Business School, Dr Beer is Co-founder and Director of the management consulting company TruePoint Partners and the not-for-profit Higher Ambition Leadership Alliance. His recent research explores the factors that make organisations particularly effective, including business strategies, the work of senior team members, leadership, coordination and collaboration. He has published prolifically in peer-reviewed journals and has authored many books, the latest being 'Fit to Compete: Why Honest Conversations About Your Company's Capabilities Are the Key to a Winning Strategy', in 2020. Dr Beer has been the recipient of many awards, including the 2006 Harry and Miriam Levinson Award for Exceptional Contributions to Consulting Organizational Psychology by the American Psychological Foundation, and the 2006 Distinguished Scientist-Practitioner Award by the Academy of Management. In 2011, he was named one of the Top 100 Thought Leaders in Trustworthy Business Behaviours by Trust Across America.

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W: <https://www.hbs.edu/faculty/Pages/profile.aspx?facId=6421>
<https://www.beermichael.com/books2>

FURTHER READING

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