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# The Reality of Enterprise Turnarounds

## Part Two: Turnaround Leaders and Change Sponsors

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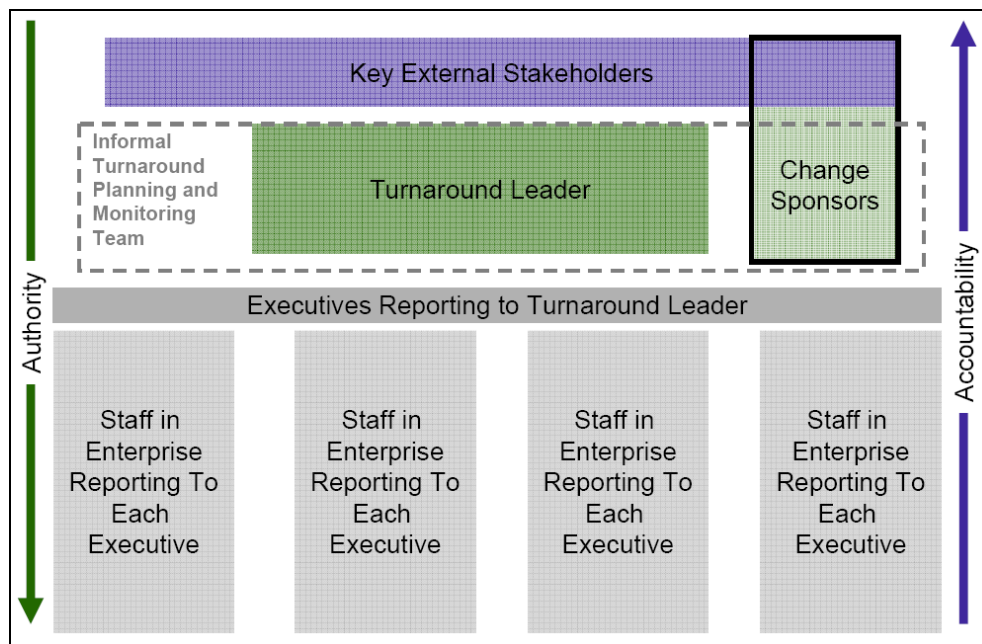
## 4. Power, Turnaround Leaders and Change Sponsors

### Differences in the Roles of Change Sponsors and Turnaround Leaders

In the best situations, change sponsors and turnaround leaders develop a close working relationship. They come to trust each other's judgment, and dialogue regularly about what is happening during the turnaround. The turnaround leader

comes to depend on the change sponsors' insight into the working dynamics of the key external stakeholder group. The change sponsors listen carefully to the turnaround leader's perspective on what is happening in the organization as the change takes hold. In many ways, they work as a team of peers.

Figure 1: Accountability and Authority Dynamics in Turnarounds





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However, there are great differences in their respective roles and power. Turnaround leaders run the enterprise. They are superior to the other insiders in the organization and have authority over them. They receive this authority from the key external stakeholders when they are appointed to be the enterprise leaders.

Change sponsors are members of the key external stakeholder group. They speak for them on a day-to-day basis. They are accountable to the group for keeping in touch with the progress of the turnaround, and evaluating what this means relative to the eventual goals of the turnaround. They receive their authority to do so from the key external stakeholders. They are accountable to this group for accurately evaluating the forward progression of the turnaround, and the turnaround leader's ability to make the required change happen. This gives them a lot of indirect authority and influence. However, the enterprise leader is accountable for the turnaround to the whole key external group, not just the change sponsors.

To put it simply, turnaround leaders both work with and, indirectly work for change sponsors when they sit as members of the key stakeholder group.<sup>18</sup>

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<sup>18</sup> Turnaround leaders may also be working for themselves if they stand to gain financially personally from the success of the turnaround. But this does not contain the same potential role confusion.

Turnaround leaders and change sponsors cannot successfully interact, and carry out their respective accountabilities, unless they share a common model of the dynamics of turnarounds. This shared model will help them sort out what is happening when, and why it is happening. It will impact the way that they relate to one another, since it will help change sponsors sort out when declining performance in the enterprise is signaling positive movement forward, and when it is related to a failing turnaround.

### The Structural Difficulties Inherent in the Change Sponsor Role

As shown in the Figure 1 on the previous page, change sponsors carry out the following activities.

1. They are members of the informal turnaround team – working with the turnaround leader on a regular basis to plan and to monitor the turnaround. When doing so they are peers of the turnaround leader, and can influence events deeply. However, they do not really have authority to direct the turnaround leader, since the turnaround leader is accountable to the whole key external stakeholder group for making change happen.
2. Change sponsors are members of the key external stakeholder group, who make go/no go decisions about continuing the turnaround and appoint the



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turnaround leader to be the leader of the enterprise. In this activity, they have authority over the turnaround leader.

3. Change sponsors have the responsibility for evaluating the progress of the turnaround, and reporting their evaluation to the other members of the key stakeholder group. In this activity, they are accountable to the other members of the group.

Change sponsors must remain clear on when they are engaged in their turnaround progression evaluation activity. If they lose confidence that the turnaround will eventually achieve its goals, they must go to the key external stakeholder group and say so.

At the same time, since they are working closely with the turnaround leader, they must do everything they can to ensure the leader's success. This means openly indicating when and why they are losing confidence, thereby giving the turnaround leader the chance to react to their concerns. Turnaround leaders can change the plan. Or they persuade change sponsors that their concerns can be alleviated.

The change sponsor role, therefore, contains a structural potential for confusion. Change sponsors must remain aware of when they are doing what, and take steps not to use their authority as key external stakeholders inappropriately when they are engaged with turnaround leaders as peers in the informal

turnaround team. **Coaching, suggesting, and persuading are not the same thing as directing.** The role of change sponsor requires a great deal of personal finesse and mature judgment.

Pre-agreed metrics, related to the various change initiatives in the turnaround plan, help change sponsors make accurate judgments about the progression of the turnaround. Such metrics must take into account that change often makes things worse before they get better.

### When Change Sponsors Become the Turnaround Leader's "Boss"

Sometimes change sponsors are given full go/no go turnaround decision-making authority by the other key external stakeholders. In those circumstances, things appear simpler. But they are not. Turnaround leaders are now fully accountable to the change sponsors. The power which comes with this delegation of authority completely undermines the "working peer-to-peer" element of the turnaround leader/change sponsor relationship.

When change sponsors lose confidence in the future of the turnaround's success, they have the authority to act directly in these circumstances. They can ask the turnaround leader to change the plan. Or they can change out the turnaround leader. Either action could have major impact on the continued forward movement in the turnaround.



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Pre-agreed metrics, related to the various change initiatives in the turnaround plan, help change sponsors make accurate judgments about the progression of the turnaround. Such metrics must take into account that change often makes things worse before they get better.

### The Change Sponsor Role and Enterprise Performance/Turbulence

Change sponsors must expect that there will be turbulence during the turnaround.<sup>19</sup> They must decide if these disruptions foreshadow long-term turnaround failure, or signs that the turnaround is moving forward, but encountering “normal change turbulence”.

When they conclude that the turbulence is normal, change sponsors must strongly focus the key external stakeholders on the eventual success of the turnaround and express continuing confidence in the ability of the turnaround leader to achieve that desired end goal. Change sponsors thus play a crucial role in placing the inevitable change turbulence associated with turnarounds in a balanced perspective.

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<sup>19</sup> In fact, as we will shortly discover, change sponsors are extremely important to maintaining confidence during the initial stages of enterprise transformations. See “Things Get Worse Before They Get Better” in the following pages.

### Enterprise Turnarounds and Stress

Enterprise turnarounds create a lot of stress. Stress strains relationships between people, and clouds their objective judgment. Change sponsors and turnaround leaders do their jobs under stressful conditions. Unless they understand this, and take steps to prepare for it, the relationship between change sponsors and turnaround leaders may be negatively impacted by the stress they both experience.

Change sponsors and turnaround leaders must shape their relationship in a way that allows them to work together when stress occurs. They must retain their ability to have open and direct dialog no matter what stage of the enterprise turnaround.

This is most likely to happen if they share a common model explaining what normally happens in an enterprise during a turnaround transformation. When they do not share such a model, stress based emotion can create inappropriate “push come to such points” in their relationship.

This stress may be not expressed in “emotional” behavior. It can lead to calmly expressed impatience and misunderstanding. Trust between turnaround leader and change sponsor evaporates. Neither change sponsors nor turnaround leaders can effectively carry out their responsibilities. The turnaround may fail, not because of underlying economic or operational factors, but



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simply because one or both sides of this relationship no longer acts from facts relevant to the actual

turnaround. Their relationship dynamics have become more important.



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# 5. The Most Essential Critical Success Factor Underlying Turnaround

## A Deepening Relationship of Trust

**A continually deepening trust-based relationship between the turnaround leader and the change sponsors over the period of the transformation is the most essential critical success factor for enterprise turnarounds.**

Reciprocal trust, based on shared experience and a shared model of a turnaround's normal progression, allows turnaround leaders and change sponsors to maintain productive dialog at the most turbulent points of a turnaround.

The fact that trust is so important to the success of turnarounds is known implicitly. Change sponsors often select individuals they already know for turnaround leadership roles. They may have concerns that the individual lacks some of the required core competencies. The need for trust overrides this awareness. They know they can trust the person based on their past mutual interaction. This is so important to them that they are prepared to move ahead with the individual as turnaround leader even when they know that the person lacks one or more of the core competencies.

Past trust cannot make up for a core competency deficit in a turnaround leader. The risk of failure is

dramatically increased when key decision makers choose a turnaround leader based on past trust, rather than turnaround competency.

Trust can be built up over time. A shared model which describes what happens in a turnaround in general terms is the right place to start. A turnaround plan based on that framework, specific to this enterprise, deepens that trust. Use of the framework to negotiate realistic progress metrics, which acknowledge anticipated performance declines as well as eventual performance improvements, creates concrete elements which further extend this trust. At the end of this process, a new turnaround leader and the change sponsors are well equipped to continue their work together.

Experienced turnaround leaders engage change sponsors in this process. They start with a general model of a turnaround. They relate the details of their action plan to it. They invite change sponsors to be actively involved in reviewing and modifying this plan. They develop progress metrics that make sense both to themselves and to the change sponsors. They ensure regular progress reporting against this plan.



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### The Initial Action to Establish Trust Increases the Quality of the Turnaround Plan

Because such a plan anticipates turbulence, neither change sponsors nor turnaround leaders are surprised when it occurs. They can place the turbulence in perspective, and continue to carry out their roles when it occurs. In particular, change sponsors can analytically judge whether events indicate that the turnaround is moving forward.

The joint planning and regular progress measure reporting creates a great deal of transparency in the turnaround. It is useful not just to the change sponsors, but also to the turnaround leader and the leader's direct report team, as they work on a day-to-day basis to implement the turnaround plan. It allows them to anticipate events, and proactively work to keep them on track. It encourages explicit risk mitigation planning, so that negative indicators are met with immediate corrective action. "It's do late to do anything now" after the fact reactions are non-existent, or at least minimized. All this helps the change sponsors to maintain their sense that the turnaround leader and direct report team are in control, even during periods of non-performance and turbulence.

A continuing pattern of experienced results that are worse than anticipated across a large number of the metrics in the plan is an objective sign that the turnaround may be going off-track. The sign will be

obvious to all: the turnaround leader and the direct report team, and change sponsors, and through them, the key external stakeholders.

Most likely, this state of affairs will show up as a trend over time in a number of metrics that the turnaround team has not been able to correct, or even to anticipate. There are no sudden surprises, or emotional outbreaks. Instead, there is be a growing shared sense that the turnaround plan is not work, even though the turnaround leader and the direct report team are doing their best to achieve it.

This progressive understanding of this deteriorating situation will allow the turnaround leader, the change sponsors and the key external stakeholders to focus on what needs to be done, as difficult as that may be.



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# 6. Things Get Worse Before They Get Better

## The Roller Coaster of Change

The period of the change in a turnaround is always longer than anticipated, and never goes as smoothly as planned. **Change is a turbulent process requiring, perseverance and patience.** Doug Macnamara's "Roller Coaster of Change" makes this clear. Built from practical experience with major organizational change in both profit and not-for-profit environments, it depicts the reality of most organizational change and turnarounds.

Turnarounds almost inevitably start with **declining enterprise performance**. The reasons for the initial down slope are straight forward.

Revenue<sup>20</sup> is crucial to short term survival. Past investments or debt may require continuous servicing. This may make finding the funds needed to resource change activities extremely difficult.

If external resources are not available<sup>21</sup>, the turnaround leader

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<sup>20</sup> This paper uses the language normal to "for profit" enterprises. Equivalent conditions exist in not-for-profit environments.

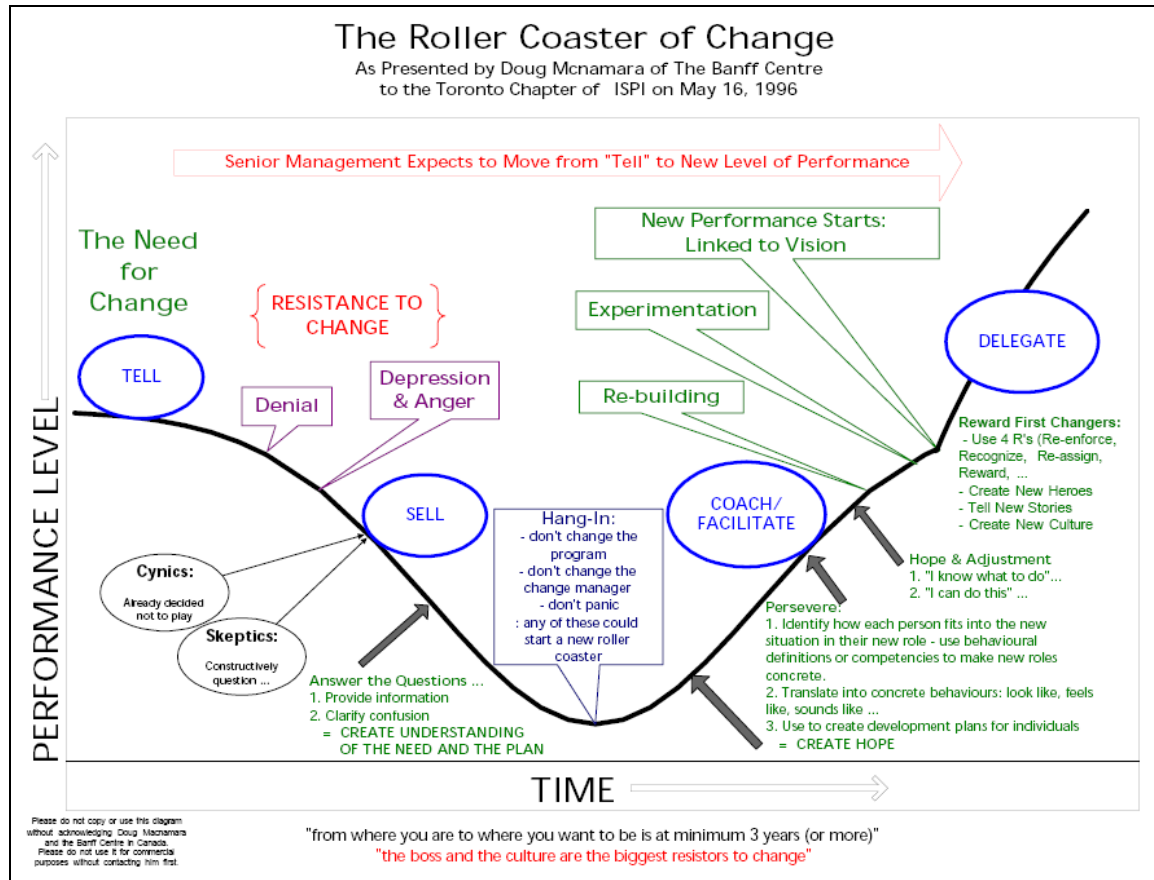
<sup>21</sup> Future investment is one source of external resourcing. Key external stakeholders are often reluctant to do so in the early stages of a turnaround. The initial period of declining organizational

must fund the change from internal sources. Some part of the operation must be downsized to generate the required funds. Other parts may have to operate with less.

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performance often works to justify them in this judgment.

**Figure 2: The Roller Coaster of Change: A Model for Enterprise Turnarounds**



Internal staff and external business contacts experience these reductions as pain. Even if the enterprise's financial performance stabilizes quickly, staff morale and external reputation suffer. This increases the sense of pressure in the organization.

This is not necessarily bad, if the turnaround leader can communicate sufficiently well to turn this pressure into a sense of urgency – a desire to get on with it and make things better – on the part of the inside staff.

As the turnaround proceeds, the turnaround leader makes change on the people, the process, and the tooling levels, coordinating the change activities across all three.

Change generates resistance. Resistance takes energy to work through.<sup>22</sup> Some people take on the

<sup>22</sup> See "[A Manager's Short Primer on the Resistance to Change in Organizations](#)" - for more about the dynamics of resistance inside organizations and the most effective responses to it.



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new challenges. They increase their skills, and start to see the benefits of the changes. Their morale improves. The turnaround leader acts to deal with those who either cannot, or will not, do either.

Some people leave the organization, either voluntarily or involuntarily. If the right people leave, there is often a sense of relief. If the wrong ones do, the morale continues to decrease. New players coming in, enthusiastic about the changes, can overcome this. But new players may not come in immediately, depending on financial conditions. Even when they do, it takes some time for them to become accepted, and their positive contribution to be felt.

Day-to-day operations must continue. Products and services must go out to customers. Revenue must come in. The pressure on available internal resources – people and dollars - increases. Work done the old way must continue at the same time as changes to the new ways of working are underway.

People feel the increased workload. Staff morale suffers as people feel as if they are being asked to work harder for the same remuneration. External reputation suffers if deadlines are missed or commitments need to be re-negotiated or broken. The movement down the performance slope continues.

But the conditions for the turn up the performance improvement up slope are being created. New people bring

in new skills. New processes will create greater effectiveness and efficiency. New tools – hardware and software – will improve everyone's productivity and make things easier for the insiders. All of these changes are occurring as the movement down the performance decline down slope occurs.



## 7. Perspectives on the Progress of the Turnaround

### The Key External Stakeholders' Perspective

External stakeholders<sup>23</sup> seldom appreciate the difficulty of what is happening inside the enterprise. They certainly do not feel the turnaround leader's day-to-day accountability for operating events and staff, no matter how concerned they are about the eventual final outcomes of the turnaround. They view the enterprise's change from the outside looking in.<sup>24</sup>

External stakeholders want:

1. the required improvement in financial and operating results – as soon as possible, preferably now;
2. smooth progress on the implementation of the change plan;

3. consistently reducing resource requirements and improving unit costs;
  4. improving business margins and increasing revenue flows;
- and
5. good feelings on the part of the enterprise's staff.

They don't want signs that indicate decreasing staff morale, and communicated concerns from the enterprise's outside suppliers and customers. They are disappointed when they see these signs.

External stakeholders need to have the calm fortitude it takes to wait for the eventual success. Calm fortitude when you are at a distance, is never easy, especially when things are getting worse.

At the same time, the key external stakeholders must be prepared to intervene if the turnaround program is not going to produce eventual success. They have a responsibility to ensure to limit the loss. This tension between the need for calm fortitude and the need to limit the loss makes things very difficult for them.

Key external stakeholders look to the change sponsors for reassurance that things are going as anticipated.

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<sup>23</sup> Doug Macnamara uses the phrase 'senior management' in his framework. For enterprise level change, this refers to change sponsors and key external stakeholders.

<sup>24</sup> Doug Macnamara characterizes this dynamic as moving from "tell" to "expecting completion. The imaginary dialog from key external stakeholder to turnaround leader goes something like this" "Well, I have approved the change, haven't I? What taking you long? Why aren't you done yet?"



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They want to know that the change is at least meeting some of the metrics and targets set out for it. They need to know that “not every thing is going to hell in a hand basket.”

### The Turnaround Leader's Perspective

While key external stakeholders struggle with this tension, the turnaround leader is in the thick of the change, living with its reality each and every day. Turnaround leaders are constantly making compromises:

1. a change success here;
2. a “good enough to get by for now” there;
3. a “make this deadline or provide that external product or service to get the revenue, even if it slows the change agenda”;
4. a “reassure the staff and key outsiders that this setback or failure or lack of improvement is only temporary and that things will get better and easier quickly”;

and

5. an “intervene personally and fix something when some part of the planned change is going off track, even if this means undermining a direct report for now”.

The turnaround leader's constant involvement in events such as these requires a deep personal belief in the potential success of the turnaround. Without it, the pressure of making these compromises becomes overwhelming.

Unfortunately, sometimes turnaround leaders get so involved in the day-to-day pressures of the turnaround that they lose the ability to step back and see its actual progress objectively.<sup>25</sup> They start to believe their “gut feel” rather than the objective indicators of the agreed to transformation metrics. That is one of the reasons that the change sponsor role exists.

The time tolerance for change on the part of the change sponsor's and the external stakeholder is always far shorter than the turnaround leader's. It needs to be. It is one of the things that create the urgency driving the change. Unfortunately, it also creates tension between the turnaround leader and the key external stakeholders.

The turnaround leader gets “tagged” with the inevitable disappointments that are felt by the key external stakeholders as they experience the

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<sup>25</sup> Psychologists call this ability to step out of the immediate, and look at one's self, and the events that one is involved in from the outside-in, as the ability to move from “first” to “second” position. [Robert Kegan's “In Over Our Heads: The Mental Demands of Modern Life”](#) and [Ronald Heifetz's “Leadership without Easy Answers”](#) are the two classic books by Harvard based adult psychologists that discuss aspects of this ability of mature adults.



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turnaround leader's working compromises from their external distance. These tags accumulate, and affect their perception of the turnaround leader's personality and performance.

### The Change Sponsors' Perspective

The change sponsors have insight into the turbulence of the change, and the turnaround leader's compromises and progress. They understand the details of the plan. They see the regular updates to it. They remember the shared framework which predicted the turbulence and the performance down slope. They know exactly how the turnaround leader is dealing with these inevitable initial decreases in enterprise performance.<sup>26</sup> As a result, they can continue to judge objectively the turnaround's probability of eventual success, even as they experience the movement down the performance slope.

### The Need for Low Hanging Fruit and Constant Visible Progress

Experienced turnaround leaders look for "low hanging fruit" to show early evidence of successful change. They work hard to ensure that there is "constant visible progress" showing forward movement. They know that this is essential to staff morale - to internal tolerance for, and

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<sup>26</sup> Assuming that the turnaround leader and the change sponsor have done what it takes to create progressively deepening trust between them.

acceptance, of change. People need to believe that things will get better. They will believe in the eventual future if they see some degree of consistent progress, even as they experience temporary setbacks in some areas. Experienced turnaround leaders stage change activities so that some are delivering visible results, as others are still in progress.

Experienced turnaround leaders also try to impact external stakeholder's perceptions about the change by continual communication with them. However, the need to do so is another demand on their already difficult schedule. When events force choices, they will focus on operating crises and change progress within the enterprise. Staff and internal change agents come first in their communication priorities. Customers (and their revenue) come second. Individuals and organizations (e.g. banks) that could have an immediate negative impact on the enterprise come third. Others come last. Unfortunately, for some turnaround leaders, these others come to include the key external stakeholders.

### Turnaround Leaders Must Celebrate Partial Success

The turnaround leader can always find a reason for something taking longer than hoped or planned. Coordinating change on the people, the process and the tooling level is difficult. It takes a great deal of attention to detail. It requires constant monitoring at the detail



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level to ensure that cross dependencies between different change initiatives stay synched. Failure to do so can result in waste, and the need to repeat things, neither of which is affordable in a financially stretched enterprise. The relentless pressure to do more with less never really goes away during the turnaround.

Despite this, the turnaround leader must figure out when to take appropriate pauses, to create partial success celebration points and short rests from the pace of the needed change.

If the turnaround leader does not create such pauses, does not celebrate partial success and the achievement of partial progress milestones, the staff might lose heart. That has major negative consequences. These “we got here” celebrations must occur, especially if there have been some setbacks. They are part of the need to create constant visible progress for the staff. They are essential to keeping up their morale during the turnaround program.

To external stakeholders, this looks like the turnaround leader is celebrating when there is no reason to do so. They remain focused on the end point. That is where their payback lies. As a result, such “on the way” celebrations add a certain amount of negative feeling to the disappointments that key external stakeholders attribute to the turnaround leader.



## 8. The Contribution of Change Sponsors to Turnarounds

### Change Sponsors' Crucial Role During the Down Slope and the Performance Valley Period

The change sponsors can act in decisive ways in response to these inevitable expressions of frustration and disappointment on the part of key external stakeholders. Change sponsors can “defend” the turnaround leader, encouraging everyone to “keep the faith” especially when things are approaching or in the performance valley. This is just when the enterprise is getting ready to take off up the slope of improved performance. It is just when things are ready to turnaround. It is always when things appear worst.

The trust that has developed between change sponsors and the turnaround leader is the key to the change sponsors' ability to do this. Through their understanding of the initial turnaround model, the specific plan based on it, and the updates to it in which they have been involved, change sponsors have built up realistic expectations about the down slope of performance. This allows them to know that things will get better, provided that the events of the down slope more or less meet their expectations. They can defend the turnaround leader based on their accurate understanding of what is actually happening in the enterprise.

Change sponsors can undertake their defense of the turnaround leader in a consistent way. They have the ability to address the frustrations of the other members of the key external stakeholder group with statements that indicate that they expected the declining performance. They have the ability to influence the others in the key external stakeholder group in positive ways during the period of highest frustration – the performance valley. They have anticipated it. They can see its end. They can point to early signs of the movement up the performance improvement slope.

### The Myths and Realities of Real Change

Doug Macnamara's "Roller Coaster of Change" provided a framework for understanding that things get worse before they get better in enterprise turnarounds. John Kettle's "15 Myths About Change"<sup>27</sup> provides a model for understanding the psychological reality experienced by change participants.

At the beginning of a successful change, most people believe some or all of the myths in the left hand

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<sup>27</sup> See Afterword 3 for more on the origins of this framework.




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column. By the end of the successful change, their experience has moved

them to the realities in the right hand column.

**Figure 3: John Kettle’s “15 Myths About Change**

		
<b>15 Myths About Change</b>		
<i><b>Myth</b></i>		<i><b>Realities About Real Change</b></i>
1	Change has to hurt	Real change should be fun
2	Change is a one-time thing	Change happens in small steps
3	Change is radical	Real change is continuing, unfolding
4	Change must be imposed	Real change is self motivated
5	Everyone wants to buy into change	Real change has to be sold
6	Everyone likes change, so it's easy	Real change is hard
7	Change does not cost a lot	Real change is expensive
8	Change is for the better	Real change can make things worst
9	Others have to change, not me	I must change if I want them to really change
10	Change is fast, we can't fail	Real change is slow, some failure is inevitable
11	Change won't be resisted	Real change is resisted
12	People know how to change	People need skills to really change
13	Change goes in a straight line	Real change zigs and zags
14	People like to be the first to change	No one likes pioneering



<b>15 Myths About Change</b>	
<i>Myth</i>	<i>Realities About Real Change</i>
15 You gradually wear down resisters	You try harder, resisters get tougher

Change sponsors who:

- have involvement in updating the turnaround plan,
  - see results aligned with expected metrics,
- and
- regularly dialog with the turnaround leader about both,

experience this belief change. They move from the generally accepted myths (the left hand column) **to a personal understanding of the reality of this change in this enterprise, at this time.**

Based on this personal experience, they can talk to the other key external stakeholders very concretely about the specific realities that illustrate the right hand column. They can play the key role in counteracting the left hand column based beliefs that these other key external stakeholders bring forth to explain their frustration and their desire to change the change program.

**The Need for Change By the Enterprise's External Contacts**

The performance valley is often the point in the change cycle when the need for personal change also becomes clearest to individuals external to the enterprise. Enough things have changed on “the process, the people and the tool level” in the enterprise that people inside the organization are starting to do things in new ways. They are not good at them yet, but they are doing them.

This means that they are behaving in new ways that require the change sponsors, the organization's external business partners, and the organization's overseers (i.e. the key external stakeholders) to change their own behaviors when they interact with the enterprise insiders. This change may be as simple as learning to read newly formatted financial reports. It may be as complex as learning to use new computer based protocols to interact with specific parts of the enterprise. It may be as dramatic as accepting that the people in the enterprise will no longer to continue to do things that they have done for a long time, on which the external stakeholders have come to depend. This may require external stakeholders, customers, or business partners to



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expend resources to find alternative sources of these services or goods.

Those inside the enterprise are caught up in the excitement of change at this point. They experience things as improving. They see that the new ways in which they are now working will only make things better for themselves and for the enterprise. As a result, they are highly motivated to continue the change.

However, they may not realize that individuals outside the enterprise have not travelled the same change path as they have. They can behave in ways which “just expect” the outsiders to change. They may forget that they need to communicate – to explain why and how things will get better and easier for the outsiders. They may dismiss the outsiders’ frustration about having to develop alternative sources for things they come to expect from the enterprise in the past. They may forget that they have to motivate outsiders to engage in and to complete the personal change needed to learn new ways of interacting with the enterprise.

The enterprise’s external business partners do not always respond positively to this need for change.<sup>28</sup> The turnaround leader and the enterprise staff must respond to

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<sup>28</sup> See “[A Manager’s Short Primer on the Resistance to Change in Organizations](#)” - - for more about the dynamics of resistance inside organizations and the most effective responses to it.

these business partners and manage their resistance appropriately. Communication is the key. Their effort needs support from the enterprise’s key external stakeholders.

Change sponsors who personally model such change for the other key external stakeholders help in gaining their acceptance and support. By acting positively, they treat such changes as an indication that things are getting better in the enterprise. This helps defuse the tension that key external stakeholders may feel in the face of the need to change their personal behaviors.

Change sponsors also help key external business partners get ready for interacting with key players in the enterprise’s external business partners. These external key players often contact external stakeholders for insight into why their organization needs to change its interaction with the enterprise. When key external stakeholders respond positively in such dialogues, supporting the enterprise’s change program, they defuse potential negative external reaction.

## Dealing with the Blame Associated with Past Mistakes

Change inside the enterprise may uncover **serious mistakes** that occurred in the past. If the people who were responsible for these are still present in or around the organization, they naturally become defensive. They will often attack the change process, and the turnaround



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leader, as a way of mitigating the real or perceived blame that comes their way.

This dynamic often is a signal that the performance valley has been reached, and that the performance up slope is close.

Change sponsors who understand the realities of this enterprise's change will defend the turnaround leader from such attacks, especially if they come from individuals who are in the key external stakeholder group. All they need to defuse the blame is to point out that the past is the past, and things are now about an improved future. The past is not the issue. The future is. People need permission to move on. Change sponsors have a major role to play in granting it.

### **The Crisis Point – The Deepest Part of the Performance Valley**

Substantial change always takes more time, and involves more turbulence, than anticipated by key external stakeholders. In many cases, they become most impatient exactly when the dynamics of real change require them to be most patient.

By the time the performance valley is reached, they are often deeply frustrated with the turnaround leader. In their view, real positive results that matter to them have not yet been achieved. Or if they have, they have not yet reached the critical mass

needed to justify continued support for the turnaround leader.

When turnaround leaders respond to such frustration, they sound defensive at best and intolerant at worst. They can see that the up turn is about to begin. They may not understand why the key external stakeholders do not share their enthusiasm for getting through this last piece of poor performance.

At this point, the behavior of the change sponsors makes the critical difference. If they express continuing confidence in the turnaround leader and congruently indicate that the up slope is near, things will move forward. If they do not, the turnaround will be in trouble.