

# Discontinuous Change

## The Unique Challenges of Radical Transformation

**Your Problem:** “It’s becoming clear that my organization requires massive, radical change. How do I begin thinking about how to accomplish this?”

In one industry after another, the rules of the game seem to be changing overnight. A host of factors—new technologies, globalization, deregulation, market fragmentation, new distribution channels, and an unprecedented demand for organizational speed—all have converged to create new strategic threats and opportunities that require entirely new ways of doing business.

In the face of fundamental change in the marketplace, incremental change in the organization—just doing the same thing, but doing it better—usually spells disaster. What’s called for is radical, discontinuous change, which can involve major shifts in strategy, formal structures, work processes, staffing, and culture. Discontinuous change amounts to reinventing the company in a relatively short period of time while continuing to operate in an unforgiving marketplace.

Point  
OF View

**M**ake no mistake: Successful discontinuous change is complicated, demanding, and difficult. It differs from routine organizational change in many ways:

- **Magnitude.** Incremental change might involve a lot of money or people, but it's still just more of the same; discontinuous change means doing things in fundamentally different ways.
- **Organizational Fit.** Leaders of discontinuous change must shake up the organization, highlighting the inconsistencies between the new strategic imperatives and the old ways of doing business.
- **Strategic Vision.** Unlike incremental change, discontinuous change nearly always begins with a focus on reshaping the overall strategy.
- **Multiple, Concurrent Changes.** Discontinuous change focuses simultaneously on several aspects of the organization—e.g., strategy, structure, and staffing.
- **Incomplete Transitions.** Incremental change generally has a clear beginning and end; discontinuous change is never that neat. As one CEO said, it's "like running a marathon that has no finish line."
- **Unclear Future State.** At the outset, it's impossible to know precisely where discontinuous change will lead; all leaders can do is set a general direction and a few critical goals.

- **Time Span.** Incremental change usually happens within a few months; discontinuous change, to have a lasting effect, can extend for several years.

- **Leadership.** The leadership of discontinuous change cannot be delegated; the CEO and other top executives must be personally involved.

### Mercer Delta's Approach: The Change Cycle

The truth is that large-scale, discontinuous change is a daunting challenge, involving significant resources, considerable risks, and an enormous personal commitment by top leaders. Sometimes, the prospect is so overwhelming that it's hard just to know where to start. But based on our work with major organizations for more than two decades, we've developed an approach that helps senior leaders map out a strategy for successful discontinuous change. It's built around a Change Cycle that consists of five stages:

**1. Recognizing the Change Imperative.** It's one thing to understand that your organization is ill-suited to meet the challenges of a changing marketplace; it's another to be clear about which aspects of the organization you should change. So the first step in discontinuous change is not only to recognize the need for change, but also to diagnose the underlying organizational problems.

**2. Developing a Shared Direction.** The CEO needs to provide a clear direction for change and then build a coalition of support at the top of the organization.

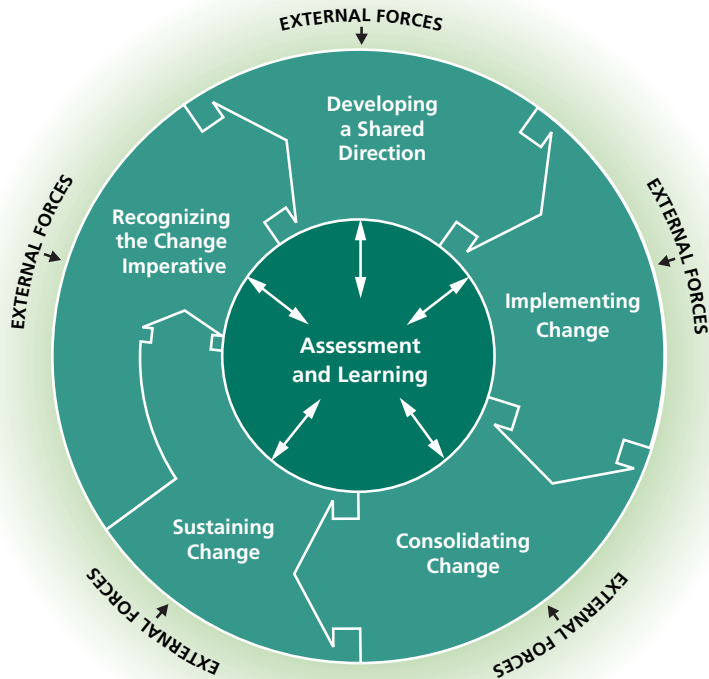
**3. Implementing Change.** This critical stage involves redefining the strategy, making corresponding changes in work processes, redesigning the formal structures and systems, putting the right people in the right jobs, and reshaping the informal organization to support the new strategy and work.

**4. Consolidating Change.** This begins with communication and diagnosis as leaders find out which aspects of the change are working and which aren't. Using this information to refine the changes, leaders then concentrate on consolidating change, applying various techniques to ingrain the changes into the fabric of the organization.

**5. Sustaining Change.** Following the emotional letdown that inevitably comes in the wake of dramatic change, leaders need to maintain momentum, continue their assessment and refinement of the change initiatives, and actively scan the competitive environment for signs of new developments that could ignite the next wave of discontinuous change.

In reality, discontinuous change is never that neat or linear—the stages overlap and there's never a clear ending. In fact, the final stage of the cycle nearly always contains the seeds of the next cycle.

## The Cycle of Change



### How Mercer Delta Can Help

We firmly believe that the only way for major, large-scale change to be effective in your organization is for your leaders to design it, implement it, and own it. You know your industry and your organization far better than we do. What we bring to the table is more than 20 years of senior-level experience in change management gained at more than 200 organizations across a broad range of industries. Our role is to support top leaders through a collaborative approach, using small teams of

highly experienced consultants who work in the background to support your people, not to substitute for them.

More specifically, we can support your organization's efforts to design and manage discontinuous change by:

- Helping the CEO understand the true scope of the change that's required, including a systematic diagnosis of organizational problems
- Working with the senior team to help them recognize the need for change

- Assisting the CEO in developing a comprehensive change agenda
- Supporting the CEO in efforts to engage the Board and maximize its value
- Generating research on best practices at other organizations involved in similar change efforts
- Providing technical support for the design and implementation of specific changes in strategy, staffing, organization design, and culture
- Assessing the effectiveness of change strategies and assisting with refinements and mid-course corrections
- Developing leaders who are aligned with and capable of executing the new strategy
- Assisting senior leaders with communication strategies to support the change effort
- Providing feedback and individual coaching to the and top leaders
- Helping to build the organization's capability to recognize and anticipate the next wave of destabilizing change

In short, Mercer Delta can offer years of collective experience, a conceptual framework for organizational change, a proven set of tools and assessment instruments, and an unparalleled understanding of the issues and concerns that typically confront the leaders of large-scale change.

## As You Move Forward...

Whether or not you choose to work with Mercer Delta on the major change initiative you're contemplating, we strongly urge you to keep a few critical points in mind:

1. Be absolutely clear about the scope of change that's required: If your industry is in the throes of fundamental change, heaping additional resources on incremental solutions will only speed your demise.
2. Don't wait too long to act. Research shows that during periods of major industry upheaval, companies that initiate discontinuous change at the beginning of the cycle have a 50-50 chance of survival; for those who wait until late in the cycle, the odds drop to one in ten.
3. There is no substitute for the personal, active, and committed leadership of the organization's top executive; in our experience, the CEO's personal leadership is the single most important factor that differentiates successful discontinuous change from the failures.
4. In the long term, successful companies must master the art of organizational agility—the capacity to consistently recognize and swiftly respond to the need for discontinuous change. Those that fail to build that capability will keep playing catch-up until they vanish from the field.

## About Mercer Delta

Mercer Delta Consulting, LLC works with CEOs and senior executives on the design and leadership of large-scale change. In our work with the leaders of major enterprises around the world, we support successful change through our expertise in:

Organizational Architecture  
 Executive Leadership  
 Executive Team Development  
 Leadership Assessment and Development  
 Executive Succession  
 Change Management  
 Strategic Communication  
 Organizational Research  
 Corporate Governance  
 Collaborative Strategy Development  
 Merger and Acquisition Integration  
 Culture Change

To obtain further information about Mercer Delta or to request additional publications, please contact us at the telephone numbers below or at [change@mercerdelta.com](mailto:change@mercerdelta.com).

Visit our website at  
[www.mercerdelta.com](http://www.mercerdelta.com)

Boston	617.424.3930
Chicago	312.902.7576
Frankfurt	49.69.96130.280
Hamburg	49.40.37692.500
London	44.20.7343.9500
Munich	49.89.93949.0
New York	212.345.0500
Paris	33.1.70.75.01.20
Philadelphia	215.982.4500
Portland	503.223.5678
San Francisco	415.273.1200
Toronto	416.868.2800

Copyright © 2003  
 Mercer Delta Consulting, LLC  
 All rights reserved.