

# 6 Dynamics of Transformation - for Your Business and Your Life

Prepared by:  
Dana Theus  
*InPower Consulting LLC*



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Published on [www.lorman.com](http://www.lorman.com) - August 2018

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Written by [Dana Theus](#) - 12/21/16

Good leaders need to be reasonable managers, able to make sure the important stuff gets done from day to day, but a true leader's potential is discovered and exercised during times of business transformation. It is in those times that the leaders truly change the world. The words "change and transformation" are used a lot interchangeably and I've come to believe their meaning has pretty much been lost in modern business. "Change and transformation" don't just mean "different than the way things are today."

### **What is business transformation?**

I love Chris McGoff's distinction of CHANGE VS. TRANSFORMATION in *The PRIMES*. Change is improvement on the past (e.g., better, faster cheaper, \_\_\_\_\_er.) Transformation is something else altogether - a new thing, designed to achieve a vision of the future that isn't here yet and is waiting to be created by us.

Transformation is what happened to Shell Oil in the mid 70's when they redefined themselves as an energy company instead of an oil company. Transformation is what happened when the Internet turned into the web thanks to intuitive interface inventions like the hyperlink and the browser that organized information for human consumption instead of computer consumption. Transformation is what happened when Zappos gave

customer service agents free reign to make customers happy instead of instructions about how to handle their calls.

From the outside, transformation can appear magical - like the emergence of a butterfly from a caterpillar cocoon, but when we look inside, we see very definite patterns which are repeatable if not predictable, and this is why transformation is more an art than a science.

### **Repeatable Patterns of Transformation**

Here are the key elements of any business transformation, using the examples above and a few others:

- **Define radical success:** In any transformational effort, the definition of success initially sounds a little crazy. Zappos went for 100% customer satisfaction, Shell set a target that a meaningful percentage of their revenue would someday come from chemical products. Looking at these things with our 40/40 hindsight, including how the market and technology developed, makes sense. However, from the perspective of where the market *had been*, and prevailing norms at the time these way-out goals were set, these were radical goals.
- **Understand what's at stake if you don't:** It takes more than just a dream of the future to motivate groups of people to change, much less transform. For people to get up and move, they must not only be able to understand the radical definition of success you offer, but they must also *believe* that complacency with the current situation is *not* an option. The major inhibitor to transformation isn't failure, it's inertia. The catch in business is that you have to counter the inertia of many different people, all motivated by different things. Chris McGoff has identified the three ways people are

motivated - intellectually, emotionally and financially - to transform in his STAKE PRIME. If you want to start seeing Change and Transformation happen in your world, starting asking people what's at stake if things stay as they are. For an example of this, read about my recent power breakfast.

- **Look back once, and then never again:** Make sure you honor the past and take from it a few things of value, but don't let it be your guide. Transformation is like reading the wind while sailing, you may have to tack to one side and then the other, but your horizon point is always the goal. Shell could not grow its chemical business by doing things the way the oil business worked. They had to stay focused on doing what was necessary to grow a new kind of business and adapt their company along the way.
- **Experiment and do more of what works:** Once you've really unhooked from the past, you have tremendous freedom to try new things. Many won't work and that's ok because you're learning what does. Fail fast and when you find out what works, do more of that and learn from the wisdom of failure. Sure you have limited resources, which provides some urgency, but there's too much at stake and no going back, remember? The development of the Mozilla browser birthed the internet and even though Netscape (the company that productized Mozilla) isn't around anymore, its investors made so much money they are now the Silicon Valley funders of much of the technology underlying the Internet as it continues to morph and grow so fast that less than two decades later people like me can build and manage a web site.
- **Constantly let go:** Skilled transformers are always ready to release that which has outlived its usefulness - a brand, a

technology, a market, or a customer. Microsoft is actually a good example of doing this well and failing. Under Bill Gates, Microsoft at first ignored the Internet because its business model relied on multiple private enterprise networks, not a single public, open network. After Netscape's wild success, however, Microsoft saw the writing on the wall and risked much of its product integrity to transform itself successfully into the dominant Internet-savvy company for a time. With the successful release of Internet Explorer it succeeded in dominating the desktop software market once more, putting Netscape out of business. However, while adapting its products to the Internet, it did not become Internet-centric and remained vulnerable to Google and subsequent Cloud initiatives. It remains to be seen whether Microsoft can, or wants to, transform itself fully into the Cloud. There is always a little bit of caterpillar carcass sticking to us and we must be ready to shed it the moment we are certain it's holding us back. The art of it is in learning to know when that moment to let go actually arrives when you can begin leading your customers just as they are ready to let go too (you don't want to get too far out in front of your customers).

- **Be comfortable - but not too comfortable - with risk:** There are no guarantees in life and there are certainly none with transformation. If transformation is anything, its unpredictable. Those that survive and thrive in it pay close attention and adapt quickly, managing and mitigating risk instead of trying to avoid it. Quite often the secret to success comes at odd times and in odd forms, and if you don't open yourself to risk you're not likely to discover it.

## **Learning the art personally**

Because it's an art more than science, the way to learn transformation is to experience it. Sometimes we're thrown into a situation where we have no choice, but an opportunity we all have all the time is to become adept at transforming ourselves. It's not just businesses that can transform, people can too and transformative leaders are often transformative human beings who become skilled at managing transformation in their own lives as well as at work.

Research says that it's a small percentage of people - 5% - that can do so, but I take a broader view of transformation. I think we can become skilled at it if we try because we already are. We transform from children into adults, our bodies are biologically transforming all the time and everything I listed above is available to us all personally at any time. All we have to do is want that brighter future, understand what's at stake if we stay where we are, and step boldly out to let the past go.

What do you think? Do you think transformation is hard? Do you think anyone can do it if they try? Can any company? What's your experience with transformation?

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