



## WHY BEHAVIOUR MATTERS IN ORGANISATIONAL HEALTH AND PERFORMANCE

### Factors crucial to organisational success

A related piece of BCG research looked at crucial success factors in reorganisation (the original context). But, since performance was the metric, we can re-version the factors as a useful lens for assessing behaviours.

1. Align design with strategy: 5:1 success rate when this occurred. Thinking more broadly, is behaviour aligned with strategy?
2. Clarify roles and responsibilities: 6:1 success rate when this was systematic. Are behaviours clearly specified?
3. Design layer by layer to set the right context: 4:1 success rate. Layering is the focus but we'd suggest paying special attention to context. Do work behaviours fit the context?
4. Execute optimally by minimising risk factors: 79% successful reorganisation when organisations mitigated risk versus 11% when they didn't. What insights about risky behaviour apply in your context?
5. Don't wait for a crisis: 21:1 success. It's easier when you're not trying to change because you've hit a crisis and must change!! Are you cultivating desired behaviours and culture in the good times?

#### *Thirty-nine birds on a fence*

Here's a scenario, and a quick question for you to answer. Thirty-nine birds are sitting on a fence by a pond and eleven decide they'll fly away. How many are left on the fence?

Simple question, but the answer may prove a little more complex. Here's a clue that will prompt your thinking. Reflect on the many New Year's resolutions you've heard made over the years. How many were successfully implemented? You may even need to clarify that a little by asking how many lasted even a week.

Now take a moment to think about some organisational changes you may have been party to. How have those gone, in terms of implementation? Have they been fully implemented by everyone who needed to make shifts in behaviour?

#### *Intent vs action*

Intent versus action is of course the common thread running through each of the items you've pondered – birds on a fence, New Year's resolutions and organisational change. So, back to the first question. Even once eleven birds decide they'll fly away, all of the thirty-nine remain sitting on that fence by the pond. Subtle distinction? Yes, some may see it that way. A trick question? Certainly not! Only when we can report that eleven birds have actually flown away will we see twenty-eight left on the fence.

Intent is easy. Interestingly, from a neuroscience perspective, having vivid intent-related thoughts often releases a good dose of 'feel good' chemicals. In turn, a sense of pleasure follows. Since, at our most basic, brains seek to maximise pleasure and minimise pain, intent does deliver pleasure. In fact, even if there wasn't any follow through, you can experience similar 'feel good' feelings when you next have similar vivid thoughts about intent. Again, New Year's resolutions may serve as an excellent example.

In a business, the very good intentions of people are worth nothing unless they translate to actions which deliver the anticipated outcomes. The old adage of 'actions speak louder than words' is fitting. In fact, it is ultimately whatever actions (or inactions) occur that counts. Of course, while we may talk about 'action plans' and 'seeing action', we more commonly refer to those actions as behaviours.

#### *Behaviour, behaviour, behaviour*

Intent and plans may be prerequisites for performance but it is the resulting behaviours that seal the deal. This is why all UGM consulting advice and development/training work has a major behavioural component. The second key element is being thoroughly research and evidence-based.

With the clear, proven case for the value of a behaviours-based approach in the organisational context, it is no surprise that a management consulting organisation such as BCG recognises behaviour as central to organisational success.

In a big shift from what they were previously claiming (and advising) previously, they've moved away from the belief that 'organisational levers' (such as structure, processes, metrics etc.) directly determine results. The error that business make, they suggest, is that when there is no understanding of how the levers influence people then "what actually happens remains a black box, and unintended consequences ensue". A classic complex systems challenge.

With a new focus now on *behaviours*, they suggest that "behaviours determine performance" whereas "levers influence performance indirectly by acting on contexts of the people involved". Their big 'aha'? Effective change management requires an understanding of behaviours and "why they are rational." Smart organisational design gets the "crucial behaviour link" between levers and results!

#### *Yes, and...*

We'd offer our clients (and readers) two further thoughts on BCG's refreshed approach. First, we again express our delight that, even if only in passing, organisational context is acknowledged. As we've discussed in prior briefings over the years, context is, in our opinion, often overlooked or even ignored. Too many organisations try and take case studies that have worked elsewhere or apply models that present a statistical aggregate, even when their own context is vastly different from where the original data was gathered. Context counts, and of course behaviour will vary according to context.

Second, while we'd urge you to try and understand all behaviours, we'd caution against anticipating that they'll all be rational. In fact, some of your biggest change challenges may come from irrational behaviour. Because someone rationalises (explains) behaviour doesn't make that behaviour rational. Breakthroughs may sometimes be achieved when people give up irrational behaviours (or reasons for holding out on change). For example, someone who stores their money under the mattress because once the ATM was closed when they wanted to make a withdrawal is behaving irrationally. Helping them to take a more evidence-based approach will highlight how accessible ATM's currently are – and indeed that there are now a number of other avenues for withdrawing cash after hours.

#### *How often do you reflect on your behaviours?*

Since you do so much without conscious thought, it's useful to occasionally reflect on your behaviour. Why do you behave as you do in different contexts?