ACCELERATING CHANGE
LESSONS LEARNED FROM MANAGING CRISES

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Most Organizations will never be faced with a Burning Platform

There are, however, Change Acceleration Strategies from the world of Crisis Management for Change Leaders.
THE LARRYS

Lawrence J Ramaekers
40 years of experience serving as Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Chief Restructuring Officer

CEO
- Micro Warehouse, Inc.
- ANC Rental Corp.
- United Companies Financial Corp.
- Umbro, Inc.
- Medical Resources, Inc.
- Centennial Technologies, Inc.
- Color Tile, Inc.
- Family Restaurants, Inc.

COO
- National Car Rental System, Inc.
- Cardinal Industries, Inc.
- Phoenix Steel Corp.
- Fred Sanders

Lawrence E Ramaekers
More than 28 years of industry and consulting experience

Advisory and CRO Roles
- Kmart Corporation
- General Motors
- First Energy
- Calpine
- Dow Chemical
- Dana Corporation
- Dura
- Exide Technologies
- Century 21 Realty
- Catholic Diocese of Wilmington Delaware.

Advisor and CRO

AlixPartners, LLC.
Bank of Boston
Deloitte & Touche, LLP.
LEARNING OBJECTIVES

• Crisis should be embraced
• Change leadership is industry agnostic
• Brooks’ Law – bigger change teams are not better
• Honest communication is scary but necessary
• Quick wins and reversible change
WELCOME CRISIS INTO YOUR LIFE

THE END IS NIGH
## Healthy Organizations and Those in Crisis

<table>
<thead>
<tr>
<th>Healthy organization</th>
<th>Organization in crisis</th>
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<tbody>
<tr>
<td>• Employees fear the change more than the status quo</td>
<td>• Employees fear doing nothing more than they do change</td>
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<td>• Change requires effort and action</td>
<td>• Change is easy, just do nothing</td>
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<td>• Several change levers are available</td>
<td>• Fewer change levers – decreasing by the day</td>
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<td>• Need to get employees out of their chairs</td>
<td>• Need to keep employees in their chairs</td>
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<td>• Breathing room</td>
<td>• Quick decisions and immediate action are critical</td>
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<tr>
<td>• Decisions and actions for profitability</td>
<td>• Decisions and actions for survival</td>
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CRISIS REDEFINED

“A successful company needs a ‘heightened sense of crisis,’ so that it always looks ahead even when it's doing well, and needs to be able to respond to change.”

– Samsung Chairman Lee Kun-hee, 1997
ALL COMPANIES ARE FACING CRISIS EVEN IF THEY ARE NOT IN TROUBLE

• Negative change will come if you do nothing
• Change levers are decreasing by the day
• Chosen changes are better than imposed changes
• Decisions and actions are a matter of survival
CHANGE IS INDUSTRY AGNOSTIC MANAGEMENT BELIEFS THAT GET IN THE WAY

• “The _____ business is different”
• ”What we need is increased sales"
• “The bank needs to give us more time/money”
Honest Communication

“I am a firm believer in the people. If given the truth, they can be depended upon to meet any national crisis. The great point is to bring them the real facts.”

– Abraham Lincoln
**Honest Communication**

- Give the real scoop – do not sugar coat or be an alarmist
- Tell people there is a plan – and have one
- Who, what, when, where and how and especially why
- Blame and hindsight are wastes of time – you are where you are
- Trust is hard to gain and easy to lose – lie, dilute or obfuscate and you have lost
Nine women can't make a baby in one month
Brooks’ Law

”[A]dding manpower to a late software project makes it later”

• Group intercommunication formula: \( n(n - 1) / 2 \)
  \((1=0, 3=3, 5=10, 10=45)\)

• Fast decisions require smaller, informed and focused teams

• The best model of an effective crisis team is a surgical team, each with a specific skill and area of responsibility – lead by one
CHANGE TEAM MAKEUP

• Many executives believe that difficult decisions must be made by the most competent people – Them
• Levels 4 to 7 in a company are more receptive to change and know it’s required
• Decisions should be made by the lowest level person who has the skills and knowledge
CULTURE AND INCENTIVES MATTER
THE BALLAD OF DANIEL

“If a CEO commands people to do something, why isn’t it done?”

• Corporate culture has more to do with individual motivation than pronouncements of the “King”
• Why did the subjects squat in the sand?
  – The king paid them to be there
  – The Guillotine was clearly visible next to the king
  – Maybe they really loved and trusted the king
• Participants will play the game using the rules you give them to maximize their payout – change the rules and incentives
Quick wins and reversible actions

• Early and quick wins, regardless of their size
  – Demonstrate organization focus
  – Follow through
  – Create a positive winning feeling
  – Are often easy
• A reversible action – the cost to undo is low
• The size and complexity of challenges that people willingly tackle will increase
Beware Outside Pressures
ACCELERATING CHANGE

- Communicate honestly
- Change the business, not the product
- Blame, regret and hindsight waste scarce resources
- Take reversible actions quickly
- Encourage and reward ideas from all levels
IN ADDITION

• Watch for outside influences
• Don’t spare the sacred cows
• Learn the language
• Set a consistent standard and expect compliance
QUESTIONS