

# Strategic Change Management

How executives transform large organizations with the five forces of change

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# INSIGHTS

//01

Some 80% of transformations fail—the main reasons: employee resistance (72%) and lack of necessary skills (78%)

//02

Behavioral economics shed light on decades-old shortfalls and drive a fundamental shift from traditional explanatory approaches to intelligent activation

//03

Evidence shows that five forces are key for sustainable behavioral change in large organizations

WHAT

is at stake—

Strategic

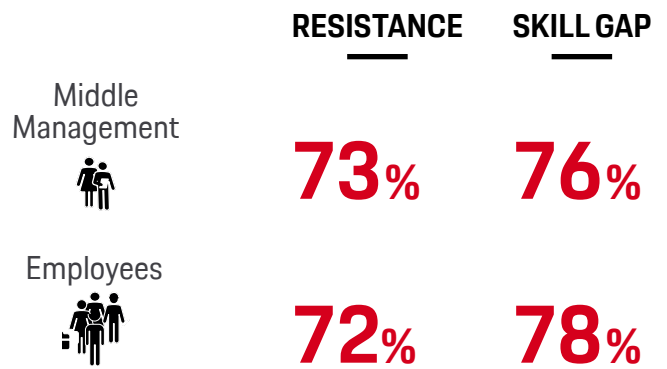
transformations

at risk



Many CEOs are burdened by a headache: they steer their company towards unprecedented transformations, but their people don't share their enthusiasm and lack necessary skills. The malaise is widespread—data gathered for the Porsche Consulting Change Management Compass 2020 suggest that two out of three large corporations in Germany have defined ambitious strategies and implementation plans for the next 24 months. Only then can corporations take advantage of all-engulfing megatrends like digitalization and sustainability that disrupt industries and have the potential to reshape the face of entire economies and societies.

All the more worrisome, the success rate of the largest German companies did not live up to their ambitions in recent years, according to numbers from the same survey. Only 20 percent of good ideas make it all the way through a transformation. In other words, 80 percent of strategic initiatives fail! Digging deeper into the issue, thorough analyses reveal the major root cause: a large part of the workforce is either unable



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Fig. 1. Human factor-related obstacles to successful transformations<sup>1</sup>

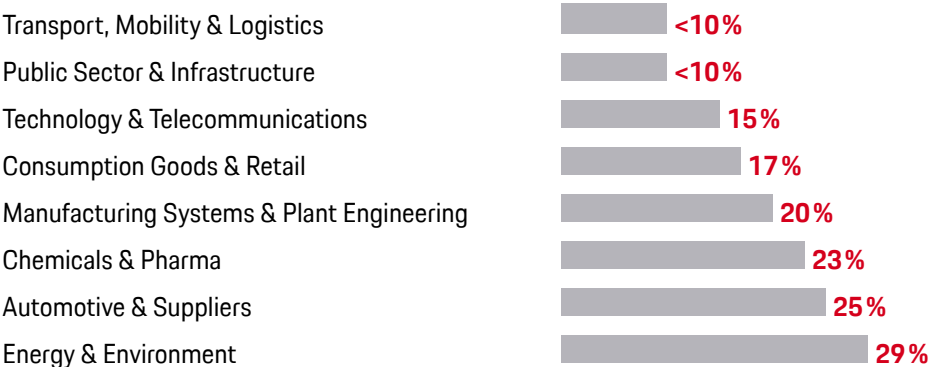
or unwilling to cope with necessary changes. three quarters of middle managers and employees actually refuse to change. And even if they wanted to, they lack the relevant skills for bringing new strategies to life.

## What is your company's likely success rate?

Drivers of the need to transform are diverse, ranging from "traditional" themes like process optimization and reorganization to more progressive ones, such as the prospect of productivity gains through new work and agility and metatrends like sustainability and digitalization. No industry is immune from the need to reconsider their strategic outlook,

and consequently the necessity to change. The recent Porsche Consulting leadership survey "Change Management Compass" provides insights into the background and practices of strategic transformations and change management at Germany's 100 largest companies.

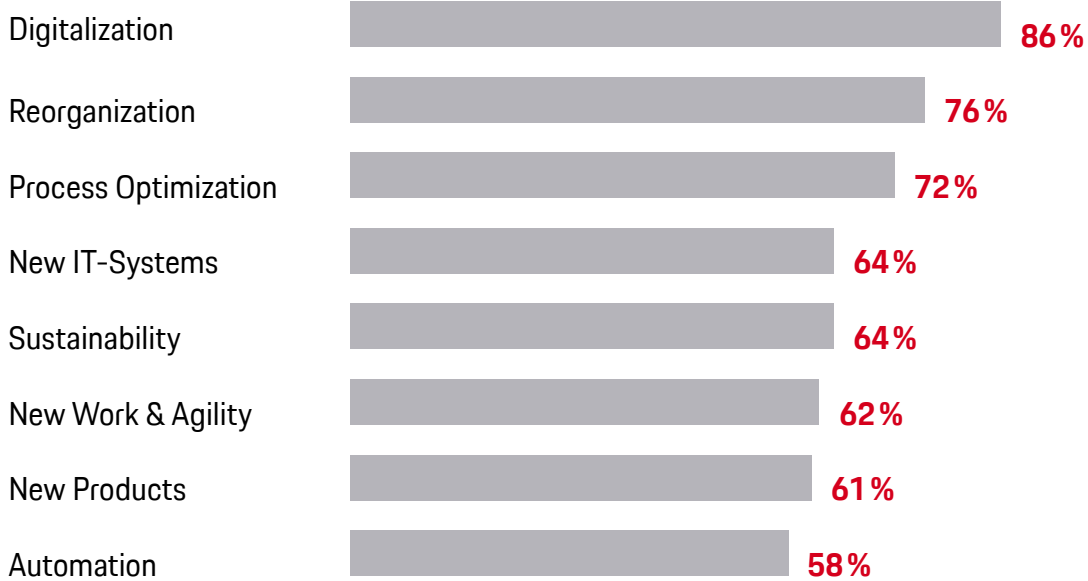
## INDUSTRY COMPARISON Success Rate



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Fig. 2. Likelihood of successful transformations per industry<sup>2</sup>

## TOP TRANSFORMATION TOPICS



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Fig. 3. Predominant drivers of change<sup>3</sup>

While mapping the best course for their company, top-level executives juggle buy-in of key players in the boardroom, seek to maintain loyalty and trust of direct reports, and set out to win over the workers' council as a cooperative partner, all the while serving as a role model to the entire organization. While forging the future for hundreds of thousands of people, they are expected to master the present by delivering high-quality products and services, improving efficiency and cost structures, ensuring compliance and integrity, and rapidly reacting to changing situations and regulations mandated by the continuing COVID-19 pandemic.

With everything on the line, the need for a waterproof change approach was never greater than today. However, decades-old change management theory—seemingly covering every

imaginable aspect—continues to fail corporate leaders in their quest. What exactly is the missing ingredient that brings the “human factor” in line with transformation goals? Which new approach has the power to overcome stalling strategic transformations? These are the questions pondered in many top floor offices every day, as senior executives realize that the future of the company they oversee, as well as their very own professional success, hinges on them. This white paper sets out to identify the missing link so direly needed and gives an outlook to a cure for this headache shared by so many, many top executives.

# WHY

**transformations fail—**

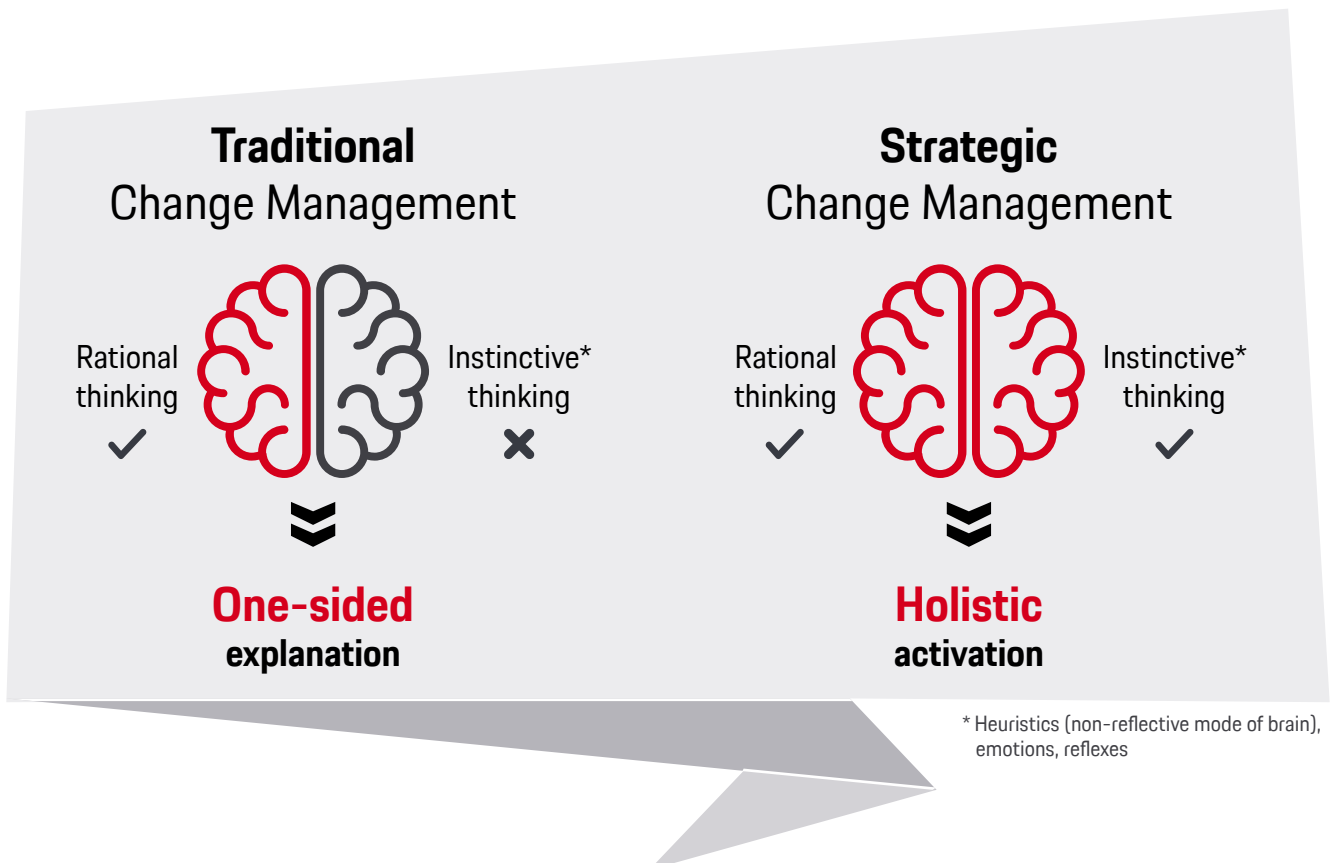
**The blind spot of**

**human behavior**



Almost everybody agrees on the proverb “Old habits die hard,” and for good reason. Simply optimizing one’s own behavior challenges even individuals with a strong will and advanced self-management mechanisms. The challenge rises significantly when the task is extended to the behavior

of other people. It takes a certain talent and many years of experience to build up the people skills and to be effective in motivating and leading those around you to change their mindset and behavior—that, and Nobel Prize-winning learnings from behavioral economics:



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Fig. 4. Rational and instinctive thinking in change management<sup>4</sup>

The root cause for the alarming failure rate of transformations, despite the extensive business experience and people skills many business leaders undoubtedly have, is a fundamental misunderstanding about the human brain, which leads to the catastrophic success rate of transformation projects. In recent years, however, scientists from the field of behavioral economics have made great strides in better understanding the underlying mechanisms that render even well-planned

change projects unsuccessful. According to Nobel laureate Daniel Kahnemann, the gross majority of our behavior, be it in private or in a professional context, is determined by fast, instinctive thinking that evades our conscious reasoning and is instead stimulated by the environment and impressions surrounding us every day.<sup>5</sup>



## People-centricity requires a deep understanding of how humans “tick”

That being said, most change management schemes and interventions take place in the slow-thinking conscious and rational realm of our brain. Telling a sound change story and providing all the necessary information is important, yet falls short of the ultimate task of successfully ingraining the necessary changes in every day behavior patterns.

**Instead, change activity is often characterized by outdated formats and road maps first applied some 15 years ago, disregarding scientific evidence gathered over the last couple of years that suggests a fundamentally different approach.**

Long gone are the days in which major transformations took place every five years or so. Then, it was logical to create a “sense of urgency,” a state of unrest to motivate staff for a temporary phase of reorientation and the effort to adopt new ways of working—assuming after that was under everyone’s belt, the new state would be the new normal in which everyone was able to settle into their new comfort zone. This is the world from which today’s most prevalent change approaches stem. However, the ability to constantly meet dynamically changing market demands, take advantage of cataclysmic megatrends that might seem to be at odds with what the company has stood for since, and mitigate risks brought about by unforeseen natural catastrophes—COVID-19 as a case in point—will make or break market leaders in the future. That being said, it would be unwise to keep all employees in a constant state of stress, as this would paralyze the long-term performance and innovative capabilities of a company, bearing significant implications to how change frameworks and content need to be redesigned.

It seems change management itself, as broadly practiced in many companies today, is overdue for a transformation to put the people, their experience and fundamentally the way their brains work at the center of attention and address both their rational thinking as well as their instincts.<sup>6</sup>



## Watch out for the killer biases

Our instinctive thinking and behavior is determined by human heuristics and biases. These patterns have the potential to obstruct organizational change. Three biases in particular must be addressed proactively:



**Confirmation bias**—people absorb information very selectively and amplify content that reaffirms existing beliefs.

**Implication:** highlight and repeat again and again what will change and what will stay.



**Status quo bias**—we have a tendency to dislike change. It is only perceived as positive if we perceive influence and let our voice be heard.

**Implication:** grasp opinion of large group of people with online live surveys.



**Bandwagon effect**—humans mimic beliefs and actions of the people around them.

**Implication:** showcase individuals and groups of people behaving in line with the strategic transformation, and others are likely to follow.

## From Explanation to Activation

Context stimuli need to be altered to naturally encourage favorable behavior patterns, with the effect that it is harder to relapse into old habits. A comprehensive approach and interventions activating both parts of the human brain have the power to change mindset and behavior and allow executives to bring strategies and concepts to reality. To master complex strategic transformations means to understand and embrace the fact that individuals and groups change their behavior most effectively if rational and instinctive thinking are in sync.

Thanks to the findings of yet another Nobel laureate, Richard Thaler, and his research partner Cass Sunstein, it became evident that small changes in the environment—nudges—have a significant effect on unconscious thinking and thus human behavior.<sup>7</sup> Applied to a transformation, setting the right nudges in daily work life can in fact influence behavior towards the goal of the transformation.

Hence, as part of strategic change management, which encompasses reason and instinct, “nudge management” represents a powerful tool to align behavior with the overarching transformation goals.<sup>8</sup>

Ideally, change interventions and formats should thus leverage this powerful tool to fully activate everyone holding stakes in a transformation, far beyond the five percent that is actually accessible through conscious information processing.

# HOW

to get it right—  
Five forces to activate  
behavioral change



Once the way how people actually process information and form behavior patterns and habits has sunk in, the next big challenge is to put this knowledge into practice. The goal is to create a change approach that yields tangible and sustainable results, as opposed to traditional schemes with a flat-lining 20 percent success rate that certainly leaves something to be desired. Executives should rely on scientific evidence to steer the social process of transformations, boiling down to five forces based on which any change activity should be designed.

**How can executives of large organizations truly activate their people for their strategic transformation?**



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Easily scalable and infused into all corners of the organization in a pragmatic manner, the following five forces of change serve as powerful levers that guide and activate people in transformations on all levels of consciousness.

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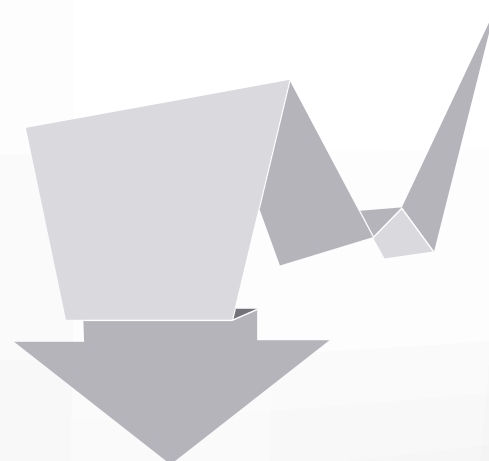
## Change Force #1: Leadership

Executives must actively animate people to passionately drive the change. Their enthusiasm will serve as a gravitational force for staff across the entire organization to push towards the common goal of the transformation.

To achieve this, executives must provide a sense of direction in the form of vision and mission statements that convey a compelling purpose for the entire organization. In doing so, leaders shouldn't shy away from pushback, as any transformational endeavor is likely to provoke some sort of counter-current. Thus, controversial dialogue should be facilitated and embraced, in which the arguments for the transformation can play out and critics can emotionally let go of old ways to mentally vacate themselves for the changes ahead. New social standards then need to improve the traditional corporate culture, which will institute the desired behavior patterns by defining behavioral guidelines, including rewards for compliance and sanctions for disobedience.

With the storm of stimuli engulfing any working person these days, high-level executives need to carefully choose the time and place to convey their message and focus on key moments that leave a mental imprint and maximize the effectiveness. When imprinting on their direct reports, for instance, the quarterly performance review or promotion negotiations would be perfect to weave in one's intentions regarding the future of the company, and the contribution everyone is expected to make. Given the gravity and relevance of such meetings, the message won't be lost on the counterparts. Apart from factual incentive schemes, the impact of the conversation will lead them to gear their own efforts towards achieving the goal formulated by their superior, sensing the relevance to their own advancement in the organization.

Another example that encompasses all hierarchy levels and that is already practiced in progressive corporations is a live chat across all hierarchies on internal corporate social media formats, hosted by the respective intranet. Similar to physical town hall meetings that often only leave room for a few select questions, executives engage in an open dialogue and answer any question coming their way. Hierarchies are leveled, the CEO is made accessible to the apprentice and vice versa. The digital nature removes inhibitions to speak up that might be more prominent in a physical setting, and is made available to colleagues all over the world and on their favorite mobile devices wherever they currently go about their tasks.



Leadership role modelling is crucial according to 99%, yet is practiced in just 30% of transformations

96% agree on the importance of a coherent target image—only 60% actually create one

Nearly 99% of all leaders see the need to act as a role model through their behavior, yet a mere 21% heed that insight



# LEADERSHIP



## Driven by vision

The executive and management level at Patagonia was looking to improve their leadership style towards greater empowerment of teams. A clear role model emerged in which leaders first elaborate the greater vision, then managers coach and guide teams to fulfill their tasks aligned to it.

**Impact:** highly effective leadership style and an inspired, motivated workforce.<sup>9</sup>



## Leadership “unbossed”

The pharma company’s leadership displayed too little cultural change efforts to tackle Novartis’s future challenges. During a one-year program, 300 top managers specified the future vision and goals, conveyed them to their teams, and entrusted them with their implementation.

**Impact:** greater employee motivation and high-quality work results in line with the vision.<sup>11</sup>



## Leading by GROW

To prepare its managers for modern leadership, Google trained its team leaders in the GROW model. By structuring talks with employees in Goal, Reality, Options and Will, team leaders ensure progress at work and professional growth by accounting for the individual capabilities and needs of each team member.

**Impact:** highly effective 1:1 sessions with tangible outcomes.<sup>10</sup>



## Call me by my name

The insurance company underwent a major transformation and sought to improve exchange between C-level and workforce. In a symbolic gesture, the CEO invited employees to a first-name basis and even turned his office into a co-working space.

**Impact:** powerful role modeling and increased credibility, as well as open and controversial dialogue.<sup>12</sup>

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## Change Force #2: Communication

Communications in a transformation must come from the top. In order to truly activate individuals and teams in their organization, executives need to be an integral part of the communication measures to fascinate all employees for where the company is headed. Only the C-level is able to do this with the same amount of credibility, authority, and weight.

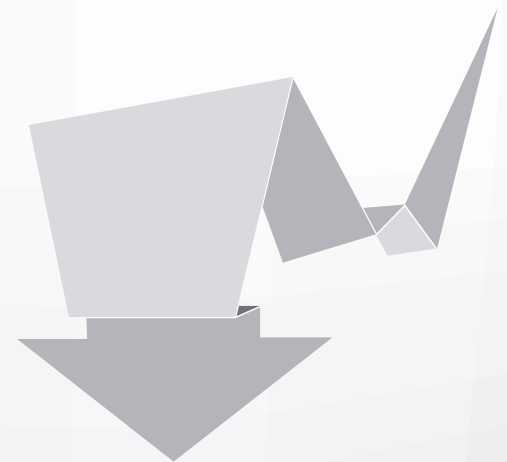
Communication from the top is by no means a one-way street and should feature bidirectional formats. The exchange between leadership and workforce is central to convey transparency, trust, and address possible fears and rumors head-on.

When doing so, executives shouldn't meander along tiring details but tell it to the point. Also, they would be well advised to generally focus on emotional rhetoric instead of dry facts. Facts do not drive change. People will forget sheer numbers and arguments, but they will always remember how someone made them feel. This narrative needs to be repeated over and over. Research shows that individuals need to hear a message at least ten times before it sinks in. As for the channels, it needs to be critically assessed if old formats—e.g., the good old Outlook newsletter—are the right choice for the audience. Social media-type communication platforms, which many corporate intranets already support, are very likely to create more traction with younger generations who source much of their media use from formats to the effect of Instagram. For that reason, well-established channels should be complemented by 1–2 innovative digital formats that create attention and cater to the media needs of younger generations.

At all times, psychological safety needs to be conveyed as the prerequisite for individuals to be open to changes coming their way, thereby setting aside the decades-old formula “create a sense of urgency.” To put it differently: There is no need to fluster people to “run from danger.” It would serve the purpose better to let them strive for a better future and towards happiness!

Putting the above theory into practice, a tangible measure central to all types of transformations is a coherent key messaging compendium that contains clear, concise, and simple messages. It serves as the blueprint for all communication formats related to the transformation, its messages being repeated in the carefully chosen vocabulary over and over, in existing and new communication channels. Such a document is

to be created early on and provided to the internal communications department to be infused in existing channels, as well as talking points for all management levels. The consistent and repeated penetration of the entire organization with clear statements ensures that important messages are absorbed by relevant target groups, leading to better knowledge on and compliance to upcoming changes.



Professional communication is deemed important by 88% of German managers, but **only practiced in 30% of the cases.**

89% see the need to tailor change measures to their specific corporate culture and context, **yet just 21% put it into practice.**



# COMMUNICATION



## Building the future

The electric car pioneer is at the forefront of replacing conventional with electric modes of mobility and is thus a major player in an all-engulfing transformation of global magnitude. With uncharted territory ahead, Tesla's CEO Elon Musk tells his visionary goal to the point and provides an easily understandable mission for external and internal audiences.

**Impact:** trust of markets and employees to work with Tesla on building the future of mobility.<sup>13</sup>



## Leadership podcast

Undergoing fundamental changes towards new work, the publishing house established regular management podcasts as an effective channel to inform staff about recent progress in work organization and environment.

**Impact:** the channel conveys modernity and digitalization, creates transparency, and underlines the role model function of the leadership team.<sup>15</sup>



## Setting a clear mission

In a highly agile work environment such as Spotify's it is crucial that all colleagues work towards the same goal, without limiting their freedom as developers. Thus, Spotify had its "squads," or work teams, define and formulate what the term "awesome" means to them. The result was a clear idea of what a successful day at work looks like, creating a joint sense of direction that team members will henceforth gear their shared efforts towards.

**Impact:** highly synchronized and effective work teams.<sup>14</sup>



## CEO vlog

To overcome the hierarchical distance between its top decision makers and the workforce, the CEO of Otto introduced a lean, direct, and authentic vlog, in which he provides information about the latest business developments and board decisions—unscripted, direct, and with a follow-up open discussion.

**Impact:** high transparency creates trust among employees and encourages controversial dialogue.<sup>16</sup>

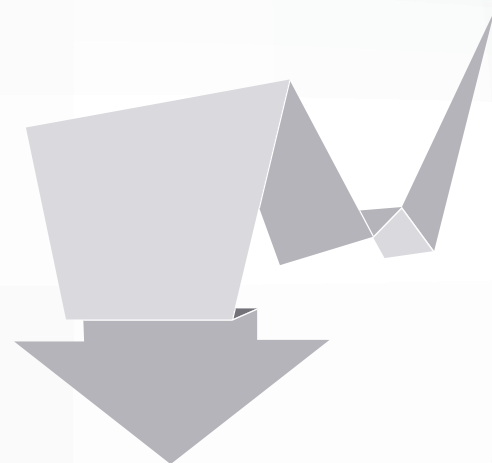
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## Change Force #3: Guidelines and policies

To create the necessary organizational framework for the visionary goal, executives need to adjust the regulatory context so that it encourages favorable new behavior patterns.

In most transformation scenarios this means to enlarge authorities, empowering teams and individuals to make their own informed decisions that serve the overarching transformation goal. To ensure the right amount of guidance nonetheless, rigid rules and the resulting constricting bureaucracy and micromanagement should be replaced by easily relatable joint behavioral guidelines. And, last but not least, the question of any individual boils down to the question of one's personal benefit. To ensure the organizational reply will motivate employees to support the transformation process, goals and incentives need to be adjusted accordingly. Left untouched, existing financial and social benefits do not necessarily support—and may in fact counteract—the envisioned organizational goal.

A change prevalent in many transformations around the globe today is the desire to create more diverse work teams, taking advantage of greater innovation levels and higher-quality decision-making processes—as also corroborated by the following change force “new ways of working.” However, while many internal stakeholders will agree that this is in fact true, there are often no real incentives to actually create a situation like that. A veritable measure to be taken would thus be an adjusted incentive scheme for both HR business partners as well as department heads and team leads that are based on diversity KPIs of new hires and team compositions. While of course respecting the fact that performance must always represent the key denominator, this additional factor might shift decisions towards greater diversity if several candidates with a similar qualification are considered. At the same time, it would counteract the “mini-me” bias, a scientifically proven phenomenon rooted in the fast-thinking realm of our brain in which decision makers unconsciously favor candidates that are similar to themselves, both in appearance, demeanor, and upbringing.



While 58% agree that guidelines and policies need to be aligned with transformation goals, **merely 21% act on that finding.**

The need to adjust incentive systems to reflect transformation goals are seen by 58%, but only **10% follow through with it.**





# GUIDELINES & POLICIES



## Ten things we know to be true

Given the complexity and dynamic of the Internet giant's business model, clear guidelines were needed so staff could work towards a common goal, but without the restrictions of rigid rules that would muffle innovation. The result were ten guidelines upon which all employees base their activities.

**Impact:** shared value orientation of the workforce while maintaining maximum innovation levels.<sup>17</sup>



## Diversity as bonus KPI

While increased diversity is a strategic goal shared by many companies, traditional incentive schemes don't necessarily reflect this. To align existing schemes with the changed strategic goal-setting, Microsoft introduced diversity KPIs into strategic factors that when combined, determine 50 percent of annual bonuses.

**Impact:** recruiters and team leaders adjusted their priorities to ensure greater diversity.<sup>18</sup>



## Autonomous shift organization

Granting more autonomy and greater responsibility, Otto left it to its call center agents to organize their own shift plan. Some 2,000 employees were now able to see their personal preferences reflected in the planning of their work.

**Impact:** management was unburdened from shift planning while numbers of employees on sick leave dropped.<sup>19</sup>



## Level-less grading

Siemens's business is characterized by new business models, M&As, restructuring, and digitalization. Still, development and incentivizing of managers remained rooted in a rigid system that discouraged lateral job mobility. Siemens hence coined a level-less grading scheme that features flexible compensation, taking the managers' merit, the role, and market benchmarks into account.

**Impact:** better allocation of expertise in line with business goals, high acceptance.<sup>20</sup>

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## Change Force #4: New ways of working

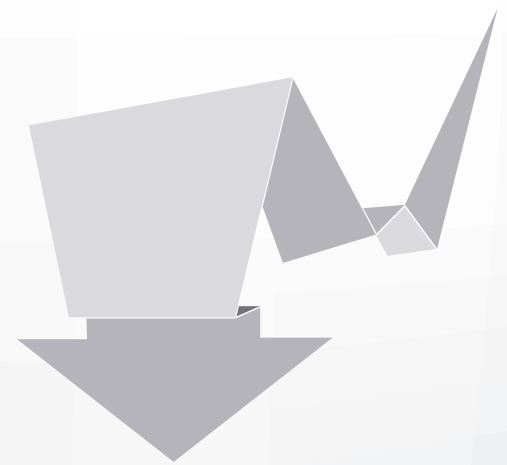
Executives should evolve current modes of collaboration into more agile work methods and design the facilitating physical and digital workspaces accordingly.

Dynamically changing environments—which cause organizations to embark on transformation journeys in the first place—continue to require swift and effective responses to fulfill market and stakeholder demands. Thus, if required by the task at hand, resources should be allocated flexibly, allowing for temporarily staffed teams across departments that address immediate business priorities, and whose diverse perspectives strengthen innovation capabilities and decision quality. Based on the enlarged authorities suggested in the preceding change force, the henceforth more empowered people can choose time, location, and focus of their work more freely—which will lead to greater productivity.

A very vivid example of these new ways of working can be observed in how many corporations are currently completely reinventing their communications departments. Former silo-oriented responsibilities—e.g., based on formats, channels, specific product groups, and departments—are broken up and reassigned to cross-departmental “theme teams.” These task forces, composed of colleagues from different backgrounds, drive, track, and answer for a communication campaign of a certain theme. Depending on the specific nature and aspects comprising it, a person from the most relevant department will take the lead. Example: a new product (department A) embodying the sustainability strategy of the company (department B), to be communicated online (department C) and to be advertised with a focus on sustainability right at the point of sale (department D). While in the past, a theme like that would have been compartmentalized and dealt with in a very fragmented way by the respective silos with their very own interests, the new team composition ensures a comprehensive and effective approach. Strongly theme- and results-oriented, even hierarchies are leveled for these temporary, project-like collaboration units.

The result: end-to-end responsibility, fast and goal-oriented decision-making, and high-quality outcomes. Apart from this specific example, the concept can be transferred to any theme-oriented working group, such as the launch of a new product or the implementation of a new strategy.

As individuals and teams need to abandon long-loved ways of working, however flawed they may be from an outside view, they need to develop and solidify new habits to sustain favorable behavior patterns that, in their entirety, will shape the face of the transformed organization. Additionally, taking into account the new work reality of remote and hybrid collaboration, digital tools need to be leveraged to facilitate new ways of working throughout the entire organization, regardless of where colleagues choose to go about their tasks.



A 60% majority agrees on breaking up hierarchies, but **only 8% follow through.**

50% regard a modernization of the work environment relevant, **yet merely 20% actually change the surrounding.**



# NEW WAYS OF WORKING



## Let my people go surfing

Patagonia's brand identity attracts many employees who enjoy the great outdoors, surfing being one alternative just outside the California HQ. To reconcile both work and well-being, Patagonia allows its workforce to organize their workload around the tides to take advantage of the best-possible surfing conditions.

**Impact:** improved work/life balance, strengthened loyalty, and identification of employees with their organization.<sup>21</sup>



## Central collaboration platform

Moving away from traditional office work to more autonomous remote and hybrid models, a common platform was needed to ensure seamless collaboration regardless of one's location. Thus, Axel Springer introduced "moveoffice," a platform facilitating knowledge sharing, collaboration, training, and communication.

**Impact:** intensified knowledge sharing and more efficient collaboration.<sup>23</sup>



## Agile organization

Spotify's business model requires innovative, flexible approaches to technology and market demands. Rising to that challenge, Spotify set up an agile organization made out of interacting "tribes," "squads," and "guilds." Employees form teams around specific aspects of the product development process, enjoying a high degree of autonomy and trust by their employer.

**Impact:** exceptional adaptability, high employee motivation and productivity levels.<sup>22</sup>



## Workplace personality test

The autonomy of New Work requires an active choice on the part of employees with regard to which work environment suits them best. To help indecisive colleagues make an informed decision, Adidas came out with a brief personality test that produces a suggestion for the most suitable workplace.

**Impact:** better match of individuals and work environments, resulting in improved productivity and work/life balance.<sup>24</sup>

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## Change Force #5: Future skills

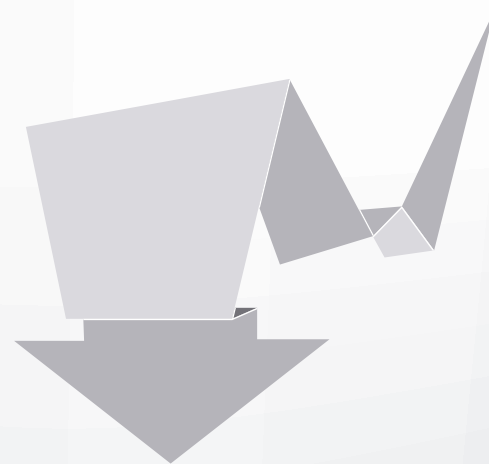
Obviously, the clearest purpose and mission statement, the most innovative collaboration model and work environments are worthless if staff members don't know how to put it into practice. Will and skill are the foundation upon which every transformation needs to build. Thus, executives must up- and reskill their workforce to build up the required competences.

Technological disruptions, such as the shift from the combustion engine to battery-powered EVs require a fundamental reskilling of the workforce to acquire strategy-relevant competencies. Knowledge that was crucial five years in the past may no longer be of any relevance another five years down the road. Contrary to evolutionary competence-building that many companies have been practicing thus far, skillsets of entire workforces need to change on an unprecedented level. The transition from engineers to software developers many car manufacturers around the world are currently undergoing, may serve as a prime example. Companies need to find a way to identify the relevant competencies and then seamlessly close the skill gap at a large scale, without infringing on legal and labor union-related requirements, or endangering business continuity in everyday operations that still need to run uninterrupted and flawlessly.

Given the speed at which the environment produces new needs for corporations to meet, re- and upskilling of valuable human capital cannot be left to chance by trusting in external institutions to come up with the right programs and content. Very often, it is unclear what skills exactly are needed in the realities of tomorrow, and what exactly the skill gap is that needs to be addressed. No external party can fathom this faster and better than the affected company itself. And even if they did, knowledge would then be available to competitors as well, making potential competitive advantages obsolete. Thus, contrary to the shortsighted, efficiency-oriented outsourcing of capacity building, proprietary knowledge factories should be established or, if already in existence, assigned greater importance and funding.

On the heels of the newly introduced principles and guidelines, individuals should be allowed to engage in self-directed learning. It is scientifically proven that this approach represents the most effective way to qualify adults, who prefer to choose learning content and formats based on their individual needs rather than "being fed" content nuggets. Thus, employees should be entrusted with shaping their individual learning journeys.

A good example of a constantly available learning environment on the shop floor level is practiced by progressive car manufacturers. Right at the workstations at the assembly line, screens inform about correct ways of handling machinery, tools, and safe movements to ensure product quality and safety for the worker. In contrast to mandatory courses in which employees are periodically indoctrinated, the learning content is available at everyone's fingertips, at the location and time when it is most relevant, and accessible however often needed – a case in point of putting the people in the center when creating change measures.



The gross majority of 78% of the workforce **lack necessary skills to master transformations.**

51% regard it as important to promote new people to leading positions, **but just 22% actually do it.**



# FUTURE SKILLS

## SAMSUNG

### Samsung College

To keep its competitive edge in the market, the Korean tech giant took it upon itself to further qualify its workforce and nurture new talents. For this purpose, Samsung established a state-recognized college with strong collaborative ties to a major Korean university.

**Impact:** match of company's needs and learning programs, propriety content protected from competitors while leveraging external expertise.<sup>25</sup>

## amazon

### Upskilling 2025

Set on an enormous growth path and amidst comparably high fluctuation levels, Amazon sought to secure employee development by launching a massive bundle of qualification programs worth around \$700 million, covering exactly the needs of the company in a constantly changing market environment.

**Impact:** even positions the open labor market cannot cater to can now be staffed internally.<sup>26</sup>

## BOSCH

### Bosch Learning Company

Being highly affected by technological disruptions, Bosch's skill requirements are constantly in motion. To ensure an up-to-date qualification of its staff, the Bosch Learning Company features transformation-relevant content, e.g., related to electrification and digitalization, enables self-directed learning, and leverages swarm intelligence by providing a platform to upload company content.

**Impact:** relevant content at the fingertips of employees and a strong culture of lifelong learning.<sup>27</sup>




### Proprietary apprenticeship program

The war for talent is fought at all levels, from boardrooms all the way to the shop floor. To secure the best talents for its vast network of drugstores, DM came up with the new profession "drogist," shaped to fit their specific needs. Apprentices are educated by their prospective employer, featuring innovative formats such as role play and work life simulations.

**Impact:** sustainable talent management, improved employer attractiveness, as well as independence from the open labor market.<sup>28</sup>

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## A win-win for business and people



Evidently, win-win scenarios do exist when it comes to mastering transformations. The writing is on the wall, and the time for top business leaders has come to take action and embark on their very own strategic change journey!

These five forces cover all aspects of a transforming company. Naturally, no two transformations are alike. They are determined by the respective industry, corporate culture, and the nature of the transformation, ranging from extensive cultural change to full-scale efficiency programs. Thus, different scenarios require tailored approaches, in which the composition and relative focus on the forces, and the respective interventions and formats, are carefully calibrated. Keeping that in mind, the above framework can be tailored to suit any specific industry, corporate culture and transformation, translating mere theory into tangible and sustainable results. At all times, everything should be based on and continuously verified by relevant measurement and metrics, which assess the status quo, set baseline, and define the target state of change readiness and willingness of all stakeholder groups.

To sum it up, strategic change management represents a powerful framework to master today's and tomorrow's transformations, and it goes without saying that the success of a company hinges on its capability to change in the face of ever-changing environments. Companies whose achievements are "vast and in the past" have no guarantee that they will continue to ride their train of success, unless they master the art of transformation, whatever its nature. To enable just that, strategic change management comprises a much broader variety of human behavior, encompassing the unconscious realm of our brain that has been left untapped by traditional change approaches. And, not least, it is based on a more scientific and humanistic image of "the employees." They are no longer flushed into action by evoking fear of being left behind, but rather shown the vision of a more positive future that they are empowered to contribute to more freely than ever before.

# In Brief

- 01** Business success is threatened by stalling transformations – change activities based on scientific evidence are key
- 02** Both instinctive and rational thinking need to be addressed to maximize the activation rate of the workforce
- 03** The five forces of change need to be optimally composed to align behavior and mindset with transformational goals
- 04** Different types of transformations require a specific weighting of those forces within the change architecture
- 05** Strategic change management represents a win-win situation in which business goals are achieved and staff on all levels is empowered

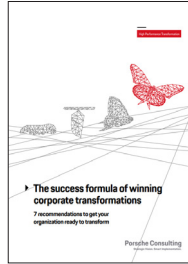


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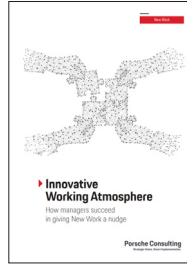
## Further readings



Study  
**Change Management Kompass 2020 (German)**



Strategy Paper  
**The success formula of winning corporate transformations**



Strategy Paper  
**Innovative Working Atmosphere**



Strategy Paper  
**Agile in a Complex World**

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## Porsche Consulting

Porsche Consulting Porsche Consulting GmbH is a leading German strategy and operations consultancy and employs 685 people worldwide. The company is a subsidiary of the sports car manufacturer Dr. Ing. h.c. F. Porsche AG, Stuttgart. Porsche Consulting has offices in Stuttgart, Hamburg, Munich, Berlin, Frankfurt am Main, Milan, Paris, São Paulo, Shanghai, Beijing, Atlanta, and Palo Alto. Following the principle of “Strategic vision. Smart implementation,” its consultants advise industry leaders on strategy, innovation, performance improvement, and sustainability. Porsche Consulting’s network of 12 offices worldwide serves clients in the mobility, industrial goods, life sciences, consumer goods, and financial services sector.

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As a leading consultancy for putting strategies into practice, we have a clear mission: we generate competitive advantage on the basis of measurable results. We think strategically and act pragmatically. We always focus on people—out of principle. This is because success comes from working together with our clients and their employees. We can only reach our aim if we trigger enthusiasm for necessary changes in everyone involved.



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# Appendix

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