

ORGANISATIONAL TRANSFORMATION

WHAT ARE THE NEW "POST-COVID" CHALLENGES FOR MARKET SPECIALISTS?

The concept of "business transformation" has today become an unavoidable socio-economic theme which, because of the crisis we are going through, affects all sectors and all types of organisation.

- How do **collaborative governance modes** provide a concrete and sustainable response to current political, societal and economic issues?
- How and when to make an **authentic transformation**?
- What is the **impact of** this kind of approach on organisations?

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Introduction

In the wake of the health crisis the world is going through, numerous articles, petitions, webinars and testimonies highlight the need - but also the will - to change for a better "next world" or to avoid a return to the "abnormal". Citizens, business leaders, political leaders, economists, philosophers, sociologists, artists and scientists join in a unanimous call for change. **The transformation in question is profound since it addresses a central issue: value creation.** How can we create value without destroying the planet, without creating inequality and, ultimately, without running our own short-term loss? All these questions arise, and with them, a multitude of answers, analyses and points of view. There is probably no shortage of ideas and initiatives to try to build something new, different and better.

What about taking action? How can all the players in the human ecosystem organise themselves to rethink their way of working and, above all, overhaul it? **How will historic companies, which have fed the economic system and the consumption patterns we know today, go about changing?** How will our major institutional organisations prepare for this new socio-economic era? Do they really want change?

Failing to answer these questions, a hypothesis should become true in the coming months: when companies and organisations have made their decision, they will need help to implement change on a large scale and specialists in change management and organisational transformation will be ready to intervene. However, not everyone has the same approach and it will therefore be up to leaders to choose the approach that they believe will best embody the transformation they want to undertake to meet the future challenges they, and we, will face.

In this dossier, we take a brief look at the **state of the change management consultancy market, emerging needs, models that are reaching their limits and those that are opening up new perspectives on** how to manage a business or organisation.

Data¹ and analysis of the consulting market

- Average turnover: +7.8%.
- Job creation: +5.2%.
- Clients: 86% from the private sector (banks, telecoms and energy representing 50% of the market).
- Market share of change management consulting: 16.6% (in 4th position after operational, IT and strategy consulting).
- Growth in the change management consultancy market: 5.2% (compared with 7.8% for the consultancy market as a whole).

¹ Source: [Survey of the European Management Consultancy, European Federation of Management Consultancies Associations, 2018.](#)

Factors contributing to the development of change management consultancy

Volatility, uncertainty, complexity and ambiguity

The acronym **V.U.C.A.** was invented by the US military in the 1990s. "V" for "*Vulnerability*"; "U" for "*Uncertainty*"; "C" for "*Complexity*" and "A" for "*Ambiguity*". It is often used by human science actors to explain new concepts in business management.

The globalisation of the economy combined with unprecedented technological deployment is generating enormous **volatility in financial markets and consumer behaviour**. Everything is changing, all the time and everywhere. This irregularity is creating more and more grey areas for companies that have to deal with **increased uncertainty on a** daily basis, both externally and internally. The socio-economic world is also increasingly regulated, and the **rigidification of legal and regulatory frameworks is making** the environment in which companies operate and must create value more complex. Hence the emergence of a certain ambiguity between the duty to grow and the **need to question organisational models** which, at the beginning of the 21st century, are reaching their limits.

The COVID-19 crisis: a perfect example of the V.U.C.A. context

The new coronavirus crisis is a perfect illustration of the type of complexity that companies are facing today. Firstly, because, unlike a fire, a technical breakdown or a strike, this crisis is represented by an **"invisible" adversary** against whom the company is disarmed. Secondly, because the coronavirus, since its first diagnosis in the Chinese province of Wuhan on ¹ December 2019, continues to spread worldwide, making it the headline of all the media and the subject of billions of publications on the Internet. This **media cacophony of** analyses, alerts, misinformation and advice, in a frenetic succession, is making decision-making processes at all levels of the organisation much more complex. Thirdly, because a Stage III epidemic has forced all companies to apply the health guidelines issued by the State, namely: a long-term quarantine of the vast majority of their workforce, leading to **massive and unprecedented recourse to telework**. This is an **unprecedented situation for** which most companies have not **adequately prepared** themselves, in terms of procedures, security (of people but also of information), organisational aspects within teams and the technical infrastructure necessary for telework. Finally, because the pandemic context creates an **intense feeling of psychological insecurity** linked, among other things, to the messages conveyed by the media, the fear of falling ill, social isolation, the loss of work-life balance and loss of income. In short, the coronavirus crisis is affecting all parts of the company, which, if it does not adapt very quickly, risks **losing control over what** happens next.

[Concrete impact of this socio-economic context on businesses](#)

[Reactivity, agility and adaptation](#)

Companies and organisations have always been confronted with change. However, **change induces a capacity for preparation, anticipation and adaptation** that traditional pyramid companies tend to underestimate because of their historical durability. To remain competitive, companies must innovate, constantly question their business model and management system, and **experiment in order** to keep pace with the very rapid evolution of their market and the expectations of their stakeholders.

"Agility is a way for organisations to be 'future proof', i.e. to be ready today for tomorrow. This implies an acute awareness of the acceleration of operational and decision-making processes, at the risk of becoming obsolete and being overtaken by the competition". **Pierre-Boris Kalitventzeff, coach and collective performance specialist.**

[Vision, conviction and flexibility](#)

The **unpredictability of** the market prevents company managers from projecting themselves in the long term. This imposed **short-termism** gives rise, at all levels of companies, to tensions that are themselves fuelled by a **deep sense of insecurity** and a **loss of meaning**. This is why it is imperative that companies give themselves the means to achieve their ambitions, that they develop a **long-term vision, of** which they are convinced, which defines a DNA with which all their members can identify and want to contribute: the **raison d'être of the organisation**. By staying focused on the future they want, by finding meaning and flexibility, organisations will be able to achieve their goals, whatever their sector of activity and size.

"Looking back, we can see that the main problem that leads companies to reorganise is always the same: the loss of profitability. In response to this, many firms have been applying the same method for years: always doing more with less. While this model may still work for some, it is now reaching its limits because people are no longer willing to accept it. The issue of employee disengagement has become central: if people are not motivated, if they don't follow through, then nothing happens, quite simply. This situation has challenged some managers and has led them to look at other paradigms that integrate the cultural changes of today's society into the way the company operates". **Roseline Filaine, coach and consultant specialising in organisational, cultural and leadership transformation processes.**

About employee disengagement

In a research report published in 2017, Gallup, an American company specialising in

workplace surveys, reveals that **the employee engagement rate in Belgium is only 10%**. The Gallup survey conducted in 155 countries went even further, showing that 73% of employees (still in Belgium) do not feel committed to the company or organisation they work for and 17% of employees consider themselves completely disengaged from their employer. **Very worrying figures based on criteria** such as **sense of belonging, managerial quality, adherence to values, recognition, development opportunities**Source, etc.
 : [State of the Global Workplace - Gallup](#)

[Collaboration, collective intelligence and openness](#)

The **overabundance of information, power games** and **lack of perspectives** intensify the complexity of business operations. In order to adapt to their environment, organisations need, among other things, to structure the way they collect, process and use the information they have at their disposal. They must also **promote the sharing of this information and the co-construction of knowledge that is** their own and constitutes a capital asset in its own right. Finally, they must develop a more global and holistic approach in order to clearly **identify the issues and interactions of the ecosystems** linked to them.

"By making information accessible to all and facilitating the ways in which it is exchanged and shared, the digitisation of our societies has led, among other things, to a major decentralisation of power relations and power games. This phenomenon accelerates the pace of change and amplifies the complexity with which we have to adapt. All this in a context of urgency linked to the climatic and social threats that weigh on our shoulders. The good news is that there are alternatives to the paradigms that currently prevail in organizations. These mechanisms have been designed by experts in organisational models to foster collective intelligence, to restore collaboration in a context of healthy competition". **Martin Mahaux, expert in the co-creation of sustainable and collaborative systems.**

[Consistency, clarity and transparency](#)

Some companies, due to their size and organisational complexity, or their **total lack of transparency, are** involved in operational, decision-making or communication processes that are sometimes very long and unclear. This slowness and opacity tends to create **confusion, or even frustration, within the** organisation. When a project brings together a high density and/or diversity of actors whose roles and responsibilities intersect without converging, a form of **immobility is** created. Moreover, when members of the organisation are excluded from a project from the outset and without good reason, when in all likelihood they should be involved, **conflicts** arise.

In order to increase efficiency, limit risks and encourage the commitment of the people involved in a project, organisations need to **clarify the roles of** each person, create **coherence in the responsibilities** allocated, but also be **transparent to** all those involved.

Read more about corporate transparency

[Governance: when lack of transparency leads to the elimination of management teams, Phusis, 28 February 2020.](#)

Motivation and commitment of employees: this was already talked about in the 1950s...

In 1985, two American researchers, Richard M. Ryan and Edward L. Deci, presented the "**Theory of Self-Determination**", a research work aimed at shedding light on the **psychological factors behind motivation**. Through their work, Deci and Ryan were able to distinguish three important types of motivation²:

- **Intrinsic motivation:** an individual is motivated by interest or pleasure, not by reward;
- **Extrinsic motivation:** an individual is motivated by external issues such as the fear of punishment, the desire for a reward, the weight of social pressure or the need for recognition.
- **Amotivation (or lack of motivation):** an individual feels that he or she does not have control over the situation and his or her inability to foresee the consequences of his or her actions demotivates him or her.

This theory has been a major contributor to subsequent research that has been conducted to **test hypotheses about motivation applied to the world of work**. A key factor in the so-called "Authentic Transformation" approach, which focuses on the **satisfaction of three basic psychological needs that** naturally stimulate employee motivation and commitment.

The three pillars of human commitment at work

In 1954, the now famous Abraham Maslow, then working on a theory of human motivation, introduced the **pyramid of needs**. As a reminder, this pyramid ranks in order of importance, the five main needs of the human being, namely :

- **Physiological** needs (directly related to our survival) ;
- The need for **security** (physical and moral) ;
- The need to **belong** (affection and interpersonal relationships) ;
- The need for **esteem** (consideration and recognition) ;

² Source: [Motivation intrinsic and extrinsic - Deci, Project Management, Team Management, Alain Battandier, 30 June 2009.](#)

- The need for **self-accomplishment** (**self-fulfilment** and self-esteem).

In order to **foster engaging working conditions** for employees within an organization, authentic transformation aims to address the three highest needs in the pyramid by creating : **inclusion** (employees are part of a team, are recognised and are not just numbers), **autonomy** (employees do not do what they want when they want, but now have the opportunity to take initiatives to achieve collective goals within a framework that they have helped to define) and **personal development** (employees reveal themselves at work as individuals, not as a productive factor).

In order to implement these practices of inclusion, autonomy and personal development within companies, **organisational transformation** must take place at **three levels**: **structural** (organisation and processes), **cultural** (values) and **individual** (personality).

Collaborative governance

Over the past 50 years or so, many researchers and engineers have been working on methods to increase the efficiency, productivity and profitability of organizations. Models such as LEAN management or the AGILE manifesto have emerged. **While economic and financial performance remains more than ever at the centre of concerns, the well-being and commitment of employees are now recognised as crucial issues for the proper development and sustainability of organisations.**

Faced with this observation, **new approaches are emerging to propose alternatives to traditional hierarchical and autocratic systems**: sociocracy, holacracy, the liberated enterprise or opal organisation are all currents that influence our relationship to work and which offer a place for **more collective, more inclusive and more reasoned modes of governance**. Collaborative governance is one of them (cf - infographics in appendix).

[Collaborative governance and authenticity: the cement of a sustainable transformation?](#)

Collaborative governance is a managerial system that consists of **federating the action of individuals who will contribute to its achievement through their skills, abilities and involvement**. It translates, among other things, into the establishment of a precise organisational framework and work processes that provide a **space for expression**, roles and responsibilities clearly established for each team member.

Genuine transformation, whatever the chosen mode of governance, cannot be achieved without the full involvement of the company's management and all members of the organisation. It **must be comprehensive** and this is only possible if people want to believe in it and, in order for them to be **convinced of the merits of the approach**, they need proof, more than just rhetoric. If **transparency** in communication helps to reinforce the impression

of authenticity, **behaviour** and attitude are the main indicators: the **transformation project** must be **led by example**.

Concretely, this translates into the ability, at all levels of the organisation, to **reveal one's true personality, to be** more human, with its **strengths** and **weaknesses**. By enabling the members of an organisation to be themselves on a daily basis, to feel non-judged, to be recognised for what they really are, to **identify**, as individuals, **with the values of the company** and to create real bonds of **trust in** their professional environment, authenticity becomes the **cement of a sustainable, evolutionary and organic transformation**.

"Transformation implies a personal change in management and should not be aimed at an ultimate goal of productivity or financial conditions. The variable that must take precedence is the well-being of the employees. From this point of view, the figures, the profit, are seen as the direct consequences of this well-being. It is essential to preserve this approach at the risk of it being recuperated and instrumentalized like the LEAN managerial model of its time. In any case, this kind of process is becoming less and less possible because people are not fooled and quickly understand new attempts at manipulation. If necessary, they adopt a cynical stance and prevent the transformation from taking place.

Fostering people's well-being at work does not mean accepting everything to please employees. Authentic transformation and collaborative governance are highly inclusive models, which does not mean that they are compatible with everyone. Feeling good at work is also valid for people who do not identify with these new organizational models. The challenge for the company is to know how to recognise these people, to support them as best as possible so that they can find their way along a path that satisfies their basic psychological needs, even if this means leaving the company. The collaborative approach also makes it possible to identify fairly quickly those people who are blocking the process and abusing their power to prevent the transformation". **Laurent Ledoux, Partner and Chairman of the Board of Directors.**

Testimonials from leaders

Discover the concrete experience of Elina Badetz (Director of Tertiary Services at EDF) and Patrick Negaret (Director of the Caisse Primaire d'Assurance Maladie des Yvelines in France) who have implemented collaborative governance in their organisation (in 2011 for CPAM and in 2015 for EDF) and are now seeing the positive impact of this model on the capabilities of their teams and their performance. [Read the article](#)

[The 5 key steps of an authentic transformation \(computer graphics\)](#)

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LES 5 ÉTAPES CLÉS D'UNE TRANSFORMATION AUTHENTIQUE

Pour les leaders désireux de transformer leur organisation



1. CONSTITUER UNE ÉQUIPE PROJET

Mobilisez une **équipe de volontaires**, aussi diverse et inclusive que possible, qui se penche sur les origines du besoin de transformation et commence à réfléchir aux solutions adéquates.



2. DÉFINIR LES RAISONS DE LA TRANSFORMATION

L'équipe pose les bases sur lesquelles reposera le prochain modèle organisationnel. Elle identifie surtout **la raison d'être** qui fédérera les collaborateurs et favorisera leur engagement.

UNE TRANSFORMATION AUTHENTIQUE REFLÈTE LA VOLONTÉ RÉELLE ET SINCÈRE DE CHANGEMENT.



3. RÉFLÉCHIR AUX 3 NIVEAUX DE TRANSFORMATION

Culturel : Quelles valeurs mettre en place ?
Structurel : Quel cadre de référence commun créer ?
Individuel : Quelles postures adopter individuellement ?



4. MOBILISER LES COLLABORATEURS POUR CO-CRÉER L'ORGANISATION FUTURE

Est-ce qu'ils s'identifient à la raison d'être de l'organisation ? Comment voient-ils leur **rôle**, leurs **responsabilités** et leur **contribution** à la transformation ?



5. LANCER UNE STRUCTURE QUI ÉVOLUE DANS LE TEMPS

En se basant sur la raison d'être, le cadre de référence, le rôle et les responsabilités de chacun, la transformorganisation commence à une **échelle pilote**. Elle **teste et ajuste** son mode de fonctionnement au fur et à mesure qu'elle l'étend à de nouvelles équipes.

EN GOUVERNANCE COLLABORATIVE, LA TRANSFORMATION EST UN PROCESSUS CONTINU.

Reasons for companies to turn to "alternative" players

Interview with Laurent Ledoux and Yannick Bollati, partners and co-founders of Phusis:

[The quest for a concrete and credible model](#)

LL : *"More than advice, they need the **support of someone who has been there before them and who understands their state of mind and their expectations**. Being able to benefit from the experience of a former company director or employee who has developed and implemented a transformation strategy creates a bond that consultants who do not have this experience cannot offer. Finally, the **ability to demonstrate that we are successfully applying the governance model we propose** (a flexible and agile approach not yet fully developed in large firms) undeniably strengthens our credibility with the market".*

[A cultural gap and new expectations](#)

YB: *"A **cultural gap** is emerging all over the business world. Even more quickly following the covid crisis! This gap implies expectations that a **more modern generation of consultancy firms** has so far been able to meet. The organisation of large consultancy firms is still based on highly hierarchical and procedural managerial models. It is more difficult for them to effect this cultural change in their clients since their own structure is totally built on the old model".*

[Conclusion & Outlook](#)

We are reaching a **stage of societal transition**, where an unprecedented crisis has put the leaders of organisations and companies on their knees and made them realise that **change is needed**. As we have seen, new alternatives exist to address the issues facing leaders of organisations and companies. Nevertheless, we can expect a certain time **lag between the intention of organisational transformation and its realisation**, in other words, between the moment when leaders become aware of the need for change and the moment when they act on it. What is certain is that transformation, in whatever form, will take place. It will take place over time, it **will profoundly change our relationship to work, to productivity, and it will** give rise to a **new generation of enterprises** whose **socio-economic models** will be more **aligned**, more **coherent** and more **evolving**.