



ALMA MATER STUDIORUM
UNIVERSITÀ DI BOLOGNA

MASTER IN INTERNATIONAL MANAGEMENT



Organizational Transformation & Corporate Strategy

Stefano Petti

April 15th, 2021



ALMA MATER STUDIORUM
UNIVERSITÀ DI BOLOGNA

MASTER IN INTERNATIONAL MANAGEMENT



Stefano Petti

Partner, Asterys
Co-Founder, AEquacy

Webinar Structure

- Introduction to change within the context of strategy
- Deep dive into the key elements with change
- Case study exercise in sub-groups
- Plenary sharing and debriefing of the exercise
- Conclusions



ALMA MATER STUDIORUM
UNIVERSITÀ DI BOLOGNA

MASTER IN INTERNATIONAL MANAGEMENT



“No great improvements in the lot of mankind are possible until a great change takes place in the fundamental constitution of their modes of thought.”

John Stuart Mill

“They always say time changes things, but you actually have to change them yourself.”

Andy Warhol

“Disconnecting from change does not recapture the past. It loses the future.”

Kathleen Norris

“In a progressive country change is constant; ...change... is inevitable.”

Benjamin Disraeli

“We all have big changes in our lives that are more or less a second chance.”

Harrison Ford

“We live in a moment of history where change is so speeded up that we begin to see the present only when it is already disappearing.”

R.D. Laing



ALMA MATER STUDIORUM
UNIVERSITÀ DI BOLOGNA

MASTER IN INTERNATIONAL MANAGEMENT



Why talk about
Change and Transformation
within the context of
Corporate Strategy?



ALMA MATER STUDIORUM
UNIVERSITÀ DI BOLOGNA

MASTER IN INTERNATIONAL MANAGEMENT



...because the context around organizations is changing...

Global trends that are reshaping the world we live in:

- Climate change and resource scarcity
- Rapid urbanization
- Shift in global economic power
- Demographic and social change
- Highly connected world
- Technological breakthroughs



Source: 'Mega Trends 2030', European Strategy and Policy Analysis System

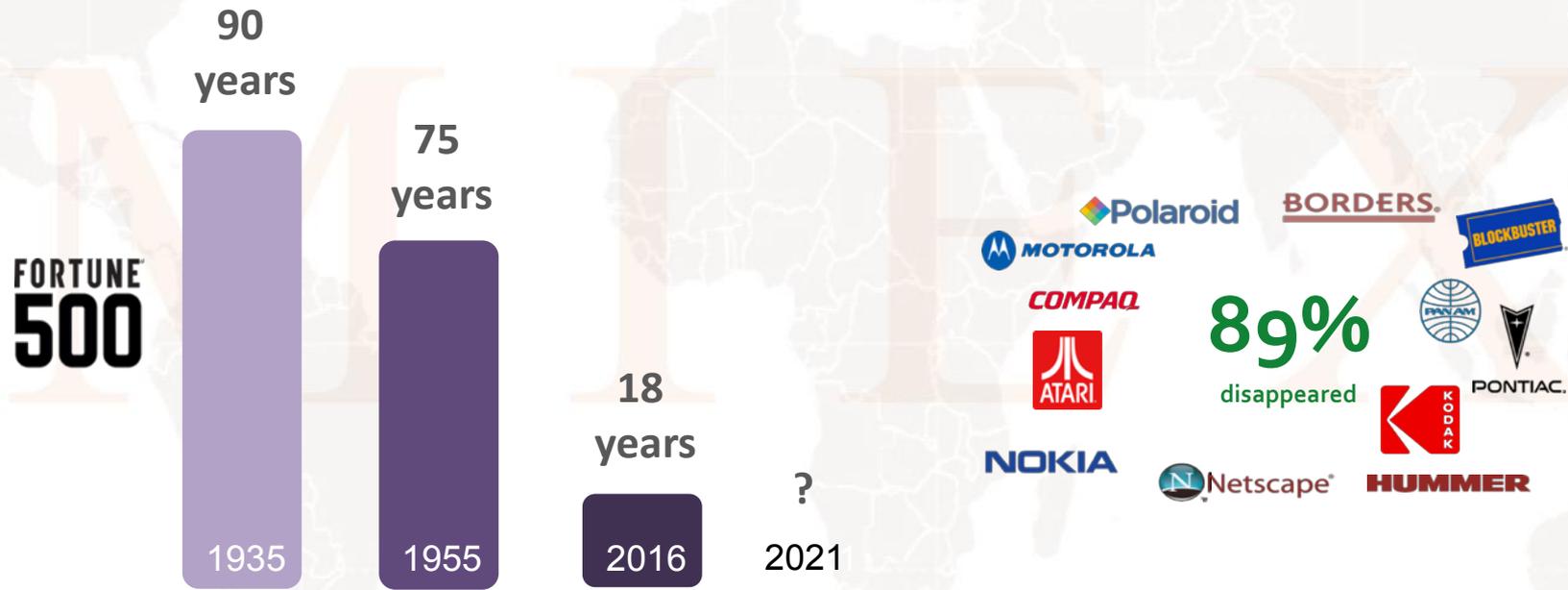


ALMA MATER STUDIORUM
UNIVERSITÀ DI BOLOGNA

MASTER IN INTERNATIONAL MANAGEMENT



...and the impact on companies is visible.



Source: Professor Richard Foster of Yale University



The Impact of Covid

- 70% said their business was negatively impacted by the crisis
- Those who are best set to emerge stronger from the crisis show:
 - The ability to anticipate and identify threats
 - Faster response activation
 - Clarity of roles and plans
 - Confidence through muscle memory
 - Access to critical data and insights
 - Reinforced purpose and values
 - Strengthened trust with stakeholders

Source: 'Global Crisis Survey 2021', PwC involving 2.814 business leaders in 73 countries and 29 industries.



At the end...change is inevitable in organizations!

Firms may need to change their:

- Culture
- Size
- Product range
- Production processes
- Leadership styles
- Target markets
- Structure





Characteristics of tomorrow's organizations

FROM

- Collaboration inside teams
- Top-down decision making
- Segregated information
- Hierarchical / vertical structures
- Bureaucracy
- Focus on customers

TO

- Collaborative eco-systems
- Decentralised decision-making
- Free flow of information
- Network of self managing teams
- Radical simplified processes
- Focus on several stakeholders

Culture of tomorrow's organizations

FROM

- Inwardly focused
- Centralized
- Slow to make decisions
- Political
- Risk averse
- Fragile

TO

- Externally oriented
- Empowering
- Quick to make decisions
- Open and candid
- More risk tolerant
- Anti-fragile



Change experience in today's organizations

- Almost 30 years of successive and accelerating Change
- Increased pace & impact due to Globalization
- From a “One shot Change” to “Permanent Change” Logic



BUT around 70% of Changes **STILL** fail
or do not lead to the expected results

HBR, 2016



ALMA MATER STUDIORUM
UNIVERSITA DI BOLOGNA

MASTER IN INTERNATIONAL MANAGEMENT



Why?

There are surely several reasons, however, two key drivers that are normally overlooked are these:

1

Change initiatives are implemented without addressing the human and cultural element

2

Organizations adopts only those principles that fit the hierarchical paradigm



ALMA MATER STUDIORUM
UNIVERSITÀ DI BOLOGNA

MASTER IN INTERNATIONAL MANAGEMENT



Comfort Zone

Let's talk a little about the notion of
COMFORT ZONE...





ALMA MATER STUDIORUM
UNIVERSITÀ DI BOLOGNA

MASTER IN INTERNATIONAL MANAGEMENT



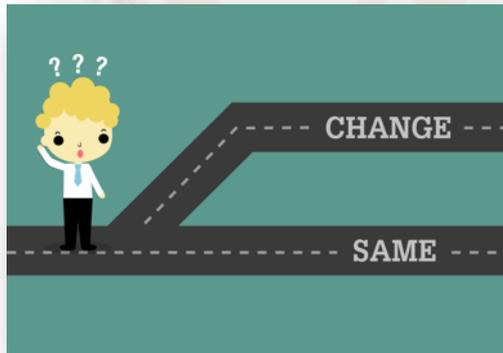
Comfort Zone





Another way to explore Change...

...is by experiencing it!



Use your non-dominant hand to write with a pen on a piece of paper:

“Yesterday I was clever, so I wanted to change the world. Today I am wise, so I am changing myself.”

- Jalaluddin Mevlana Rumi



ALMA MATER STUDIORUM
UNIVERSITÀ DI BOLOGNA

MASTER IN INTERNATIONAL MANAGEMENT



Let's talk about what happened

- How did you manage to complete the task ?
- How did you feel as you were writing?



ALMA MATER STUDIORUM
UNIVERSITA DI BOLOGNA

MASTER IN INTERNATIONAL MANAGEMENT



In general:

Change is...

- ✓ Difficult and uneasy
- ✓ Offering limited possibilities of adaptation



Common reaction to Change #1

When facing Change, 90% of people will react by experiencing first a sense of loss and insecurity, fear that they will no longer be able to be as 'good' as they were...

.... THIS IS A NORMAL HUMAN REACTION ...



ALMA MATER STUDIORUM
UNIVERSITÀ DI BOLOGNA

MASTER IN INTERNATIONAL MANAGEMENT



Change experience in today's organizations

However the **MANAGEMENT**, or those who initiate the Change, tend to present first the Benefits of Change, talk about what people will **gain**...

...while **PEOPLE** are experiencing **fear and insecurity**

Since the **EXPERIENCE** will be different from the **MESSAGE**, People will start to **disbelieve** the **CHANGE** and the **MANAGEMENT**



ALMA MATER STUDIORUM
UNIVERSITÀ DI BOLOGNA

MASTER IN INTERNATIONAL MANAGEMENT



Change experience in today's organizations

Therefore **MANAGEMENT** should communicate on both:
the **BENEFITS** of Change AND the **LOSSES**



Common reaction to Change #2

When facing Change, 90% of the people will feel uneasy, leading them to self-focus, to individual action ... everyone trying to find his/her own way to cope with Change

.... THIS IS A NORMAL HUMAN REACTION ...

Mutual help or Team Spirit, leading to a collective response to cope with Change, will not appear spontaneously, unless the **MANAGEMENT** encourages such initiatives



Impediments to Change (5 frictions by Dick Rumelt)

1. Distorted perception (the firm fails to perceive there is a problem)
2. Short term costs and long term benefits
3. Failure to come up with a creative response
4. Difficult alignment of everybody on 1 solution
5. Disconnection – failure to turn plans into action



ALMA MATER STUDIORUM
UNIVERSITÀ DI BOLOGNA

MASTER IN INTERNATIONAL MANAGEMENT



All this said...
how do we then deal
we change?



Planning for Change

- There are three main questions to answer when planning change:
 1. Where are we now?
 2. Where do we want to be?
 3. How do we get there?
- The process will involve:
 - Planning
 - Implementation
 - Review





Planning for Change

Effective change management requires:

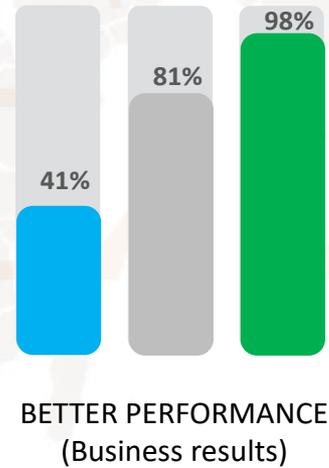
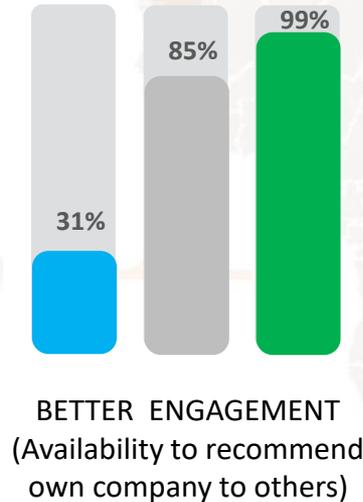
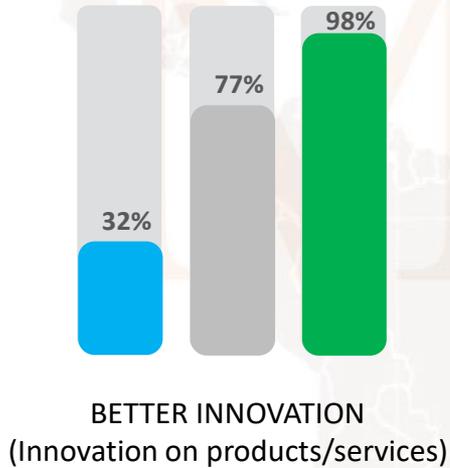
1. Clear objectives
2. Careful planning
3. Effective communication with stakeholders
4. Participation of workers in the change process
5. Positive leadership
6. Guidance and training
7. Building a change culture

Best
Practices



Self-governance, an interesting growing trend

SELF-GOVERNANCE IS GROWING



- BLIND OBEDIENCE
- INFORMED ACQUIESCENCE
- SELF-GOVERNANCE



ALMA MATER STUDIORUM
UNIVERSITÀ DI BOLOGNA

MASTER IN INTERNATIONAL MANAGEMENT

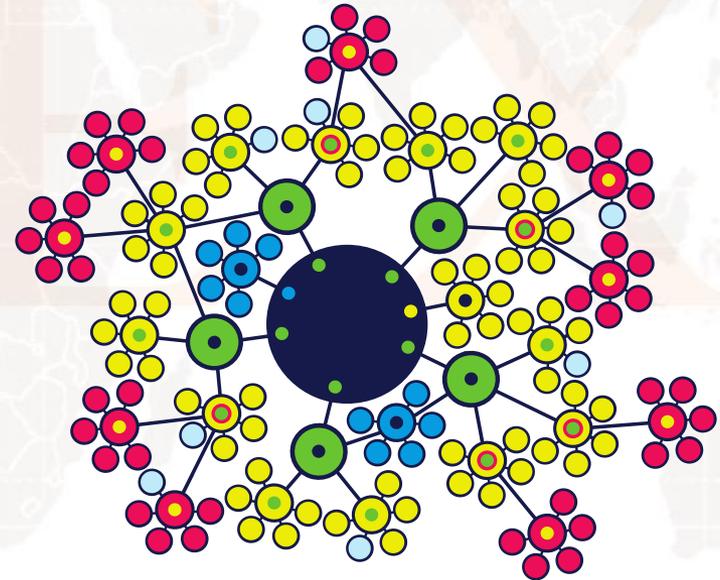


A possible approach to self-governance

FROM HIERARCHY

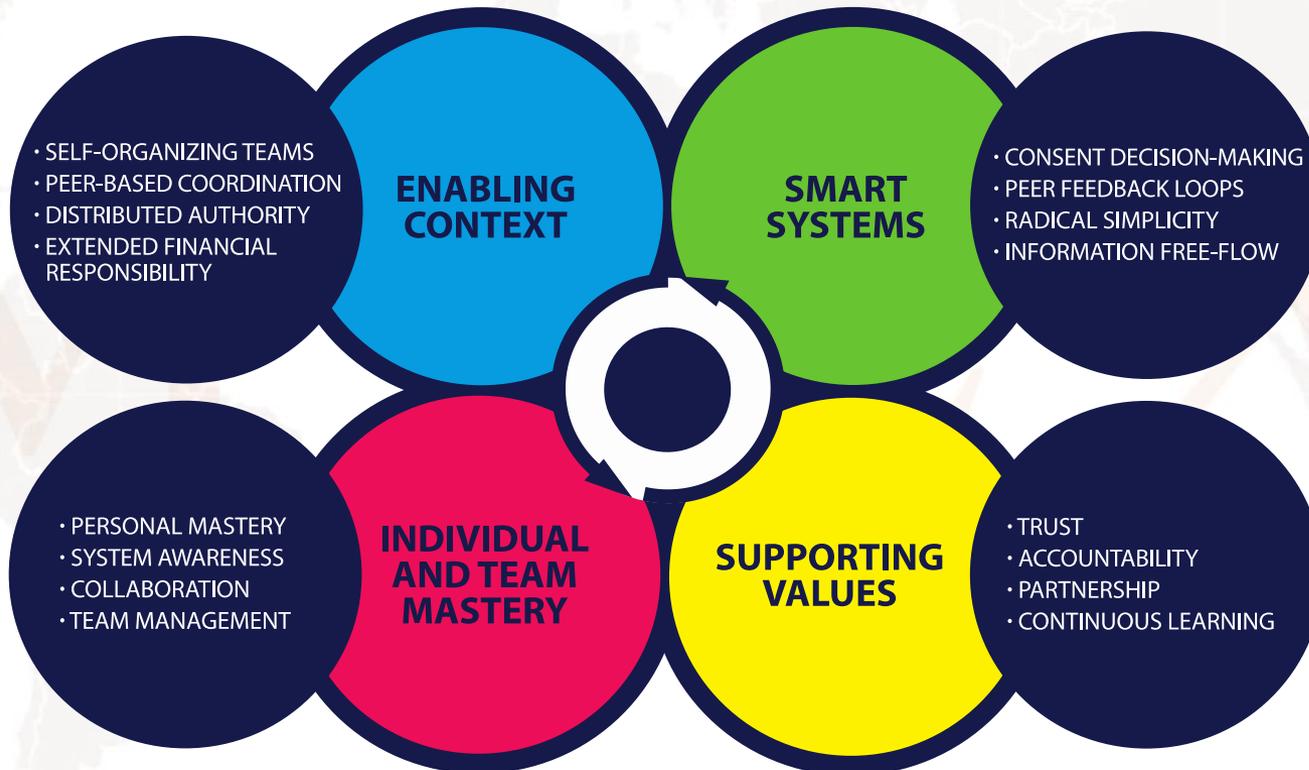


TO AEQUACY





The Aequacy Framework





ALMA MATER STUDIORUM
UNIVERSITÀ DI BOLOGNA

MASTER IN INTERNATIONAL MANAGEMENT



Stefano Petti



Stefano is Partner at Asterys, a global organizational development firm, co-founder of AEquacy, a revolutionary hierarchy-free organizational design and a Founding Member of the global movement Values 20. He is also a passionate international speaker, lecturer in the Master of International Management programme (University of Bologna, Italy) and an International Mentor in the Startupbootcamp acceleration global program.

Prior entering the areas of organisational and executive development he worked in an international setting for Eni Group and Société Générale.

His academic background includes a university degree in Business Economics (Italy), a specialisation in International Marketing and Finance (Sweden) and a Master of Business Administration – MBA (London).

Stefano is an ICF (International Coach Federation) Professional Certified Coach (PCC), former member of the ICF European Leaders Group, former member of the Executive Committee of ICF Italy.

He co-authored several Harvard Business Review articles, among which “How your State of Mind Affects your Performance”, and since 2016 he is member of the Harvard Business Review Advisory Council. In 2018 he co-authored the book “AEquacy. The new human-centered organizational design to thrive in a complex world.” with Giovanna D’Alessio.

As a Founding Member of the global movement Values 20, he aims to support the G20 leaders, and wider world, to develop policies with values at their core while building new momentum for global action.