

# Reactive to Adaptive

How to use projects  
to adapt to rapid  
business change,  
empower your people  
and become a dominant  
force in your market

# COPYRIGHT

## **COPY THIS THE RIGHT WAY.**

You have permission to post, email, print and pass along this white paper for free to anyone you like, as long as you make no changes or edits to its content or digital format. We reserve the right to publish this material in other forms and formats for distribution or re-sale.

# DISCLAIMER

## **WE CARE BUT YOU'RE RESPONSIBLE.**

Please be sure to take specialist advice before undertaking any of these ideas. This white paper is general in nature and not meant to replace any specific advice. Continuum Performance Pty Ltd and brand derivations disclaim all and any liability to any persons whatsoever in respect of anything done by any persons in reliance, whether in whole or in part, on this document.





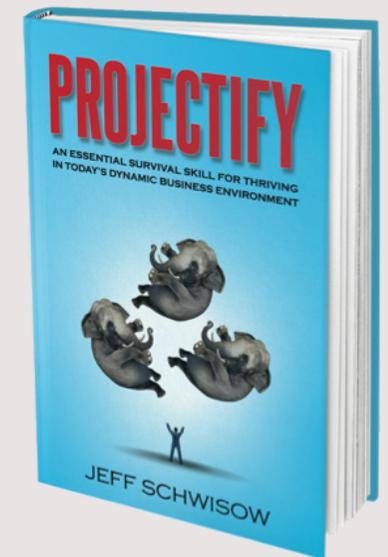
# ABOUT THE AUTHOR

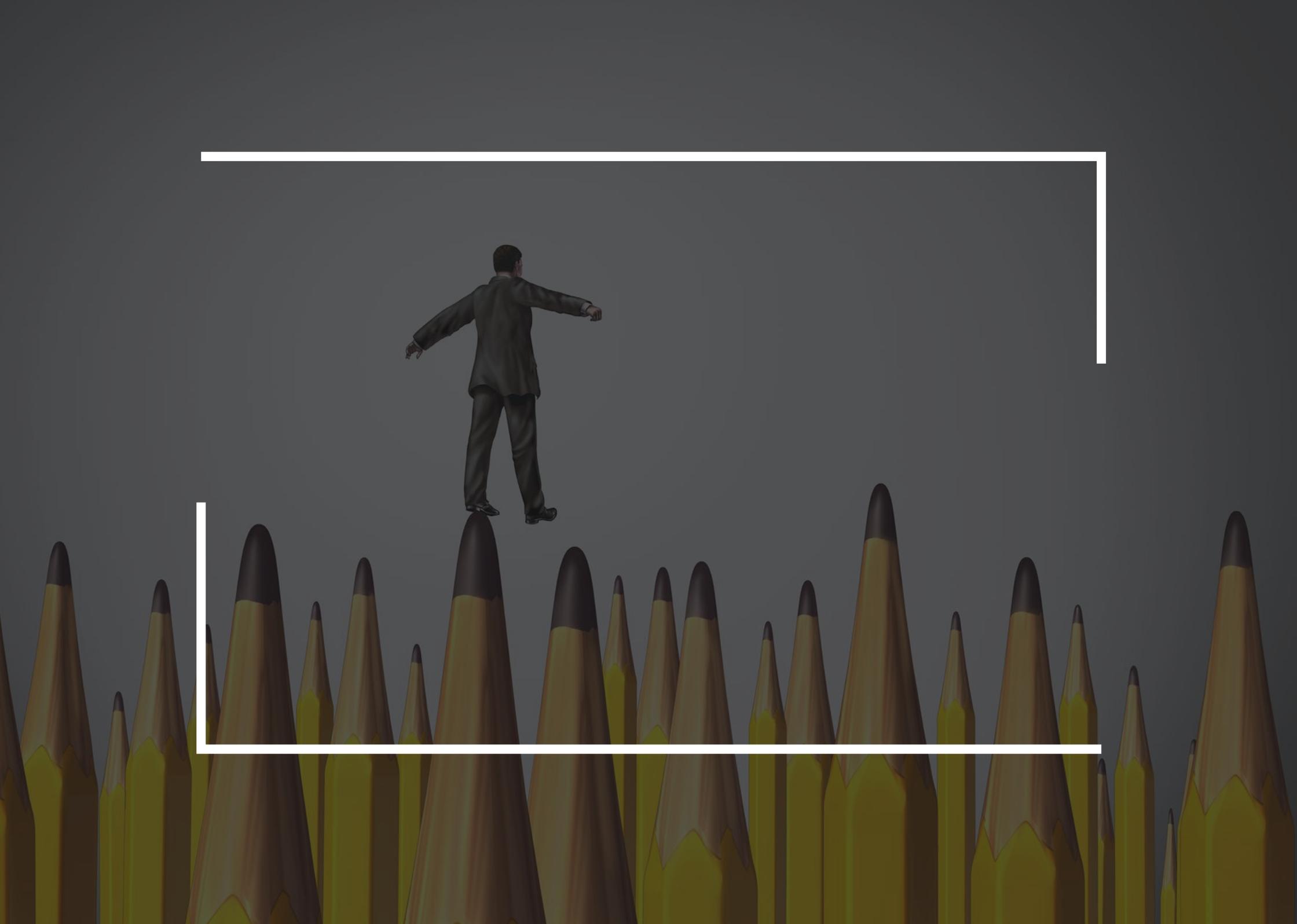
Jeff is one of Australia's foremost thought leaders when it comes to the use of projects and the power of a 'project mindset'. For 30 years he has lived and breathed projects – leading them, studying them, fixing them and making them sing – and now he helps businesses across a number of industries to use projects better and to do better projects. He has worked with some of the world's largest organisations including Shell, Chevron, Petro-China, Leighton Contractors and many more.

Jeff is the author of the soon-to-be-released book *Projectify: An Essential Survival Skill to Thrive in Today's Dynamic Business Environment*, which shows organisations how to use projects to power their people and generate exceptional business results.

He is passionate about helping businesses use projects and a project mindset to create a competitive advantage. His writing, speaking, mentoring and strategic development work helps teams tap into their true potential and deliver these results.

To find out more about Jeff go to [www.jeffschwisow.com](http://www.jeffschwisow.com) or contact him at either [jeff@jeffschwisow.com](mailto:jeff@jeffschwisow.com) or +61 414 829 070.





# CONTENTS

<b>The danger in business today</b>	<b>6</b>
You respond – whether you choose to or not	6
Time to change	7
<b>Moving from transformation to adaptation</b>	<b>10</b>
From reactive to adaptive	14
<b>Developing an adaptive project mindset</b>	<b>16</b>
How to establish a high-performing project culture	17
From transactional to transformational leadership	21
<b>Where to next</b>	<b>25</b>
Five questions to ask yourself now	26

# The danger in business today

The pace of change in today's business environment is greater than it has ever been. The number of moving parts that change with it grows daily. The market shifts as competitors and products enter and leave it. Consumer needs and wants continue to shift and evolve. Technology affects more areas within our business and impacts growth at a similar rate. Meanwhile, globalisation creates economic shock waves that move throughout the world.

Competition now comes from non-traditional sources that force us to completely rethink how to deliver what our customers demand. Uber, the world's largest public transport company, doesn't own any vehicles and AirBnB, the world's largest accommodation provider, doesn't own any property. The fact that these businesses didn't exist 10 years ago suggests we must constantly redefine what our customers want and what our market looks like.

## You respond

### – whether you choose to or not

Your business responds to this evolving dynamic, but how? Does it happen as an uncontrolled reaction to an external force, or as a calculated move to minimise the impact of that force? Are you reactive or proactive? Do you initiate projects to innovate and lead your market, or to try and keep up?

Most organisations focus on “maintaining” their business and only initiate change when problems with their profitability, top-line growth or market share tell them they have to – but by then it's already too late. The market has moved on – leaving you behind.

The challenge for leaders, like you, in today's highly dynamic business world is to take control of the direction of that change, to create opportunity or to adapt to adverse conditions before they manifest themselves as a negative impact on your balance sheet. The question is: how?

Today, transformational change initiatives will make your business too slow to respond to the market and too late to avoid a negative impact.



Borders and Blackberry (RIM) are examples of former market leaders that failed to respond to a changing business environment before it was too late and quickly became irrelevant in their markets. Borders, once synonymous with the “new age of media retail”, failed to successfully respond to the shifting customer demand for digital media and online access and was forced out of business. Blackberry, once a leader in personal digital devices, missed the shift from a business-only market to a melding of its customers’ personal and business digital platforms and is now chasing the market.

### Time to **change**

Businesses over the last 30 years have learned to respond to adverse market conditions, changing economic climates and competitive pressures in large transformational steps. Yet, a 2008 McKinsey study<sup>1</sup> of 3,199 executives claims that these types of major organisational change projects are only successful about a third of the time. Similarly, a 2003 study by Boston Consulting Group<sup>2</sup> which examined 100 large companies, found that on their transformational change projects:

- 52% reported achieving their business goals
- 37% could point to a tangible financial impact.

Although, significant organisational makeovers are at times necessary, this evidence suggests that the approach usually fails to deliver the desired outcomes – and at a significant business cost. Faced with the likelihood that the major change initiative will not deliver a positive return on the investment of time, energy and money, many businesses hunker down or retreat to their “core business”. Yet this inaction means you’ll struggle to remain viable when faced with a dynamic and competitive landscape.

## This is a problem that today’s businesses can’t afford to ignore.

Much like the metaphorical “burning platform” of the Piper Alpha disaster,<sup>3</sup> relying on external negative influences to drive the commitment to change in your business on such a high-stakes scale can mean that your platform is left in ruins.

Studies often report a number of key contributors to the failure of major change initiatives, including:

- poor leadership
- ineffective communication
- lack of project management skills
- insufficient training and education.

Most often these studies point to employees’ resistance to change as an overarching factor. These factors may well exist in unsuccessful transformational change, but I believe these are symptoms rather than the underlying problem.

# Why change initiatives and projects have such a low success rate

Your business is asked to perform in a way that it is not used to and for which it has minimal skills and experience.

Busy teams are asked to take on additional, unfamiliar responsibilities while maintaining day-to-day operations.

Functional and technical managers are suddenly expected to become change and/or project leaders.

# Moving from transformation to adaptation

You may be surprised to learn that the solution to this ineffective and outdated approach of responding to the changing business environment is not to find new ways of improving how we undertake transformational change. It's actually by adopting practices that move at the same pace of the change itself. It is by continuously adapting the business to the shifting landscape.

Much like the autopilot on a flight from Melbourne to Perth, adaptation management means continuously adjusting the elevators and rudder to stay on course rather than locking the control surfaces in position then making a major course correction when the plane finds itself over Uluru. In the case of business, these adjustments are made through a portfolio of adaptive projects that constantly steer the business towards its strategic destination.

**Adaptation management means doing things right now – before the window of opportunity passes, before the innovative momentum is lost or before there is a hole in your profit and loss statement.**

Rather than introduce a large transformational change initiative when there is a need to respond to crisis, adaptation comprises a selection of projects that are constantly moving the organisation toward a more positive future in a series of focused

steps. The projects in this portfolio are prioritised according to your strategic vision for the business and are regularly refreshed as they are completed or new priorities emerge.

Most importantly, adaptive projects are not something that you do to your business to “fix it”, they are part of a “project mindset” that becomes the operational fabric of the business and of all of your organisation’s employees.

**Adaptive projects are not just a reaction to negative disruptive influences. They should be conceived to recognise and seize opportunities that the market or the business’s own performance has created. For many, this is a means to become the disruptive influence their market is responding to.**

A person in a blue suit is standing on a light blue surface, holding up a large, realistic-looking elephant. The elephant is suspended in the air, with its trunk curled and its legs tucked. The background is a solid, light blue color. The text "Empower your team instead of trying to change them" is overlaid in white, bold, sans-serif font across the middle of the image.

**Empower your team instead  
of trying to change them**

One of the difficulties with traditional change management is that it tries to change people rather than trying to engage them. But this new adaptive approach is a means of engaging and motivating all of your organisation's employees. It's a way to bring your business and all of your people together around a common cause that is motivated by a compelling business vision.

type of leadership that is needed. It requires a shift in traditional leadership thinking that makes projects the bridge between your organisation's aspirations and its capabilities. It is a two-way bridge where projects connect leaders with the organisation's people, and gives employees the power to make a meaningful difference to the business they serve.

## The power of adaptive projects is that they engage your organisation's people and channel that engagement into meaningful business results.

For this to work, and work effectively, this approach requires strong leadership. However, it is a specific

This type of leadership doesn't focus on controlling behaviours, but instead looks to create a strategic vision for the next business frontier and then empower the team to transform that vision into a business reality.

**IBM was headed for irrelevancy, using outdated organisational transformation approaches and trying to stay rooted in their core business beliefs until Lou Gerstner took over in 1993 and put a strong focus on doing things differently – applying a nimbler, more adaptive approach and empowering IBM's people by bringing them together as project-based teams.**

### From reactive to adaptive

So how do you move from a reactive world of transformational change management to a place where your projects drive your organisation's culture and continuously adapt to your business market?

There is a progression to follow, shown in Figure 1:

The Adaptive Project Continuum. A specific leadership focus is developed at each stage of the continuum for managing the adaptation. Each stage, and each focus, builds on the previous one to generate greater returns on the investment that your organisation makes in its projects, which then increase the value to your business.

Figure 1: The Adaptive Project Continuum

	ROI	Focus	Business Value	
④	50 to 1	Bandwidth	Thriving	Adaptive ↑
③	10 to 1	Capability	Innovating	
②	5 to 1	Triage	Improving	
<hr/>				
①	less than 1 to 1	Starting	Recovering	Reactive ↓

1

## Starting stage

Many leaders and organisations are focused on starting because they continuously have a range of improvement projects that either never get off the ground or languish in an incomplete state as teams look for the time away from their “day jobs” to finish them. Some of the most aspirational don’t get traction because it never seems to be “the right time” for working on aspirational projects. The most critical projects will often get done under the pressure of deadline, but fail to produce particularly innovative or cost-effective results. As a result, their improvement initiatives only provide recovery and rarely provide a positive return on investment.

2

## Triage stage

To move above the line and begin getting a positive return from your projects you need to treat them like investments. Wise investment comes from selecting good projects – projects that matter. Triage is the first step in gaining control over your current project investments. This requires that you select the best project investments and eliminate those that are not a high value use of your time, energy and capital – at least not today.

Much like emergency medicine, triage requires that you prioritise projects according to their strategic criticality. You then select the highest priority projects to work on based on your organisational capacity to give them your undivided attention.

“Triage” may sound overly dramatic but if your projects are killing you, stabilising your existing business projects is a crucial first step. However, triage is not an event – it’s a process. The power of an adaption management approach is the continuous process of assessing your adaptive project portfolio and adjusting the projects it includes based on current priorities and emerging opportunities. Continuously making good project investments allows you to become an improving business.

3

## Capability stage

Once your project selection is sound and you start to establish a project mindset, you begin growing your organisational “project muscle” by building capability. This is much more than the training courses and certification programs of traditional project management. As this capability is best “learnt by doing”, your adaptive projects not only drive business improvement but are also the developmental ground for building your project capabilities.

The key skills, business processes and systems that are required to build this type of capability are focused on doing project work efficiently and effectively in a collaborative way. They target building a performance culture that generates project team autonomy, embraces the dynamic project environment to explore ideas and ensures that day-to-day activities remain focused on the strategic objectives. As you get good at doing projects, you will tap into the innovative capabilities that gives your business a competitive advantage.

4

## Bandwidth stage

With a skilful and effective project approach established, you can expand the bandwidth of your projects. As your projects begin to unleash more of your team’s capability in a self-directed manner and relieve the organisation’s leadership of many of the non-value adding activities, you create time for “new”. You give leaders the ability to initiate projects that are not simply in response to disruptive influences but create the disruption that the market and your competitors are responding to. Your employees won’t need to be made to buy into your projects – they will become the source of them. When you move into this phase you become a thriving organisation that rewards your shareholders and delights your customers no matter what the business climate brings.

# Developing an adaptive project mindset

Research has consistently shown that organisations with performance-based cultural traits and an engaged workforce outgrow, outperform and outlast other businesses. Gallup's 2013 Employee Engagement Assessment<sup>4</sup> showed that the companies that were in the top quartile in engagement outperformed businesses in the bottom quartile by 10% on customer ratings, 21% in productivity and 22% in productivity.

Similarly, Aon Hewitt's 2014 Engagement Report<sup>5</sup> found some dramatic differences between companies in the top and bottom quartile for engagement when comparing their performance against the average for sales growth (4% above versus 1% below), operating margin (2% above versus 3% below) and shareholder return (4% above versus 8% below).

This shows that projects are a "team game", which is one of the core principles of adaptive projects. Adaptive projects create an opportunity for the business to not only engage its employees in a powerful way, but to direct that investment towards work that will make the business stronger. The other side of this coin is that the "project game" is won or lost based on how well the team plays toward a common goal.



## How to establish a high-performing project culture

To adapt in the ever-changing business landscape, increase the influence of your leadership and progress through the Adaptive Project Continuum, you must engage the hearts and minds of the people in your organisation. To do this, you need to cultivate a project culture where positive motivation (“the heart”) and mindset (“the mind”) thrive, as shown in Figure 2.

The horizontal axis in Figure 2 makes up the “heart” of the culture that we want to create and comprises two aspects:

- 1 how motivated everyone is to perform as a team
- 2 how effectively everyone will persevere when things get tough.

The motivational environment that makes projects truly effective is one where your teams are engaged at a performance level and committed when perseverance is required. Engagement is essential to get the best of your people’s individual and collective capabilities. A team’s full commitment is required as the inevitable challenges occur and to drive projects to completion.

The “mind” (or mindset) of a high-performance culture is shown on the vertical axis. At one end of the spectrum is the developmental work that must be done and on the other, the execution activities. You want to engender a creation mindset in your team for any developmental

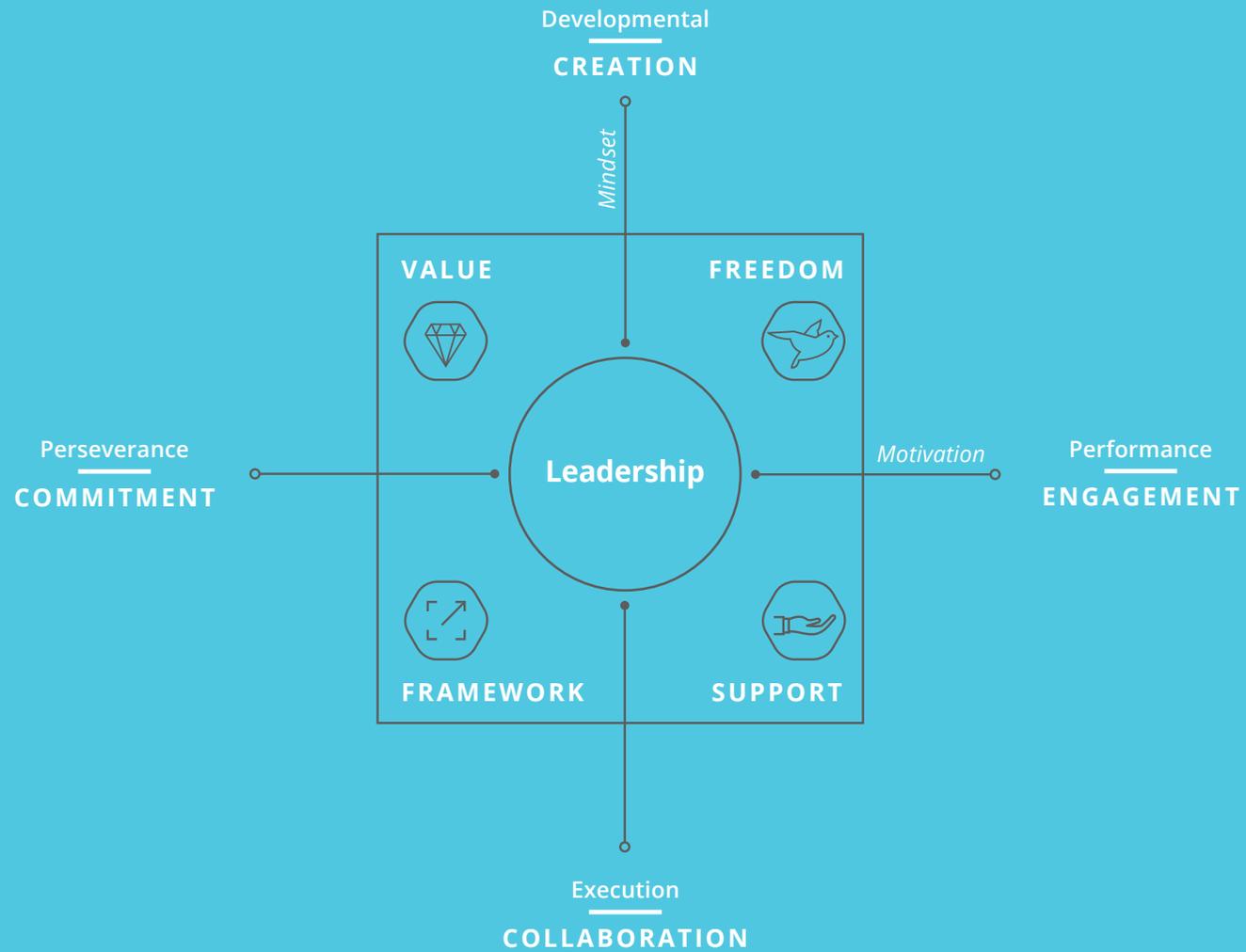
activities, which include the “design” of the project and how you solve the problems that the project invariably will generate.

Collaboration is the most powerful mindset for execution – taking concepts and refining, improving and translating into an operational form. Interestingly, it is the interplay between creativity and collaboration that yields innovation. Innovation is not a mindset unto itself, but the positive result of mixing these developmental and execution mindsets into one. It is where ideas are expressed openly and the collaborative mindset exists to recognise their value and turn them into an operational reality.

For a high-performance project culture to flourish, each quadrant of Figure 2 needs to be established on one of four organisational foundations. Each foundation needs to be actively cultivated by you, the leader, to ensure that the culture grows in a robust way.



Figure 2: Model for a High-Performance Project Culture





## 1 Freedom

To fully engage your teams in solving business problems and developing new products or services in a creative manner, they need freedom. They need the freedom to generate ideas that might fail because that is when they're most likely to think outside the box – to explore the non-traditional.

Harvard Business School professor Theresa Amabile explains in her book *Creativity in Context*<sup>6</sup> that her research has shown when people are given the freedom to tap into their intrinsic motivations they are at their creative best. A raft of behavioural research (including Deci, Maslow, Kahneman and Csikszentmihalyi) has shown that when people are given freedom to self-determine their approach and direction, this is when they are most engaged in their work.

So how does this relate to a project context? It means giving your team doing the project work responsibility for planning and controlling that work.



## 2 Support

To get your team to engage in a collaborative way they need support – not control. Support breaks down the blame culture that tends to manifest when control is used as the key motivator and allows collaboration the opportunity to flourish. In his book *The New Rules of Management*<sup>7</sup>, Peter Cook talks about four types of support:

- 1 **Champions** – those that advocate for and sing the praises of the project team
- 2 **Advisors** – those that lend their experience and expertise through advice and mentorship
- 3 **Assistance** – support that directly or indirectly assists the team in carrying out the project activities
- 4 **Buddies** – peers, colleagues or friends that provide encouragement and a sounding board.

On projects, support enables the team by providing them with the time, resources and mandate to undertake the project in a collaborative way. It shows the team that they are doing work that matters so they are incentivised to be fully engaged.





### 3 Framework

An effective project framework creates the structure on which the team can build. Often when project teams are established, they are expected to not only achieve project objectives, but also create their own framework for getting there. This means a structured project approach can be ad hoc, at best, or non-existent, at worst.

An effectively designed project framework incorporates business processes that foster collaboration and provide the useful progress feedback that is essential for engendering commitment. The organisations that provide their teams with a project framework that is built on production thinking (e.g., agile, lean) are the businesses that consistently derive the greatest value from their project investments.

There are three characteristics that set this type of framework apart from traditional project management practices:

- 1 It is designed to help the people doing the work be successful - not simply report into to keep management informed
- 2 it recognises the dynamic nature of projects and incorporates approaches for planning and re-planning the work
- 3 it provides useful performance metrics about how the team can continuously improve - not merely whether the results are ahead or behind a preconceived plan.

It's these characteristics that translate doing into learning and project activities into business value.



### 4 Value

A clear understanding of what represents value is the single most important element of building an adaptive project organisation. It creates the sense of purpose that your people need to generate and maintain their commitment to a project. It is the yardstick - your "why" - for determining if the ideas or projects that your team create are worth pursuing.

Importantly, value is made up of three key elements:

- 1 **Commercial value** - what would represent a successful commercial result for the business as a whole (not just one department or profit centre)
- 2 **Strategic value** - effectively supporting the strategic direction of the organisation or helping to establish strategic intent
- 3 **Individual value** - what collective success means for each employee's individual aspirations.

It is important that business value should be broadly understood by everyone in your team or, in some cases, co-created with them. By creating a shared understanding of value, you begin to leverage your organisational creativity and commitment to serve your higher business aspirations.



## From Transactional to Transformational Leadership

Leadership is bandied about in both business and project management circles with overused regularity. Often the type of leadership that is referenced is something that the head of a group or team provides to those under their charge – direction, inspiration, motivation, vision, and decisive decision making – a package of skills that managers need to possess if they are to lead people. These leadership activities are what I refer to as “transactional leadership”.

Transactional leadership qualities are absolutely necessary and have their time and place, but to develop an adaptive project mindset in your organisation and foster a high-performance project culture requires a specific type of leadership. The key leadership qualities that allow your business to tap into the full depth and breadth of its organisational capabilities, and respond to continuous change are what I call “transformational leadership.” These qualities transform an army of obedient foot soldiers into a thinking, adaptive, self-aware collective of knowledge workers.

Transformational leadership qualities initially need to come from the team’s managers. However, if these behaviours are actively modelled by the leadership, they can very quickly spread to other members of the team and become part of the collective leadership. This

is their transformational nature – the true power of this type of leadership is realised when it no longer comes solely from the top down but from the edge of the organisation in. That is when your teams are engaging the full depth and breadth of their capability and commitment to deliver business value.

Figure 2 showed leadership in the centre – the cornerstone of an organisation – enabling the culture we are looking to create. The most important transformational leadership qualities underpin a high-performance project culture by continuously developing and strengthening the organisational foundations on which it is built.

Figure 3 shows the specific leadership qualities that are required to cultivate each area of our high-performance culture model.

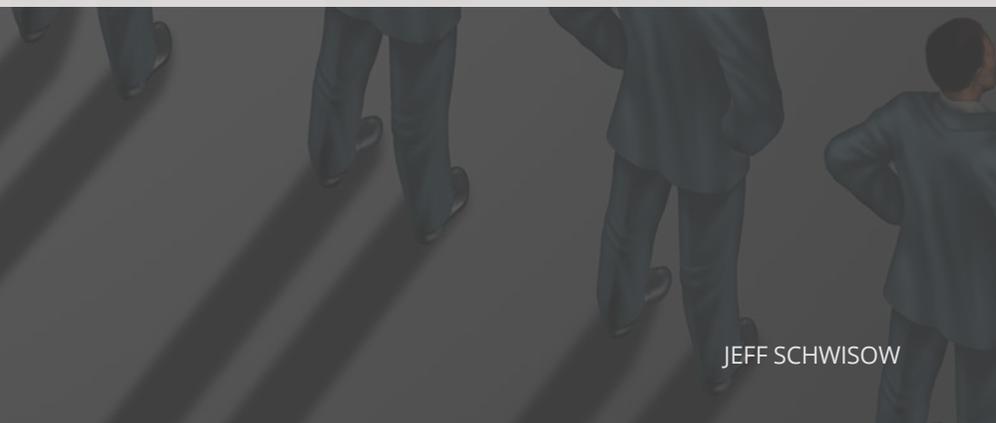
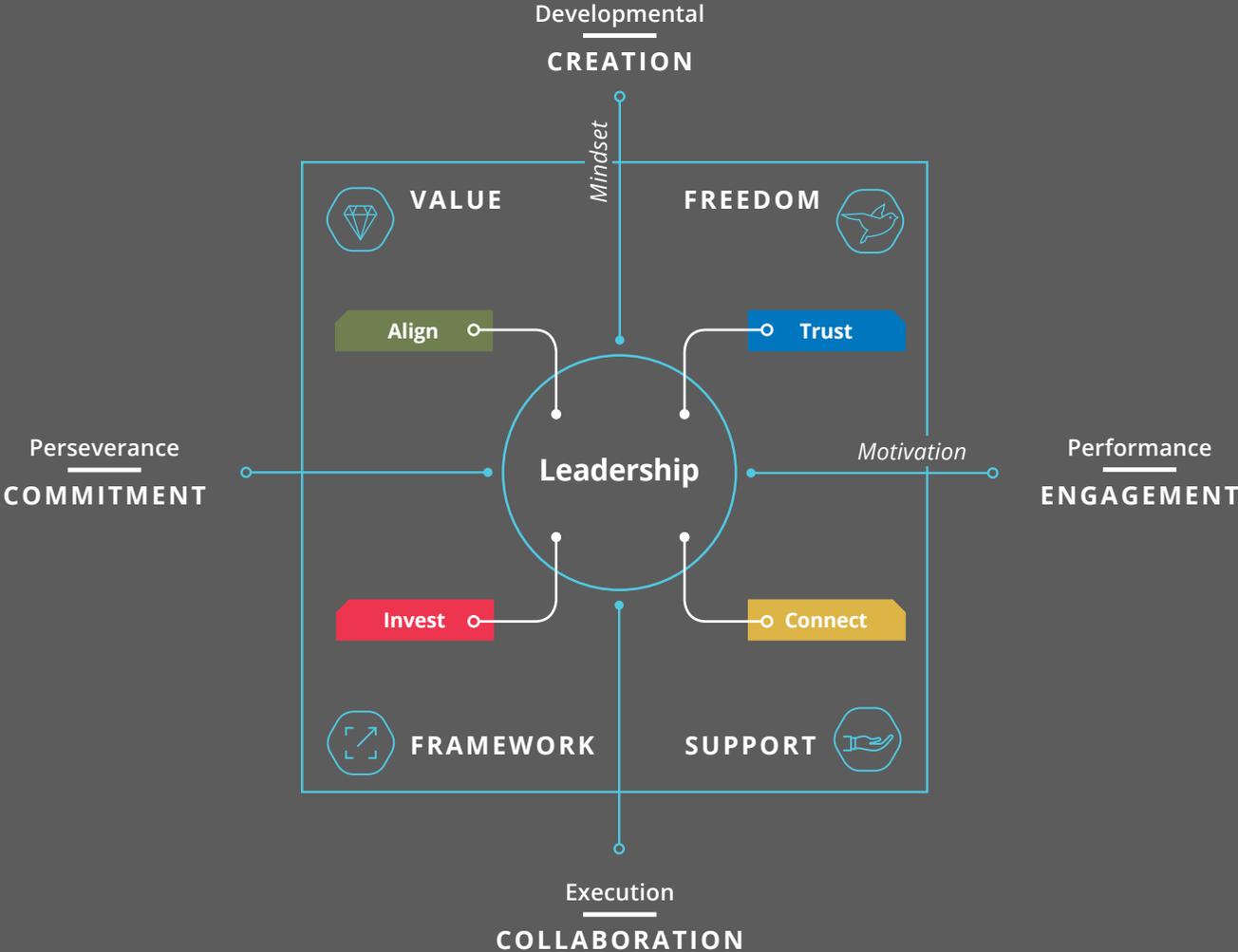


Figure 3: Leadership that Cultivates a High-Performance Project Culture





## Trust

Demonstrating **trust** in your team creates the environment where they are free to express their ideas (no matter how radical) without fear of recrimination. If team members see that they are trusted to plan and control their projects, they take ownership and accountability for their own work. It allows people to fully engage without the risk of exposing themselves to blame. Trust also means creating the freedom to have people judged on how they respond when things don't go to plan – not just on the results.

Trust is also contagious. As your people begin to feel trusted by their leadership, they start to share this trust with others in the team. This further expands the freedom of expression.



## Connect

When a leader stays **connected** to the team's challenges and successes they can better anticipate the type of support that will be most beneficial. They are also better positioned to be supportive at the right times. This requires leaders to be "attention out" rather than "direction out". By connecting rather than directing, a leader ensures that staff are provided the support needed to work together effectively and that they are recognised for their accomplishments. It also models the behaviours that team members should support each other – be buddies and assistants – to deliver high performance outcomes.



## Invest

Effective leaders **invest** in a project framework that is specifically aimed at fostering collaboration and commitment. An effective framework design includes a plan, a methodology for doing the work to deliver the planned results, and measures to demonstrate progress and assess performance against the overarching objectives. It also includes an accountability structure that focuses people on meeting their commitments and staying true to the team's approach rather than individual results. The leadership investment required is more than capital - it also includes an investment of time and attention that makes it part of the way the business operates and is managed. It requires that competing processes and frameworks that negatively impact that investment are modified or eliminated.



## Align

When a leader creates **alignment** on what represents value for the business, you create a sense of purpose and direction for the organisation.

Effective value alignment is more than an all-staff communication or even a senior executive roadshow. Employees value what they see their leaders value – not just what they tell them represents value. Powerful alignment is as much about modelling business value as it is about communicating it.

Executing successful projects is one of the requisite survival skills of 21st-century businesses. Leading and implementing adaption management and adaptive projects is the key for organisations to thrive.

# Where to next

Adaptation management shrugs off the negative connotations of change management and re-engineering programs of the past, which were high on disruption but low on business value. The adaptive business brings with it the aura of an organisation that is completely in touch with the needs and wants of its market – in some cases helping to shape those needs and wants. Adaptation creates a place where customers are eager to invest their hard-earned money, a business that competitors look to emulate or defend against, and a workplace where the culture – not the payroll – attracts and retains the best talent.

Successful adaptation management requires the creation and execution of a steady stream of quality projects that either look to improve the business, develop and operationalise innovations or respond to changing market conditions.

Staff won't need to be cajoled into accepting the business changes that comes from these projects – adaptive projects will become the business's new normal. Projects will no longer be met with resistance from the team – they will bring the team together and be the source of motivation and engagement. Projects are the bridge to creating this adaptive business environment in your organisation. Whether you're just starting to explore this project mindset or you're looking to get better returns from your project investments, focusing on your project performance culture will make your people a more powerful force and your business more successful.

It is certainly not an easy journey – there are no shortcuts and there is no magic dust that can be sprinkled over your organisation. It takes courage, commitment and a sense of purpose to move the needle and to make a difference, but if you want your business to stay relevant and thrive in the 21st century economy then the rewards are well worth the investment.

To arrange a meeting to discuss how you can build an adaptive organisation, or to schedule a keynote presentation for a conference or event, please contact Jeff.

**jeff@jeffschwisow.com**  
**+61 414 829 070**  
**www.jeffschwisow.com**

# Five questions to ask yourself now

1. Do you initiate projects as a reaction to adverse business conditions, or as a proactive response to the business environment?
2. Where do you and your organisation currently sit on the Adaptive Project Continuum?
3. Are your projects a way of engaging and motivating your people, or a burden that distracts from the day-to-day operation of the business?
4. Are you happy with the business returns that you get from your project investments?
5. Are you satisfied that your current approach to managing change is going to be adequate to keep up with the increasing pace of business disruption?

# NOTES

- 1 *Creating organizational transitions*, McKinsey Global Survey Results, McKinsey Quarterly, July 2008. <http://www.mckinseyquarterly.com/links/31143>
- 2 Boston Consulting Group. (2003). Research study. In *Integrating, People, Process and Technology*. by Anton, Petouhoff and Schwartz, Santa Maria, CA: The Anton Press, 2003.
- 3 Daryl Conner coined the phrase in 1988 as a metaphor based on an interview with one of the survivors, Andy Mochan, who jumped fifteen stories from the platform to the water when faced with the choice between an uncertain future and almost certain death. He explains that he had never intended that it mean you must wait for your platform to be ablaze before taking action in this article: <http://www.reply-mc.com/2012/09/02/the-real-story-of-the-burning-platform/>
- 4 *State of the American Workplace: Employee Engagement Insights for U.S. Business Leaders*, Survey Results, Gallup, Inc., 2013
- 5 *2014 Trends in Global Employee Engagement*, Survey Results, Aon Hewitt, 2014
- 6 Amabile, Teresa M. *Creativity in context: Update to "the social psychology of creativity."*. Westview press, 1996.
- 7 Cook, Peter. *The New Rules of Management*. John Wiley & Sons Australia Ltd. 2013.

