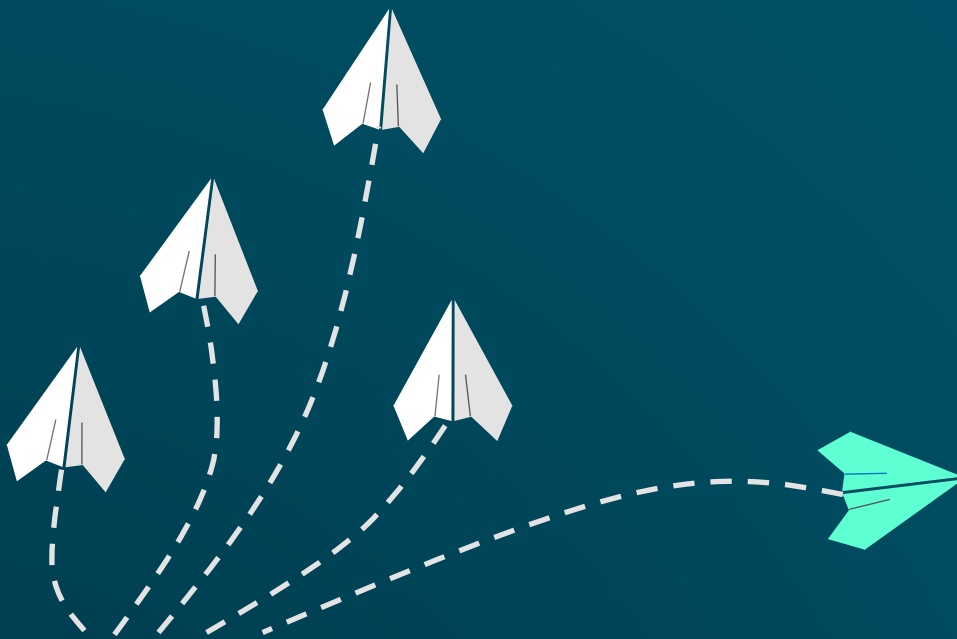# CHANGE FITNESS ASSESSMENT TOOL
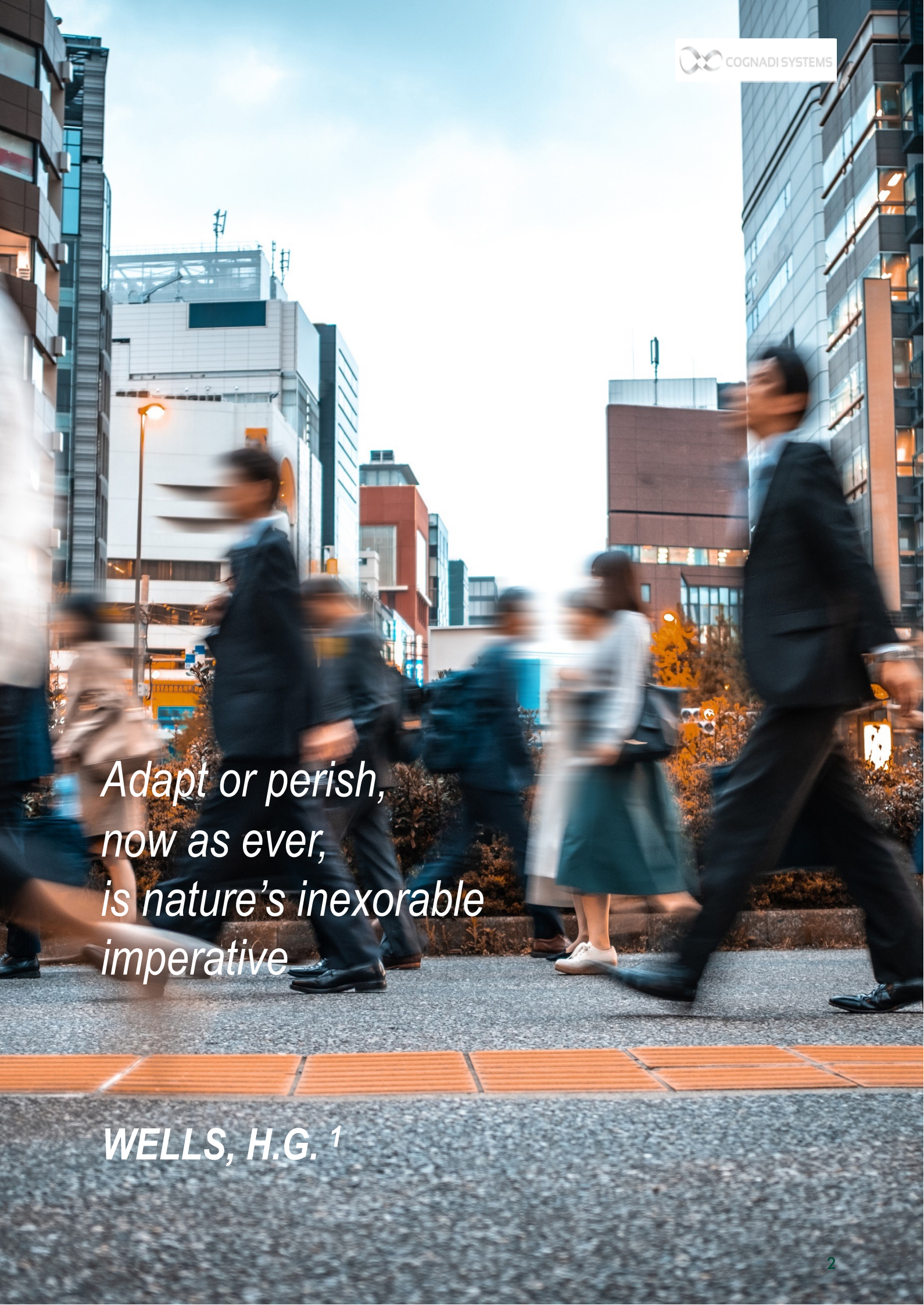
As boards deal with increasingly demanding challenges, synchronizing thinking and relationships at the top has never been more critical

Prepared exclusively for

[ABC Board]

[date]

COGNADI SYSTEMS

*Adapt or perish,
now as ever,
is nature's inexorable
imperative*

WELLS, H.G. [1]

HOW CHANGE READY IS YOUR BOARD?

For strategic boards, confidence in their organization's capacity to successfully execute and sustain change is critical to the organization's success.

A recent study found that almost one third of senior executives are change resistant or disaffected [2]

Existing change management practices are largely outdated and contribute to the 40% failure rate of most change initiatives[3]. This failure rate requires a re-think for boards on their level of awareness and belief(s) about their organization's readiness to achieve the strategic changes required to win in the marketplace.

As boards deal with regulators, disruption and increasingly demanding benchmarks, synchronizing thinking and relationships between those at the top has never been more critical.

Companies with superior change readiness are more profitable and have higher approval ratings for their CEOs and Management than those who are with low change readiness.

Bain & Company [4]

THE CHANGE FITNESS TOOL (CFIT) WILL HELP YOUR BOARD AND EXECUTIVE TEAM ASSESS YOUR CURRENT LEVEL OF CONFIDENCE IN YOUR ORGANIZATION'S LEVEL OF CHANGE READINESS.

IS YOUR BOARD FIT ENOUGH FOR CHANGE?

A board's change fitness never begins with a blank slate. A board's biography, culture, composition and purpose all have a strong influence on the organization's strategic change readiness.

The extent to which the views of the board are synchronized with the executive leadership team is critical to organizational success. Identifying areas of misalignment and gaps will highlight issues before they become problematic, thus saving time, and increasing the likelihood of successfully adapting to change

CHANGE FITNESS BLIND SPOTS

Typically, the way an organization resists or responds to change is not obvious to everyone in an organization. This is especially true for the board and the executive leadership team. Blind spots within and between the board and the executive team can have a significant negative impact on the organization's ability to adapt to internal and external change. When you assess change readiness correctly, you should get a clear picture of how well the board and executive team are aligned on change, as well as identifying any potential gaps in perceived capability.

PURPOSE OF THE CHANGE FITNESS TOOL (CFIT)

The Change Fitness Tool (CFIT) has been designed to highlight three key areas for the board's consideration:

1. A snapshot of your board's current level of change readiness (which we categorize into fitness levels) and areas for improvement.

2. The extent to which the board's views are synchronized with the executive leadership team.

3. The identification of key gaps in your confidence and assessment of change readiness dimensions so that the board can address issues before they become problematic, saving time and energy and increasing the likelihood of the change readiness.

WHAT IS CFIT AND HOW DOES IT HELP?

CFIT's unique and proprietary methodology analyses the board's and executive team's assessment of their awareness, beliefs, and degree of alignment on critical dimensions that affect their organization's capability to adapt and thrive in the new world order.

It is a process that synchronizes perspectives and priorities between the board and executive team to more effectively enable specific or systemic changes required by the organization.

THE SURVEY INPUTS ARE ASSESSED THROUGH A CHANGE FITNESS MODEL AND PROPRIETARY ALGORITHMS

This unique model has four (4) dimensions that impact change readiness:
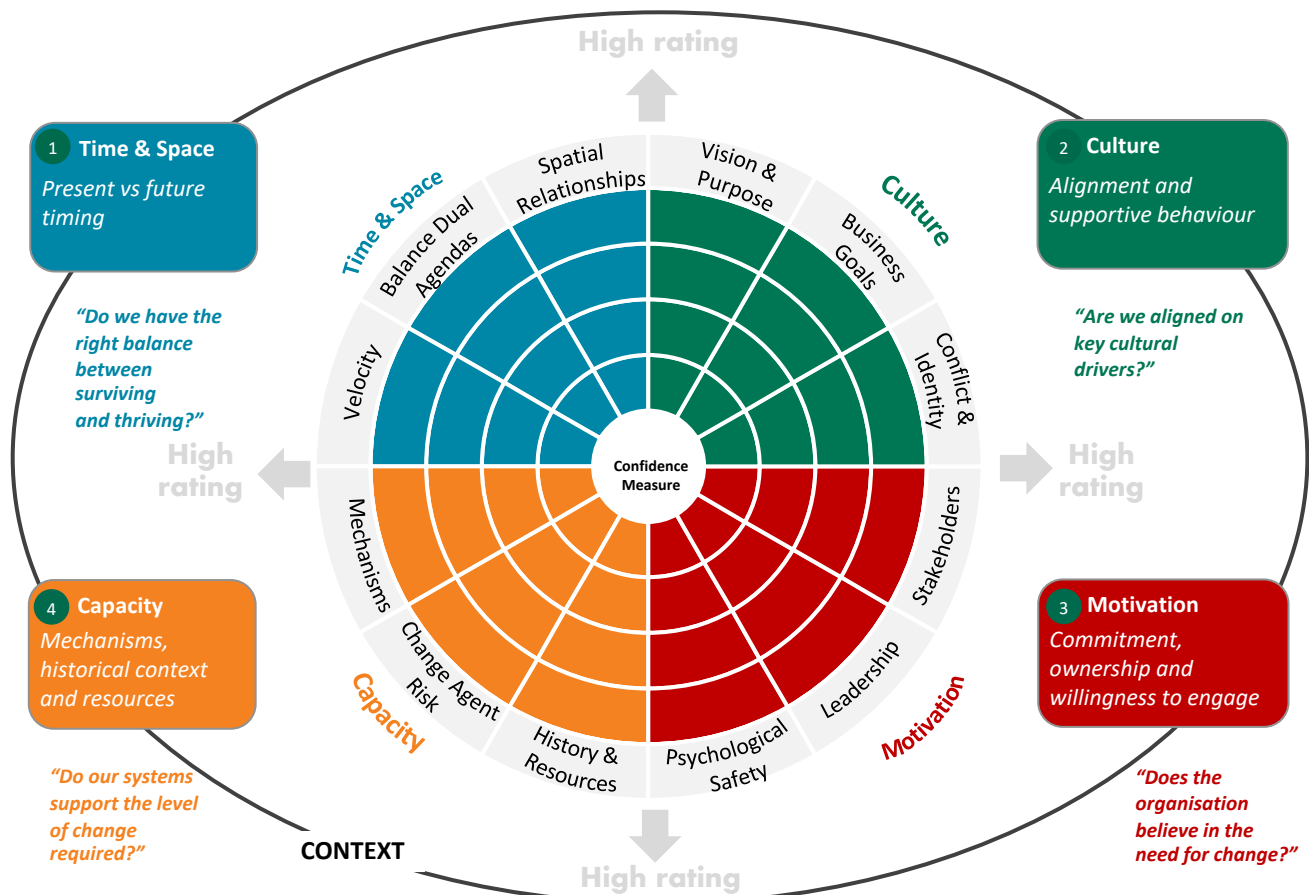
SURVEY QUESTIONS

The survey consists of 13 polarized questions. CFIT then analyses the board's assessment across 12 categories of change readiness in conjunction with the executive's assessment of the board. The CFIT report highlights the extent to which the board's views are synchronized with management and identifies areas of misalignment so that issues can be resolved before they become problematic.

CORE CATEGORIES OF CHANGE READINESS ASSESSMENT:

CATEGORY	CORE QUESTION	ASSESSMENT FOCUS
1. Culture	Are we aligned on key cultural drivers?	Shared alignment and supportive behaviour
2. Motivation	Does our organization believe in the need for change?	Commitment, ownership and willingness to engage
3. Capacity	Do our systems support the level of change required?	Does the organization's systems support the level of change required
4. Time & Space	Do we have the right balance between surviving and thriving?	Present and future time: knowing the transition points

THE BOARD AND EXECUTIVE TEAM ARE COMPARED ACROSS 12 KEY DIMENSIONS

CHANGE READINESS DIMENSIONS

Culture			
		Vision	Assesses the extent to which culture aligns with the proposed future state
		Business Goals	Examines the culture required to support the strategy and proposed business goals
		Conflict & Identity	Explores the consequences of change that go against traditional norms and boundaries

Motivation			
		Stakeholders	Assesses the extent to which key stakeholders support major change initiatives
		Leadership	Examines the degree to which the leadership team 'Walks the Talk'. Are they in sync?
		Psychological Safety	Explores the organization's emotional landscape to allay anxiety and harness support

Capacity			
		Mechanisms	Assesses the likelihood that systems and processes reinforce desired behavioural change
		Change Agent Risk	Examines the alignment and degree of change ownership with informal and formal change champions
		History & Resources	Explores prior history as a guide to the present. What can be learned?

Time & Space			
		Spatial Relationships	Assesses spatial boundaries and time and their potential impact on change readiness
		Balance dual agendas	Examines the degree of clarity on the demands of today versus the needs of tomorrow
		Velocity	Explores the necessary pace of 'change and direction' the organization can handle

CFIT DASHBOARD METRICS

ENCAPSULATES THE VIEWS OF THE BOARD AND THE EXECUTIVE TEAM THROUGH SIMPLE VISUAL GRAPHICS

OVERALL CFIT SCORE

57%

CFIT Score
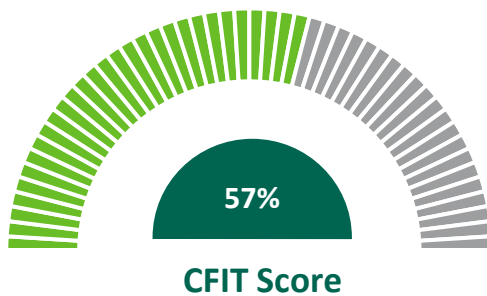
COMPARATIVE ANALYSIS
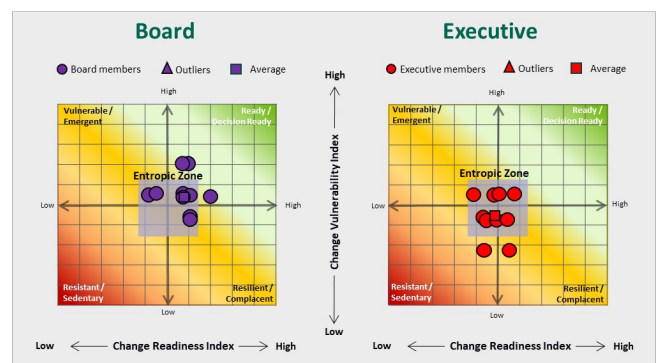
TOP 3 GAPS

RECOMMENDATIONS

1. **Mechanisms**: Invest more time with the executive team to understand how the ….

2. **Stakeholders**: Allocate more time to understand the motivations, concerns and …

3. **Business Goals**: Ask the question, "Does our culture support the strategy", and identify fault lines early …

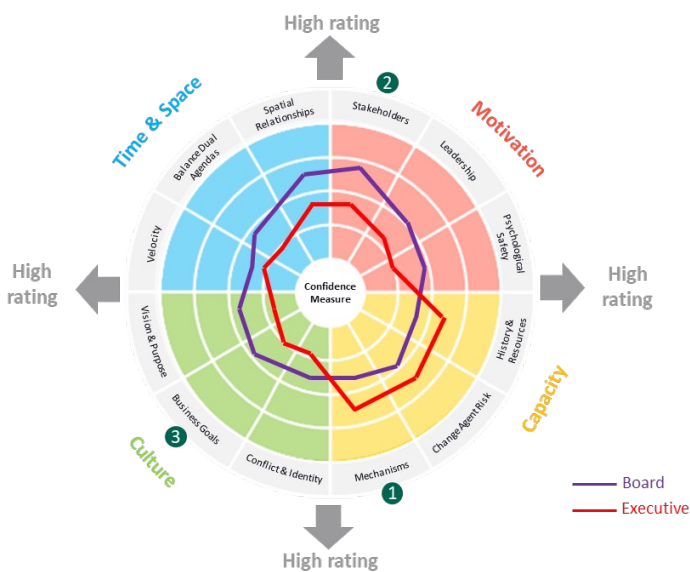# FUTURE-PROOF YOUR LEADERSHIP

What are the benefits?

- An overall change fitness score for your board.
- A change fitness perception map that compares your board's assessment of change readiness relative to your executive team's assessment of your readiness.
- A detailed exploration of key perception gaps.
- Recommendations and an action plan using CFIT's proprietary algorithms and IP.
- A self-diagnostic tool that helps the Board and executive team to consider key issues such as:
  - Cohesiveness and alignment
  - Leadership capabilities
  - Agility
  - Group dynamics and culture
  - Strategic alignment
  - Coaching and awareness

The survey tool will also provide a calibration tool for recruitment and for on-boarding of new directors.

CFIT PROVIDES THE LEADERSHIP TEAM WITH GREATER INSIGHT AND PREDICABILITY OF AN ORGANIZATION'S ADAPTIVE CABABILITY

Powerful yet easy to use. The survey tool takes less than 5 minutes to complete and provides timely feedback for your board.

FOOTNOTES

1. Wells, H G., "The Mind at the End of its Tether" William Heinemann: London. 1945. Pg 19,)
2. Fuller, J. and Theofilou, B., "Are Your managers in Sync with Your Change Strategy", Harvard Business Review, March 04, 2021.
3. I have re-calibrated the oft quoted failure rate statistic of 70% by McKinsey, HBR and Bain downwards based on contrary fact checks and empirical analysis of source material). For example:

   https://oxford-review.com/do-70-of-organizational-change-projects-really-fail-video/

   https://www.researchgate.net/publication/233202794_Do_70_Per_Cent_of_All_Organizational_Change_Initiatives_Really_Fail

   https://www.rohei.com/resources/why-change-initiatives-fail

   http://blogs.hbr.org/2013/04/change-management-needs-to-cha/ - Harvard Business Review, 'Change management needs to change' by Ron Ashkenas

   Also note: an IBM (2009) shared a study of over 1,500 change practitioners, published in "Making Change Work", in which 41% of projects were found to have met their objectives. The remaining 51% missed at least one objective of their change programme or considered the project a failure. See: https://www.ibm.com/downloads/cas/WA3NR3NM

   Also see: Dewar, C., and Kellar S., "The irrational side of change management", McKinsey Quarterly, April 1, 2009, Article referencing prior McKinsey Survey of 3,199 executives whose results suggest one in three transformations succeed.
4. Bain research suggests that companies with superior change readiness achieve 2X EBIT margins, +25% CEO and senior leadership approval ratings, and a 2X increase in employees who say they are 'very inspired' by their job when compared to bottom-quartile companies. This is based on benchmark data drawn from approximately 2,000 employees across a range of industries.(https://www.bain.com/consulting-services/change-management-results-delivery/change-power/)

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CHANGE FITNESS ASSESSMENT TOOL