



Introduction: A New Tool for Leaders



After more than thirty years with the same company, Genevieve (Gen) Laneau has gotten her chance to captain the ship. And her ship is neither small nor easy to sail. Production is global, distribution is worldwide, and the Internet, among many distribution channels, plays an important and growing role for both her firm and her competitors. A multibillion-dollar technology enterprise with more than seven thousand workers spread across thirty-five countries, her company is a typical midsize global firm.

Several competitive storms were on the horizon when Gen took over as CEO. Recently consolidated competitors were expanding, growing revenues, and encroaching on the unique market position of her firm, WorldCo. Indeed, WorldCo had once been known as the high-tech leader in its field, but now, customers were turning to Gen's competitors for new products, services, and solutions. The previous CEO had successfully increased margins by focusing on operational excellence, but it was clear to Gen that focusing on cost reductions alone was not going to keep her firm ahead of the competition. She was not alone in her conclusions about the firm's future. Wall Street could see the competitive landscape and had

come to the same conclusions. Without new sources of profitable revenue growth the firm's stock price was not going to appreciate. The handwriting was not just on the wall, it was in the analysts' reports.

Gen was facing the leadership challenge of her career. She could see that if she didn't take action, the day of reckoning in the form of stiff competition and low profit margins was fast approaching. She realized she had to change her organization all the way to its core if her company were to overcome stagnant revenue growth and simultaneously maintain its industry-leading return on equity.

William Tracey faced a different challenge. He had joined his manufacturing firm, MandACo, more than fifteen years before being appointed CEO a few years ago, having risen largely through its financial ranks. He shepherded a Fortune 500 firm with more than two hundred plants and thirty thousand employees. William's firm became the industry's largest player through a consolidation strategy that was largely funded by taking on more debt. In the growing economy of the 1980s and 1990s, the firm's mergers and acquisitions grew revenues and profits. Although the debt load was great, economies of scale in purchasing led to profits that far exceeded interest payments.

By the twenty-first century, two trends had taken hold that changed the fundamental environment in which MandACo competed. First, customers began moving production operations to China, where MandACo did not have substantial operations. This shifting of business across the Pacific decreased demand in North America. This shift in demand had the greatest impact on MandACo, the largest manufacturer in the industry. Second, North American customers either remained small "local" customers or had become large "national" accounts. These national accounts created commodity markets by auctioning off their demand and playing suppliers off against each other. Some of MandACo's com-

petitors had chosen long ago to focus on these national accounts and had become low-cost producers. Smaller competitors focused on local customers and differentiated themselves from their competition because of their speed, flexibility, and customized service. MandACo's plants continued to sell to both types of customers, thereby catering specifically to neither type, which put his firm at a competitive disadvantage.

By the time William became CEO of MandACo, the company was unprofitable and its financial condition was actually worsening, resulting in a drop in the stock price of 30 percent from its peak. His first response was to shut down manufacturing facilities and take capacity out of the market, but demand shrank faster than he could close capacity. With little financial room to maneuver and still needing to make debt payments, he was unable to invest in and update production equipment. His multibillion-dollar firm was unprofitable and its financial condition was getting worse. As some observers wondered whether his highly leveraged firm would survive, MandACo's survival—and William's career—depended on his ability to fundamentally change and revive his organization.

The Test of Leadership

Managing organizational change is not a challenge for just Gen and William. Organizational change is a common challenge; moreover it is *the* test of leadership, because failure is so often the outcome. A 1998 study by Wheatley and Kellner-Rogers reported on a survey of chief executive officers who stated that up to 75 percent of organizational change efforts do not yield the promised results. A 2002 study undertaken by Miller estimated that change initiatives critical to organizational success typically fail 70 percent of the time. In a 2004 study, Raps found a 70 to 90 percent failure

rate in companies' attempts to implement new strategic plans.² These studies and others leave no doubt that leading organizational change is difficult, costly, and risky. Failure is the norm, but the benefits of successful organizational change are great. For some companies it is change or die. For others, successful organizational change can rejuvenate organizations and catapult CEOs into the pantheon of great business leaders who revived their companies' growth and profitability and earned themselves fame and fortune in the process.

Some business leaders already in this pantheon are Allied Signal's Larry Bossidy, Monsanto's Dick Mahoney, GE's Jack Welch, IBM's Lou Gerstner, and Emerson's Chuck Knight. Each of them took a large company that was performing poorly or even losing money and rebuilt it to achieve great market and financial success. Larry Bossidy is well known for taking Allied Signal, a collection of not very successful businesses that was losing money, and turning them around until they were acquired by Honeywell in 1999. Dick Mahoney rebuilt the chemical company Monsanto and repositioned it in the life sciences with investments in agricultural biotechnology and the acquisition of G. D. Searle Pharmaceuticals. The story of General Electric's Jack Welch, who reconstructed a financially hemorrhaging giant and turned it into a global juggernaut, is well known (Larry Bossidy worked for Jack Welch at one time). Lou Gerstner is credited with saving the global paragon IBM from going out of business in the early 1990s. Chuck Knight of Emerson Electric took a small manufacturer and delivered one of the longest profitable growth trajectories in the history of Wall Street.

Nowadays, leading organizational change is more difficult than ever before. The ongoing revolution in information technology is increasing the frequency of organizational change and making it harder. Thomas Friedman noted in *The World Is Flat: A Brief*

History of the Twenty-First Century (2005), that the revolution in information technology, among other factors, has led to a new level of globalization and integration. The Internet has indeed connected the world. Now practically any company can quickly design products in the United States, manufacture them in China, provide customer service from India and the Philippines, and serve customers on every continent. But so can its competitors—not just its old local competitors but also companies in almost any region of the globe. Information technology and myriad outsourcing organizations bring down entry costs, which invites increased competition. Markets are becoming increasingly commoditized, meaning that it is difficult for firms to differentiate themselves from one another. Firms that once had profitable business strategies now face cut-throat global competition.

Many leaders are responding to these challenges by hammering flat their organizational structures. They are dispersing their operations and delegating and decentralizing decisionmaking while at the same time spreading their firms' activities around the world and physically farther apart as they seek to drive down costs and take advantage of local capacities. Leaders are reconfiguring their organizations—acquiring organizations, selling off portions of their companies—to find new sources of advantage. Yet these survival tactics are also making the test of leadership more demanding. These widely dispersed, flat, and reconfigured organizations may be better able to adapt quickly to local conditions, but they are far more difficult to coordinate, integrate, manage, and lead than vertically structured command-and-control-style organizations.

These pressures require organizations, and their leaders, to respond and adapt to markets as never before. Business strategies used to be effective for at least a decade, if not longer. Now, changes in business strategy every two or three years are not unusual. Any misstep or delay in adapting, reconfiguring, and

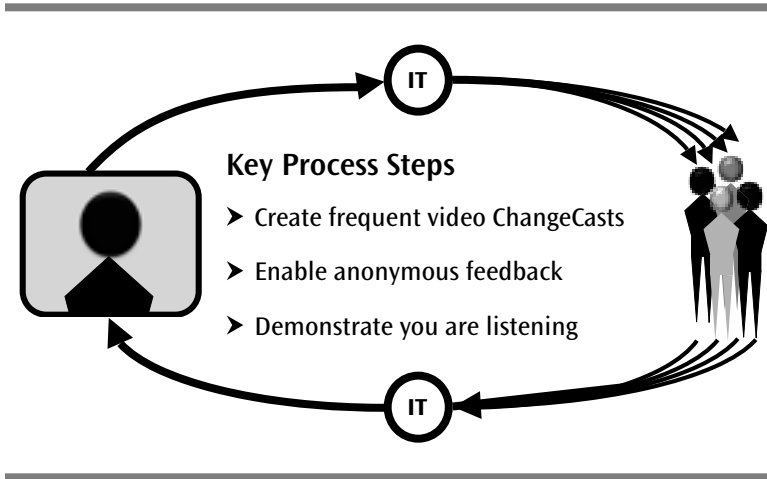
responding to customers' needs allows competitors quickly to drain away customers, revenue, and profit. Staying ahead of the competition requires frequent organizational change. The old saw that organizational change is the only constant takes on new meaning in the context of twenty-first-century global competition.

Nonprofits and government agencies face similar pressures. Financial pressures from shrinking budgets and increasing demands from funders and constituents all are magnified by the Internet because it makes it easier and faster for the demands to manifest themselves, creating a driving impetus for change. Few organizations are insulated from these pressures.

How can you accelerate change in your organization to stay ahead of the competition and respond to these pressures? How can you effectively lead organizational change in vertically structured organizations or in organizations whose workers are geographically dispersed, encouraged to act locally, and told to take responsibility and fight bureaucracy? Whether you are planning a minor initiative or a major strategic overhaul, how are you going to capture your workers' minds and hearts so that they are motivated to embrace change and alter their behavior? Leading organizational change—the test of leadership—has never posed a greater challenge.

Leading Change in a Web 2.1 World describes a new approach for accelerating organizational change that leverages Web 2.0 technology by combining it with particular leadership processes and guidelines to create a Web 2.1 methodology. This method is called ChangeCasting. To reiterate: ChangeCasting is a process and a set of guidelines for communicating with and listening to your community, for creating a conversation that can lead to vital changes in your community's behavior. ChangeCasting uses the same revolutionary technologies that lie at the root of the problem, information technology and the Internet, to provide a new tool

FIGURE 1. The ChangeCasting Process



that can help you accelerate change. Becoming a ChangeCasting leader—by adopting the specific process and guidelines described in this book—enables you to launch a conversation with your entire community that can build trust, create understanding, and accelerate organizational change.

How ChangeCasting Works

The process of ChangeCasting is built around the use of web-enabled and webcast videos, called “ChangeCasts,” launched from the Internet or from an organization’s Intranet (see figure 1). An Intranet is a restricted computer network, a private network created using World Wide Web software. Using Web 2.0 information technology (IT), the leader creates a video that is available for viewing by the leader’s entire community, wherever members are located, whenever they choose to view it.

But merely sending a video is not enough to stimulate a conversation. For a good conversation to take place, leaders must listen,

hear their community's response, and demonstrate they have listened—in short, must engage in a two-way dialog. Leaders must explicitly invite their community to provide honest reactions and feedback and pose questions about the message in such a way that the community does not fear reprisals. Here again, Web 2.0 information technology can help. A leader can stimulate a two-way conversation by inviting community members to send their reactions to ChangeCasts anonymously. The process of inviting feedback through anonymous responses is necessary to the process; without anonymity, fear will prevent expressions of distrust and misunderstanding. The vital components of the ChangeCast process are leaders' sending messages through ChangeCasts, listening to the community's anonymous responses, and demonstrating, by means of the next ChangeCast, that they have listened.

When leaders receive feedback, they must acknowledge that they have listened and understood what they have heard. Using web-enabled video allows leaders to rely on a full spectrum of communication techniques to display their level of understanding. Perhaps more important, video enables the leader to demonstrate understanding in ways not readily available by e-mails, blogs, memorandums, and the chain of command. For instance, leaders can visually show the community the challenges the company faces. They can prepare videos that feature workers and groups supporting the organizational change. They can show, not just tell, how the change efforts are having an impact. And the community can see facial expressions and body language that can communicate what words and audio alone can't.

In addition to the three key process steps, ChangeCasting uses specific guidelines relating to the creation of the message, the delivery of the message, and the use of video:

These guidelines help you choose messages, deliver them, and create images to build trust and increase understanding. When it

ChangeCasting Guidelines

The Message	The Delivery	The Video
Be brief and ChangeCast on a regular schedule.	Be yourself.	Speak to the camera eye-to-eye.
Use one idea for each ChangeCast.	Be compassionate.	Be close to the camera.
Be real about today.	Be direct.	Be distant from the background.
Aspire for tomorrow.	Invite conversation.	Dress for digital images.
Formulate the problem before trying to solve it.	Use symbolism.	Choose the right audio and light.

comes to choosing messages, the ChangeCasting approach stresses that to be effective, videos must arrive periodically, on a regular, ongoing basis every few weeks. Present just one main idea in each ChangeCast, and be frank and realistic about the challenges of today while offering aspirations for what your community and organization should look like or how it should operate in the future. Messages should not progress from a discussion of the community's challenge to framing the challenge *until* understanding of the issue is widespread. Only much later in the process should you move on to offering solutions and attempt to implement them.

In delivering these messages it is important for the leader to be authentic, passionate, and direct. The ChangeCasting approach incorporates ways to invite conversation with the community—in particular, the benefits of visually showing symbols of investment of capital and human assets in the organizational change effort. This signals commitment to the community and gains members' commitment.

The correct video guidelines are also a component of ChangeCasting: how to speak to the camera and choose clothes so that

you look good in digital images. In the directorial role behind the camera, ChangeCasting also prescribes appropriate locations and framing of your communications to help you fully engage your community. In this book I also review alternative technologies for delivering ChangeCasts and receiving anonymous feedback. The aim is to teach you to use information technology with ease and to keep it affordable.

Why ChangeCasting?

Over the past decade or so, people have become familiar with and use the ongoing innovations in electronic communications especially with respect to video. Video communication is not new to most communities. Indeed, people now expect to receive important information through web-enabled video and often give it more attention than they give to e-mails and memorandums. Many people now receive their news through web-enabled videos from CNN, the *New York Times*, MSN, Bloomberg News, and other web-enabled news sources. Millions of people use video-enabled Internet sites such as YouTube to share and gather information. Employees receive training through web-based video. Skype, Office Communicator, Adobe Connect, ooVoo, and other software that provides video and audio communications are beginning to replace telephones. In numerous contexts, society is rapidly shifting to web-enabled video as a primary means of receiving and processing information. So what is new about ChangeCasting? Why compete with professional news anchors?

Video is a medium that has become widely available and used for transmitting information; the use of video is not unfamiliar to leaders. But ChangeCasting offers leaders a novel way to use video; ChangeCasting's processes and guidelines are new. Using them, leaders can engage in two-way conversations to build trust

and create understanding, which are necessary steps for accelerating organizational change. Other means of communication alone cannot reliably replace fear with trust, and uncertainty with understanding. ChangeCasting enables you to accelerate organizational change, whether your organization is vertically structured or widely dispersed and flat; whether it is small, medium, or large. ChangeCasting helps you lead your organization to accomplish your goals, stay ahead of the competition, and operate at peak performance.

This process and these guidelines allow you to quickly spot community concerns and misunderstandings; these can then be dealt with in the next video, thus stimulating an ongoing conversation. By initiating an ongoing exchange, you quickly hear about and can respond to rumors that, very often, work against change efforts. Thus, you can prevent the development of an information vacuum, which if left alone will typically fill with false, but often believable, information.

One of the great advantages of ChangeCasting is that it can be used to reach all members of a far-flung community quickly, frequently, and inexpensively, whether they are dispersed across a facility, the country, or the globe. Community members can view messages without interrupting work and can replay and review them at their convenience, to reinforce their understanding and formulate reactions and questions.

A further plus with this approach is that the community is encouraged to communicate back to you without inhibition, without the fear that suppresses honest exchanges in meetings and groups. You can go beyond inviting comments and reactions, to ask for examples of successful implementation of organizational change. This gives you the opportunity to include these examples in future ChangeCasts, thus making heroes of those who adopt the change and encouraging others to follow suit. In this way, the

ChangeCasting process creates conversations that accelerate change across a leader's entire community.

What ChangeCasting Is Not

ChangeCasting is not about being a star; it is not about developing charismatic or inspirational leaders. It is not about developing personality traits to change leadership styles. Nor does it offer a way to persuade a community that the leader's logic is right, to get buy-in on management's goals, or to generate a temporary feel-good solution. ChangeCasting is not a panacea for dealing with these and other leadership issues. It is a tool for leading change by reaching the minds and hearts of your community and for encouraging behavioral change by reducing fear and uncertainty. ChangeCasting is not intended to be used in isolation or to replace other change management processes. In fact, it is designed to complement and accelerate just about any change management process.³

One of the two CEOs introduced earlier became a ChangeCasting leader shortly after announcing a major organizational change (whether it was Gen or William is revealed later in the book). This leader's ChangeCasts, each one two to five minutes long, were released every two weeks. The leader used the messages to launch a conversation about the firm's new direction. Community members were able to see, via web-enabled video, this leader's emotion, energy, and commitment to the firm's new direction. The leader also showed where and how investments were being made to grow the firm in ways consistent with the new strategy. Employees who embraced the change were made heroes in later videos, which further encouraged feedback and participation. Every ChangeCast discussed some of the high volume of feedback and questions received each week from employee e-mails and surveys. In fact,

every computer at the firm now has an icon on its desktop that when pressed launches an e-mail to the CEO to make it easy for everyone, from janitors to vice presidents, to ask questions, offer reactions, and engage in the conversation.

This CEO used ChangeCasting to win over the minds and hearts of the community by building trust and creating understanding about the direction of the firm, and in response the community accelerated organizational change, which in turn led to positive changes in the company's financial profile (quantitative results are presented in chapter 10).

The other CEO also tried using webcasts, but this leader did not adhere to ChangeCasting's process and guidelines. The leader's webcasts were long, stogy, and ineffective. No anonymous feedback mechanism was made available, so communications occurred in only one direction. Even four months after the reorganization was announced, many midlevel managers remained unclear about the new strategy, the specifics of the organizational change, and what they should be doing to help the company become successful. During this time the organization remained uncertain and fearful. There is no doubt that the CEO worked hard to communicate the message of change. Yet, these communications did not fully and effectively penetrate the community to generate trust, understanding, and commitment to changes in behavior. The CEO did not fully capture the minds and hearts of the community, and this was, ultimately, reflected in the financial results (see chapter 10).

Choosing to become a ChangeCasting leader does entail risks. No approach can be guaranteed to succeed, for it may be used incompletely or improperly. A video message that does not implement the ChangeCasting processes and guidelines can generate mistrust and amplify misunderstanding. Used imprudently, ChangeCasting, like any other change management tool, can fail to

accelerate change and could slow it. The purpose of *Leading Change in a Web 2.1 World* is to explain to you just how to use the approach to help you advance your leadership skills, on the premise that doing so will earn returns for your organization and for you. The book describes the benefits of ChangeCasts and details the specific processes and guidelines you need to become a successful ChangeCasting leader who can accelerate organizational change and pass the test of leadership with flying colors. My sincere hope is that this book will enhance your ability to lead change through ChangeCasting and will make your leadership more enjoyable, more effective, and more worthwhile.

Chapter 2 describes the situation facing Gen and William, two CEOs leading organizational change to reinvent their companies. Gen's company already is successful by almost every financial performance measure, but she sees storm clouds on the horizon and adopts a new strategy in anticipation of the changing environment. Given its past success, Gen needs to overcome those who are resistant to change and who don't understand why the organization must change. William's company is financially distressed—unprofitable and carrying a heavy debt burden. Employees know change must occur and are waiting for it. William adopts a new strategy and proceeds to implement it. Although the two companies' situations differ, Gen and William face the same problem—a problem that bedevils all managers, not just CEOs: How can they get their communities to move together in the same direction so that their companies can change quickly and maintain or achieve high performance?

Chapter 3 explores the reasons why organizational change is so difficult and spotlights the most important barriers to organizational change. Leaders communicate all the time through e-mails, memos, the chain of command, meetings, public forums and speeches, corporate newsletters, and conference calls to analysts.

Why do these messages often fail to generate understanding and change community behavior? Why do community members distrust and misunderstand the messages and fail to incorporate the message into every decision and action they make on behalf of the organization?

Chapter 4 presents the necessary steps a leader must make to enable change. In particular, it offers two alternative approaches to enabling change: one that is based on compliance and the other based on commitment. Each approach is described in detail along with the costs and benefits of its adoption. ChangeCasting relies on the commitment approach. The chapter introduces three principles that, if put into practice, enable organizational change by creating trust and developing understanding to overcome fear and uncertainty:

1. Converse with the members of your community all at once.
2. Protect your community's conversation.
3. Show that you listen to your community.

These principles provide the foundation for ChangeCasting's effectiveness.

Chapter 5 introduces the three primary ChangeCasting process steps—corresponding to one of the three practices just enumerated—and describes how they both enable and accelerate organizational change. Thus, ChangeCasting enables a leader to communicate with all of his or her community members in a way that simply wasn't feasible or was too costly before the advent of modern information technology systems. Providing web-enabled anonymous feedback supports protecting the conversation. You show that you listen to your community by responding, in your next ChangeCast, to vital questions raised by feedback. The chapter provides specific guidance on carrying out these process steps so that a leader can readily implement them. The chapter is a handy checklist, to make the adoption of ChangeCasting easier.

Chapter 6 introduces the first of three sets of ChangeCasting guidelines: how to shape messages to engage in a conversation with your community. It explores the length and content of messages and how messages should change over the life of the change effort. Message length is central: most leaders speak far too long. Evidence is provided from several online communication sources that messages should be around two minutes long and should not exceed five minutes. Brevity is more easily achieved when each message has a single theme.

Leaders should be realistic about the current situation, yet conclude each message with their aspiration for tomorrow. Another important guideline is to use many early messages to converse about the community's challenge and to formulate it. Only after the community understands and agrees on the description of the challenge should the leader begin to seek out solutions and initiate implementation. This framework helps leaders think about what messages will help accelerate change and which messages will inhibit it.

Chapter 7 is about how to deliver messages. No one wants to be embarrassed when beaming their image and message to their entire community. In fact, fear may stop many from becoming a ChangeCasting leader. This chapter presents five guidelines to help you improve the delivery of your communication. For instance, leaders are encouraged to be authentic, compassionate, and direct in their ChangeCasts. Chapter 7 provides tips and tricks on how to encourage feedback and conversation and highlights ways leaders can use symbolism to build trust and develop understanding and commitment from their communities.

In chapter 8 I discuss video, including basic guidelines for using a camera or webcam to frame the leader to make sure that he or she looks good on video; speaking to the camera; dressing to look good in digital images; and the leader's distance from both the camera and the background.

Chapter 9 provides a brief overview of the information technology (IT) available for ChangeCasting, reviewing video-capture devices and both simple and advanced Web 2.0 technologies that you may want to consider adopting. The chapter summarizes the available technologies and relative costs of these technologies—the advantages and disadvantages of low-, moderate-, and high-cost alternatives for implementing ChangeCasts. Technologies for all levels of IT expertise and all budgets are available for you to begin ChangeCasting.

Chapter 10 returns to the case studies of Gen and William. One of them became a ChangeCasting leader and one did not. The chapter describes how each communicated to her or his community, how the community responded, and what happened to each company. It draws on these illustrations to describe how ChangeCasting can be a vital—even a central—element in accelerating organizational change. The chapter also describes how ChangeCasting is not just for CEOs. You can become a ChangeCasting leader no matter what position you hold in your community and no matter the size of your community: whether you are a supervisor for a group of nurses or the president of the United States of America. ChangeCasting offers a new approach to holding conversations with your community. The chapter also spotlights several environments in which ChangeCasting can be particularly valuable.

Chapter 11 offers several “next steps” for you to take for leading change in a Web 2.1 world. Everything you need to know to become a ChangeCasting leader is contained in this book, but you may want additional resources, and these are available on the ChangeCasting webpage (www.ChangeCasting.com). Resources include actual ChangeCast dos and don’ts and information on Web 2.0 hardware and software alternatives. The website also has a link to a service where you can send a sample of your ChangeCasts to receive feedback on how you are doing.

May you find the rest of *Leading Change in a Web 2.1 World* enjoyable to read and that it helps you advance your skills for changing and leading your community. My hope is that *Leading Change in a Web 2.1 World* can help you excel in your fundamental test of leadership.