Veit Etzold

30 Minutes

Effective Change Communication

Bibliographic information from the German National Library
The German National Library lists this publication in the German National Bibliography. Detailed bibliographic information can be found online at http://dnb.d-nb.de.

ISBN 978-3-95623-943-4

Cover design: Martin Zech Design, Bremen
Translation: Hanna Campbell, London
Copyediting: Anja Hilgarth, Herzogenaurach
Author portrait: Pietro Sutera
Typesetting: Zerosoft, Timisoara
Printing: Print on demand, Germany

First published under the title “30 Minuten Wandel kommunizieren” in 2020 by GABAL Verlag, Germany

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Know more in 30 minutes!

This concise, reliable guide is designed to enable you to get to grips quickly with the topic at hand. A system of signposts guides you through the chapters, allowing you to pick up the basics in slots of 10 to 30 minutes at a time.

A quick, manageable read

The entire book is intended to be readable in just 30 minutes. If you don't have 30 minutes, you can focus on the sections that contain the most relevant information for you.

- **Key information is shown in grey.**

- Key questions with page numbers at the beginning of each chapter allow you to navigate quickly through the book – simply turn to the page you need to bridge existing gaps in your knowledge.

- *Regular content summaries within each chapter facilitate rapid skim-reading…*

- … while a 'Fast Reader' at the end of the book summarizes the most important points.

- Finally, an index at the end of the book enables you to look up particular terms as needed.

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Foreword

Digital transformation, the ascension of new major players (China and others) to the geopolitical stage, millennial-driven changes in consumer behaviour and the increasing demands of shareholders require us and our companies to become continuously better – and thus to find new and different ways of working.

Unfortunately, this challenge is not one that can be met by sticking our heads in the sand and hoping for the best. **Those who do not change proactively will be changed whether they like it or not.** Either we take control and secure a seat at the table, or we end up on the menu.

Against this background, it is not sufficient for you, as a manager, board member or company founder, to merely acknowledge the importance of this cultural shift. Instead, your challenge is to take your employees and other stakeholders with you – because whether you want to drum up enthusiasm for a project, implement a strategy or sell a new product, you must be able to win others over to your goal. **Leadership** is about getting others to strive towards a common objective, ideally with readiness and willingness to do so. Clear communication of the need for change is the best approach to meeting this challenge, and a good story is the best tool at your disposal. Irrespective of what you're trying to achieve, it is vital that you tell a story. Communication cannot occur in a vacuum. If you fail to tell a **positive story about your change project,** others will be quick to swoop in with negative ones: a phenomenon better known as 'speculation and gossip'. This book can help you tell the right story from the outset. It's designed to show how you, as a leader, can communicate change projects unambiguously and with success. This involves:

1. Mapping out a clear change strategy;
2. Developing the right story to communicate your strategy and creating a sense of drama and urgency;
3. Addressing the right stakeholders; and
4. Making creative use of metaphors to illustrate your story.

I wish you plentiful success and enjoyment (yes – both are possible!) with your own programme of transformation and change.

Prof. Dr. Veit Etzold

30 MINUTES

Where does my company actually want to go?

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What mistakes do people make when communicating change?

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Why do people reject the unfamil-iar?

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1. Change is a 'necessary evil'

When it comes to the subject of change, leadership coaches and retired managers are fond of propagating a rose-tinted picture: that employees exist in a state of perpetual impatience for the next organizational change. Unfortunately, this is something of a fallacy. **People are creatures of habit**, and so long as their current reality is in some way tolerable, they see no need for major upheaval. The saying 'If it's not broke, don't fix it' is not only one beloved of IT departments around the world. Yet whatever we feel about it, **the fact of the matter is that organizations *must* engage in ongoing change** in order to remain viable. Moreover, such change should not only be triggered as a last resort and fire-fighting measure, since if this is the case, it is probable that any willingness for change will be hindered by a lack of resources to actually achieve it. Equally misguided is the belief that change and transformation were made necessary only by the advent of digitalization. Successful companies and organizations have been evolving constantly for hundreds of years, and successful change has been decisive for their survival.

1.1 Strategy and change

There is an old saying in the consultancy business that 'those who refuse to change will be changed whether they like it or not.' More succinctly: **'Have lunch or be lunch.'** If a company has a pioneering product, it can dominate the market for many years – but if it clings too steadfastly to its previous accomplishments, it may be precisely this antiquated formula for success that leads to its demise. Consider, for example, how French knights' heavy armour – so advantageous in hand-to-hand combat – became an instant liability with the innovation of the crossbow bolt. Whenever a bolt would penetrate the metal plating, the knight would be pinned helplessly to the ground due to the metal's weight.

An uncomfortable world

Thanks to digitalization, the rapid pace of technological advancement, the effects of networking and the emergence of new powers (China and others), the average lifespan of a company is shorter than ever before. Most fail to make it to half the lifespan of the average human (Senge, 1990, p.17). Pentagon strategists speak of a '**VUCA world**': one characterized by **volatility** (fluctuating trends, increasing numbers of crises, 1998, 2001, 2007, 2010 …), **uncertainty** (Trump, Brexit), **complexity** (global networks) and **ambiguity** (e.g. Facebook, where the 'customer' is also a provider of data, and thus their role is complex and multifaceted).

In a recent interview with the author, Peter Gerber, CEO of Lufthansa Cargo, named what he sees as the **greatest challenges for senior managers** (see https://www.youtube.com/watch?v=6OSjtDNPCjI&t=439s=). These were:

a) the need to set out a coherent strategy;
b) the need to be able to adapt this strategy to a great number of different stakeholders without compromising its coherence; and
c) the need – both before the strategy is implemented, and during it – to be able to make far-reaching decisions on a frequent basis, under high time pressure and without an adequate pool of data.

No-one can deny that we live in uncomfortable times. It is better, then, to effect change of our own volition than to wait for a competitor to serve us up for lunch. Strategy plays a fundamental role in this proactive approach, since it crystallizes the way in which we intend to meet a certain goal.

Strategy as the path to the goal

Strategy lays out the way in which we plan to achieve a goal. If we want to reach the top of a mountain, we can hike there, take a cable car or parachute down onto the summit. Just as with a company strategy, the strategy is based on the opportunities available. The parachute is the quickest method, but is also the most expensive. Hiking up the mountain, on the other hand, is cheap

and good for fitness. **A good strategy is not just aligned to the goal, but tailored** to those who wish to achieve it.
Within a strategy, the individual measures that form the path to the goal are the **tactical steps.** In the above example, the first step might be to look for a pair of hiking boots. The second might be to gather equipment; the third might be to set out on the route. In many cases, the individual tactical steps do not immediately reveal the broader strategic goal. If you boarded an aircraft and jumped out of it with a parachute, onlookers would be unlikely to guess that your intention was to reach the summit. In the business world, such ambiguity might usefully be pursued deliberately so as to confuse your competitors about your intentions. Bruce Henderson, founder of the Boston Consulting Group (BCG) and a pioneer of strategy as a discipline, defined strategy as the subtle, long-range management of a system over a lengthy period. Some 2500 years ago, Chinese military strategist and philosopher Sun Tzu had already articulated the same idea: “All men can see these tactics whereby I conquer, but what none can see is the strategy out of which victory is evolved.”

Examples of change and strategy

In the context of strategic studies, **corporate strategy** refers to everything that takes place on the **holding level.** This could, for example, be the decision to go public (see Uber), the decision to enter brick-and-mortar retail (see Amazon), the decision to rethink a product line (see German meat producer Rügenwalder Mühle's plans to begin offering vegetarian sausages), the decision to participate in a company acquisition (see Monsanto's acquisition by Bayer for 50 billion euros in 2016), the decision to found a joint venture (see the partnership deal signed between Lufthansa and Air China in 2016) or the decision to enter a new market (see the US market launch of car rental company Sixt a few years ago). Below the holding level are various **strategic business units (SBUs)** whose remits are defined by the **business strategy**. Let's take the example of an automotive supplier. The 'Production' unit may decide to outsource parts of its production operations to Romania, the 'Procurement' unit may decide to establish a global sourcing centre, and the 'Marketing' unit may decide to introduce a new customer relationship management (CRM) system for its customers.

All of these examples have one thing in common: they involve changes that are uncomfortable and unwelcome for many involved. Because of this, these changes must be decisively and sustainably anchored among the leaders and employees who will be required to carry them out.

The art of persuasion: communicating with employees

In many cases, your tactical steps should be executed such that they are not apparent to your competitors.

Within your own organization, it's a different story – which is to say, it's vital to take your employees with you. You must always be able to persuade others of what you want to achieve. The Ancient Romans differentiated between **potestas**, the power held by officials by virtue of their office, and **auctoritas**, the natural authority possessed by certain individuals that caused others to want to follow them. If you rely on the power of your office to drive people in your desired direction, 'good' employees will quickly become frustrated. 'Bad' employees will pretend that they have changed, but will actually carry on in much the same vein. So, what's the alternative?

If you want to win support for a new idea, you have three broad options:

- **Money**: this route is readily pursued in, for example, the investment banking sector, where rainmakers are poached from one bank by another. Long term, however, this is a very expensive approach.
- **Violence**: I call this the 'Don Corleone approach' after the legendary *Godfather* character. Faced with a film producer who refuses to sign a contract, Corleone offers his classic pitch: either the producer's brains or his signature will be on the document. Of course, such an approach is highly ethically dubious and almost certain not to result in long-term success.
- **The third way – communication**: In addition to being the obvious choice, this is the only one with the capability to deliver lasting success.

Everyone talks, no-one listens

According to a study by academic Henry Mintzberg, leaders spend 80 per cent of their time engaged in oral communication. At the same time, they perceive 80 per cent of this oral communication to be dull and uninspiring. When we multiply these numbers, we find that **64 per cent of a manager's time is devoted to 'boring' communication in which few to no messages are actually heard.** Little wonder, then, that many initiatives grind to a halt or fail to pick up speed – and ultimately end up as nothing more than a deck of PowerPoint slides in a cupboard.

Bear in mind: it is quite possible that employees will not listen to you or will not understand what you say. If this is the case, they will inevitably also fail to be convinced by what you are suggesting.

Storytelling as a tool

Irrespective of what you want to achieve, you *must* tell a story. **Communication cannot exist in a vacuum.** If you fail to tell a positive story about your project, others will be quick to step in with a negative one. In the best case scenario, your story will not only be a positive one, but the right one for what you intend to do. Rather than compelling employees to do something against their will, a leadership story should bring employees with you. As Sun Tzu recognized thousands of years ago: "To fight and conquer in all our battles is not supreme excellence; supreme excellence consists in breaking the enemy's resistance without fighting."

Whenever you recognize the need for change, you must enable your employees to recognize it too. The best way to do this is through thoughtful communication, ideally in the form of a good story.

1.2 How communication usually happens (and why it goes wrong)

A study by Horváth & Partners showed that in 70 percent of cases where strategies fail, this is not due to the strategy itself, but to implementation – more specifically, to **poor communication**. Kaplan and Norton, meanwhile, found that in some 80 percent of cases where new strategies are implemented, it is not clear what these strategies are supposed to achieve; what, in concrete terms, is supposed to become better. Indeed, **less than five percent** of employees truly understand their organization's strategy at all. You might assume that this is because strategy communication is not a priority at top management level. Actually, the truth is quite the opposite.

An MIT study showed that the effective implementation of strategy tops the list of around 80 challenging responsibilities for CEOs in Asia, the USA and Europe (Sull et al., 2019, p. 74 ff.). How is it possible that something so important is apparently so little understood?

One reason is certainly that strategies are always about a **future vision**, one that inevitably lacks tangibility. Danish physicist Niels Bohr famously observed that "prediction is very difficult, especially about the future." Einstein contented himself with a more pragmatic approach: "I never think of the future – it comes soon enough."

Making the future tangible

The future of the company cannot be shaped by you alone. You need your employees to help you. However, only a very few people will help you out of the goodness of their hearts. In the vast majority of cases, there must be **something 'in it' for others** if they are to aid in realizing your vision. To achieve your goals, they must be willing to make these goals their own.

Even Machiavelli acknowledged that **implementing change is one of the most difficult undertakings of all,** since our brains find it difficult to imagine things that do not yet exist. "There is nothing more difficult to take in hand, more perilous to conduct, or more uncertain in its success, than to take the lead in the introduction of a new order of things," he wrote in his famous work *The Prince (*Machiavelli, 2000, p. 31), demonstrating that the integral and critical nature of change communication is by no means a 21st century phenomenon. "Because the innovator has for enemies all those who have done well under the old conditions," it continues, "and lukewarm defenders in those who may do well under the new. This coolness arises partly from fear of the opponents, who have the laws on their side, and partly from the incredulity of men, who do not readily believe in new things until they have had a long experience of them."

Reflective change?

Dealing with change is anything but simple; in fact, it is highly complex. Leaders must listen to both external and internal cues and signals.

- **External cues and signals** can come from politics, society, the capital market or from customers.
- **Internal cues and signals** can have their roots in the company cost structure, the corporate culture or the body of employees. All of these require your attention as a leader.

Ideally, companies should respond in a reflective manner. Where the purpose of such a response is to effect change, doing so in a reflective manner brings **real, genuine change**; by the same token, if the purpose of a response is to preserve something, doing so with adequate reflection serves the **meaningful fostering of tradition.** (The latter is a particularly important practice for those small and medium-sized companies that set great store by the stories of their founders.) Regrettably, it happens all too often that such responses are conducted in an unreflective manner, resulting in poorly-conceived, chaotic changes or the arbitrary preservation of certain elements and a resulting perception of rigidity.

Moreover, the speed at which the process occurs is often sufficient to overwhelm the organization completely.

A guaranteed gridlock

It is an unfortunate truth that **the way in which change is communicated in modern companies** is anything but visionary. In many cases, division managers are treated to a tedious board presentation, a flashy music and lights show, team-building exercises in the nearby woods, an evening of boozing and a 'swearing-in' ceremony for the new strategy. The title for such an initiative is easy to assemble: take a reference from the wellness industry or motorsports and a year that is sufficiently far in the future so that nobody remembers it when it inevitably fizzles out. **'Facelift 2020'**, **'Vision 2030'**, **'Health Check 2025'** and **'Fit for Future 2028'** all work well in this scenario. If someone does think to ask what happened, you can simply declare it 'still in progress', reissue the title and kick it a bit further down the road with a 'plus' (*Fit for Future 2028 plus*, anyone?).

Approaching 'shake-ups' and 'transitions' with caution

When talking about change, senior management and creative agencies gravitate towards radical-sounding terms such as 'shake-up' and 'transition'. In this regard, I advise caution. Things that are 'in transition' come top of the list for hedge funds and short sellers who make a profit when prices fall. 'Transition' is a state occupied by things and institutions that are unsexy and are most likely doomed to remain so – if they don't disappear forever. Unsightly small towns are often 'in transition', as are failed states, traditional banks and archaic institutions such as churches and universities. **If something is cool, it has no need to be 'in transition'.** Certainly, there is (or was) never much talk of 'transition' with Amazon, *Game of Thrones* or the Rolling Stones.

"I'm fully behind it …"

It's Monday morning. The PR event is over; the hangover lingers on. Returning to the office, the various division managers do nothing but pass on the board presentation to their teams. "Please, make it happen," they say. It doesn't take a degree in psychology to see that the impact of such change communication is close to zero. Admittedly, as a consultant, I see many managers who at least take the trouble to present the material – yet they often do little more than change the date on the title slide and read off the tedious bullet points by rote, usually mumbling into the screen. "This is the new, pioneering strategy of the board of directors," they assure their team, "and I stand fully behind it." Aside from the fact that this **one-size-fits-all strategy communication** is poorly suited to engendering identification with the project, the **body language** of the ostensibly 'highly motivated' manager usually says something completely different. "My God," it says. "I'm glad I'll be retired next year and won't have to go through this nonsense myself."

Naturally, the **limbic system** in the listener's brain, which is also responsible for **hazard recognition**, senses this discrepancy immediately. "If change is not important to the person in front of me – even though they're getting more money than me – then change is not important to me either." Consequently, employees do not make changes, everything remains the same and the **strategy remains wholly unimplemented.**

The brain says no

The problem with this clinical and uninvolved form of communication is that it **only addresses the cerebral cortex, the rational part of the brain.** This part can also be thought of as the brain's 'CEO'. However, every CEO also has a secretary – in this case the amygdala, also known as the fear centre or 'panic button'. The **amygdala** is much older than the cerebral cortex. Importantly, it has a **lust for stories**, because stories have traditionally always contained best practices for survival. It is responsible for the responses of 'fight', 'flight' and 'fright'. Since, in most presentation settings, we cannot or are not permitted to fight or flee, we are left only with the option of playing dead. We nod along and pretend we agree – but internally, we have already checked out.

The German tabloid newspaper *Bild* deals in the **basic emotions of love, desire, anger, grief, tension and**

fear, which any story capable of appealing to the amygdala should have. We will return to this in the section about storytelling.

Doing the 'right thing', getting the wrong result

If different parts of the company receive different messages and if most employees are not highly motivated to implement them, this can lead to the following scenarios:

- The business units end up heading in different directions, with a lack of any coherent strategy.
- The various business units hinder each other in the achievement of their goals because misunderstandings create conflicts (e.g. when one message is 'reduce costs' and another is 'more time for customers', which are difficult to reconcile).
- Some units simply do what they want. Some head in the direction of the goal, the rest in a different direction entirely.

This is dangerous, because it can lead to all departments **doing their job correctly**, but not doing the right thing **as a whole.**

The difference between 'efficiency' and 'effectiveness'

- To be efficient means to do something right.
- To be effective means to do the right thing.

If we carry out a task correctly but perform it as a small part of a misguided broader approach, a problem arises. As management guru Peter Drucker says, "Even the healthiest business, the business with the greatest effectiveness, can well die of poor efficiency. But even the most efficient business cannot survive, let alone succeed, if it is doing the wrong things, that is, if it lacks effectiveness." (Drucker, 2008, p. 31)

The correct implementation of strategy is considered a top priority by most leaders and senior managers. Even today, however, this is hampered by a lack of practical expertise, with the result that most employees do not understand the point of their organizations' change strategies. 30

1.3 Change and innovation

Innovation always involves some degree of upheaval and is thus not always popular. Who likes throwing the 'tried and tested' overboard?

Predictions are usually wrong

German Emperor Wilhelm believed that the car was a fad and that the horse would endure. Many years later, Ford Motor founder Henry Ford said: "If I had asked people what they wanted, they would have said faster horses." **It is not, therefore, that the market or the**

customer actively demands innovation. This leads sceptics inside a company to assert that 'nobody wants that – there's simply no market for it.'
In 1895, Lord Kelvin, a mathematician and President of the Royal Society, claimed that "heavier-than-air flying machines are impossible." Thomas Watson, the legendary IBM boss after whom IBM's supercomputer is named, pondered in 1943 that there was a "world market for about five computers." **Innovations are often misjudged.** The Herman Miller office chair was not seen to have any potential; today, it is the world's favourite. Baileys Irish Cream, originally rejected by customer focus groups, is one of the most popular liqueurs on the market – and still the 'drug of choice' for many taking their first sips of alcohol at teenage parties. The Sony Walkman failed every market study: customers couldn't envisage the appeal of listening to music and walking simultaneously. Nobody 'asked' for the iPhone. And almost everyone is now familiar with the humble beginnings of successful authors such as Stephen King, Dan Brown, J.K. Rowling and E. L. James, who experienced hundreds of rejections before finding a publisher.
It is difficult to grapple with the 'new' because it often does not yet exist. At the same time, it is this willingness to engage with change that is so vital for success. With this in mind, there are two options: either the shift to something new is driven proactively from within a company, or it is initiated by external parties. If the latter occurs, this can mean that an external party

steals market share from established players – just as Google has stolen market share from traditional advertising providers and mobile navigation devices, Apple has stolen market share from Nokia and Amazon has stolen market share from almost everyone else.

Strategic innovation

A good strategic innovation must meet three criteria:

1. **It must be technically feasible for the company.** Companies often underestimate (or overestimate) their potential. ('No way, we can't, we've never done anything like this before ...')
2. **It must make money.** Business is not a charity event! When the money-making potential of a new innovation is discussed, it is often either talked down or subject to wildly overstated predictions.
3. **It must inspire the customer.** This is the real crux of the matter – and for employees and managers who are reluctant to change, it provides the easy 'killer blow' that is difficult to refute. ('This isn't something our customers want!')

When we consider this third criterion, we realize the remarkable nature of many stories of customer inspiration throughout history. Think back to the beginning of the millennium, when established banking customers suddenly began using PayPal, taxi customers began using apps like 'mytaxi' rather than picking up the phone to the taxi rank, and mobile phone users had no qualms about ditching the ubiquitous Nokia for the iPhone – even though all market research by established companies had shown that customers definitely *didn't* want a touch screen.

Identifying and addressing hazards

The challenge of recognizing innovations often arises from the fact that the **company management does not recognize relevant competitors.** Direct competitors of Coca-Cola, for example, are Pepsi and Fritz-Kola. Indirect competitors could be Bionade or Red Bull, which satisfy a similar need (thirst-quenching), but come from a different category (lemonades/energy drinks). Also in the mix is the **product category** of 'light colas', such as Cola Light and Pepsi Light. All these compete more broadly for market share among 'soft drinks' (including fruit juice), then among the generic grouping of 'general beverages', including water, beer, wine and Starbucks coffee (which, like cola, is a caffeine-containing drink). Finally, all these products complete for customer spending within the overall food & entertainment sector, in which – for example – a visit to the cinema could also vie for customers' cash.

The mistake that managers often make is to look for competitors only in their immediate environment and to forget that competitors or innovations – even those occurring far outside their own category – can become dangerous when they meet **similar customer needs.**

The iPad, for example, has not only destroyed the sales of other tablets, but has helped Netflix to decimate box-office revenue: a large iPad offers a convenient, easy way to download or stream a wide range of films, reducing demand for traditional cinema. The hot breath of competition is closer than you think – and it is vital that this is communicated.

From zero to one

Indirect competitors are much more dangerous because they are not immediately obvious and may come from the periphery of a given industry. Product-based competition exists, for example, between BMW and Mercedes. Needs-based competition exists between BMW and FREE NOW, car2go, Uber etc. What they all have in common is that they satisfy the need for mobility. When the app 'mytaxi' was taken over by Daimler, it was a logical acquisition for the mobility giant to make.

Silicon Valley investor Peter Thiel is the founder of PayPal and was the first outside investor in Facebook. In his book *Zero to One*, Thiel describes the **typical innovation as a step from zero to one**. Starting with a mechanical typewriter and making an electronic one, Thiel theorizes, was a 'step from one to two': making something that already existed a little better. The step from the typewriter to the computer with word processor and printer, however, was a step from zero to one: a genuine innovation. Accordingly, it is not surprising that PCs and printers did not come from the established typewriter manufacturers; nor is it surprising that the iPod, the first device to enable legal music downloads, was developed neither by Walkman and Discman inventor Sony nor by a record company. Thiel also believes that **true innovation often comes from the periphery,** making it difficult for established companies to respond. The next Google will not come from Google, just as the next Apple will not come from Apple (cf. Thiel, 2014, p. 50 ff.).

The new and the familiar

Successful innovations do not necessarily need to turn things upside down. One competitive advantage of successful innovations is that they often **connect the new with the familiar.**

With an iPad, for example, the user turns the pages ('swipes') just like with a physical magazine. They read it on the sofa, not sitting stiffly at a PC. The iPad triggers positive memories of relaxing time at home, not stressful hours at the office in front of a frozen screen. In addition, the swiping motion is reminiscent of a calm, caring physical caress; the screen is effectively 'stroked', causing the brain to register a positive, affectionate response. This is why Apple can afford to position its products less as traditional IT products and more as high-end lifestyle ones – and accordingly, to charge a much higher price.

It pays to think about the customer, not the product

Companies' thinking is often still **more product-oriented than customer-oriented.** If you achieve clarity about who your product is for (and hopefully it is for someone!), you will be better equipped to see which peripheral competitor could make your life difficult and what you can do about it. In this way, you can rally your organization for change.

Rail companies would say that they operate stations, tracks and trains, whereby the latter are hopefully reasonably punctual. However, the effective truth is that, if everything goes smoothly, what they really offer is mobility: the ability to get together with friends, relatives or business partners. Rail brings people together. A film studio makes films, but what it *actually* does it to deal in dreams and entertain people. A pharmaceutical company develops antivirals, but its ultimate goal is to save lives.
With this in mind, the aim of an effective story is a **happy ending that shows what has been improved for the customer** and, ultimately, for the company as well. In addition, it should show why the company can do this better than its competitors and why it is worth the effort of internal change.

Innovation and speed

Success is often a matter of acting **faster than the competition at the right time.** Microsoft's unstoppable rise was in part thanks to IBM's decision, in 1980, to develop its own personal computer in response to Apple's offering (the latter of which, incidentally, would go on to cement the decline of computer maker Digital Equipment Corporation). Since IBM was in a hurry, it turned to Microsoft for an operating system and to Intel for the microprocessor (the 'chip'). Paul Allen and Bill Gates of Microsoft did not yet have an operating system, but immediately saw the opportunity to win a major client and simply pretended they did. With the IBM contract already in place, they quickly (and fortunately) found a developer. The developer programmed the QDOS (Quick and Dirty Operating System), which Microsoft purchased on the spot for 50,000 dollars and sold on to IBM for several million dollars under the name MS-DOS. In addition, Microsoft reserved the right to sell MS-DOS to other PC manufacturers.

This was the beginning of Microsoft's triumphant rise, and shows that often, simple communication can be the key to success. In this case, Microsoft needed simply to say 'yes' at the right moment, despite not yet being perfectly prepared. As BCG founder Bruce Henderson put it: **"The future belongs to the fast."** This readiness for speed is something that German companies, in particular, still have scope to learn: they are often still working on a prototype as their competitors launch the third edition of a similar product. The audio format MP3, the fax machine and the CD-ROM are all German inventions (the MP3 was developed by the German Fraunhofer

Institute as far back as 1982!), but all of them were marketed and thus monetized by American companies. As I see it, this is also due to a lack of communication expertise. While US managers go to town with big visions, German AGMs are typically taken up with concerns, pessimistic perspectives and questions of regulation and taxation.

Innovation means more

Innovation means more than Silicon Valley, iPhone and Instagram – yet many managers cling doggedly to a narrow vision of innovation as technical gadgets, new apps and flying cars. As a result, they assume there is no need for innovation and thus also no need for the communication of innovation and change. By maintaining this, lazy managers let themselves off the hook – because **innovation can also occur in processes.**

Innovation at Zara, for example, means speed. Zara has an adaptive strategy that consists of responding to fashion trends and rapidly creating dupes of designer clothing from the *haute couture* catwalks in Paris. Scouts discover the latest trends; designers develop the clothes; all production facilities are located in Europe rather than Asia. Shortly afterwards, the shops are stocked with the latest trend products. This works so well that although Zara invests a lot of money in retail units in the best city centre locations, it has never spent a cent on traditional advertising in the entire history of the company.