Managing Organizational Change

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{Insert Date}
Abstract

As the Greek philosopher Heraclitus (525 – 475BC) pointed out: change alone is unchanging. Nowhere is this more true than in corporate North America. Globalization; quantum leaps in technology; mergers and acquisitions; shifting markets and client demands; and, significant changes in the workforce make changing to survive a strategic imperative. All organizations need to have a greater reach, be in more places, be aware of regional and cultural differences, and integrate coherent strategies for different markets and communities. (Kanter, 1999) Failure to change, to change rapidly enough, or to make the right changes, has turned corporate giants into subsidiaries, seemingly overnight.

With change having been a constant for over 2500 years, why are businesses still so bad at managing it? Why do so many change initiatives wither and die leaving only confusion and mangled processes in their wake?

This paper explores some of the reasons corporate change programs fail and offers some ideas as to how a corporation can institutionalize change to become a constantly evolving success story.
Why Organizations Change

Organizational change (change at the enterprise-wide level) is provoked by a major outside driving force that will cause an evolution to the next level in the corporate life cycle. (McNamara, 2001) In broad terms, either inspiration or desperation in the face of globalization, consolidation, technology, or legislation force an organization to change in order to survive. It is rare for a business to carefully plan and execute organizational change before an external or fiscal reality forces the change. Change is hard work and it is almost always reactive. What can be proactive is how an organization deals with a change situation and how the organization prepares itself to identify and integrate change on an ongoing basis.

Enterprise-wide change is undertaken as a matter of survival. It is not an option and it is not a whim. Change carries high costs in terms of human and physical resources, share prices, stakeholder insecurity, customer dissatisfaction, receivables and cash flow. “The reality is often a painful period of change, during which resistance is high, morale is low, productivity is falling, and confusion is rampant.” (Calvello & Seamon, 1995) No organization undertakes this lightly. So, the question is, if the cause is just, the need is clear, the alternatives evaluated, and the path to success communicated so that anyone in the organization can see that the change is not optional but essential, why does the change fail? The answer, “Just being right isn’t enough: you have to win the hearts and minds of the people who will make the change happen.” (Marsh,
2001) There is no disembodied organization that can be changed. Only the people within an organization can make planned change a reality by changing their behaviours and the ways they relate to one another.

**Why Change Meets with Resistance**

Implementing change in an organization forces people to alter how they relate to one another. Not only do their goals, processes, equipment, and reality change but the very way they deal with others in the organization changes. This causes anxiety and anxiety causes resistance. “Only people who instigate change enjoy it; other have to suffer it.” (Marsh, 2001)

People trust the familiar and stick with strategies and behaviours, which have been successful for them in the past. When the situation changes they will keep applying these now inappropriate and ineffective behaviours and wonder why they no longer work. In contrast, management is “convinced that once change is fully established, the employees will automatically recognize its worth and choose to embrace it.” (Gingerella, 1993) This is a terrible and costly misconception.

Faced with forced change many employees feel threatened believing that they will lose power, prestige, competence, and security. They feel that what is happening is beyond their control, outside their sphere of influence, and they fear
it. Depending on how the particular organization has managed past change, the fears may be well grounded in experience.

Donald Kirkpatrick (1993) provides a comprehensive list of reasons why people resist change. Because they:

- fear losing their jobs, status, business contacts, or favorable working conditions
- don’t see a need for change
- don’t like or respect the person or department that introduced the change
- don’t like the way change was introduced
- weren’t consulted or personally informed about the change
- don’t understand the reasons for the change or feel it will do more harm than good
- consider the change a personal criticism
- think that the change requires too much effort or comes at a bad time
- think that the change creates more responsibility and work
- want to test the organization to see if they can avoid implementing the change
- have negative feelings about the organization or their jobs
- have been negatively influenced by their peers of the leaders of their peer groups.
All of these reactions can be managed and resistance overcome by focusing on, and planning for, the human side of change. If employees perceive a loss of identity, relationships, disorientation, or a risk of failure they will focus their energy on coping with stress rather than on production and innovation. (Demers, Forrer, Leibowitz, Cahill, 1996) Anything that is not understood will be perceived as a threat as employees move into fight or flight mode. D’Aprix (1996) states that the likely employee reactions to an announcement of major organizational change will be:

- 15 percent angry;
- 40 percent fearful, skeptical, and distrustful;
- 30 percent uncertain but open; and,
- 15 percent hopeful and energized.

This means that 55 percent of the organization is against the change and 85 percent are not ready to wholeheartedly commit their energies to what needs to get done. Without employee commitment the change will not happen.

How can resistance become acceptance? It all comes down to trust and direct, personalized communication early and often. “It is not that people cannot cope with changes to their working environment – it is the way in which these changes are communicated that cause resistance.” (Marsh, 2001) Employees need to know what is expected of them, they need to believe that what they want and do are important, they need to know how to contribute and become involved, and
they need to hear this at a time they are ready to hear it and in a format that makes sense to them. (Frady, 1997) Practical, direct, honest communication.

The Change Process: Phases of Change

There are many change models available seeking to clarify and define the process of change at a human behaviour level. The Change Curve, below, offers a clear, concise picture which has successfully helped many of my clients begin to understand and deal with change. It also provides an easy, clear language they can use to discuss change in a non-threatening, process-based manner. This helps take personalities and personal biases out of the picture and reinforces that all the stages of change are normal.

This model lets one frame change. It can be used to illustrate that people react differently to change based on:

- Personal change tolerance;
- The number of changes going on simultaneously in a person’s life;
- How critical the person perceives each change to be; and,
- How much change has happened over the past twelve to twenty-four months.

This model is also effective in opening discussion on how one can help one’s peers move through the phases, thus ensuring a successful change for the entire group. Getting the group to take responsibility for moving all the members
through the change, respecting each persons change parameters, and understanding that no one really wants to be left behind.

As Gingerella (1993) points out, initial feelings of danger result from potential loss of control, competence, direction, and territory. Once these issues are addressed people can move into the opportunity phase and begin to see the potential for greater freedom, power, recognition, increased participation and reward.

*taken from Gingerella, 1993*
During denial typical thoughts include:

- If I just ignore this it will go away
- This must be a mistake
- This must be going on in another department, my department is working well

During denial, employees want to believe that the change is still optional, probably a mistake, that it will go away and life will get back to normal. Communication and getting employees involved in the change will move them quickly out of denial. It is important to reinforce that the change is required for business survival, explain what factors are causing the change, focus on a clear goal, and institute robust two-way communication to deal with issues and move people out of the denial phase.

By the time people enter the resistance phase they are becoming angry and it is anger based on fear. Typical thoughts include:

- How could they do this to me
- I’ll show them. They can’t make this work without me.
- I’m just not going to do it

During this phase, if it is not managed well, sabotage of the process or even the plant can occur. Employees who do not move out of this phase remain angry and non-productive. They have a negative impact on those around them and
often need to be removed from the organization. Resistance is a normal phase that everyone passes through, it may take a minute or months. If resistance is not dealt with, the organizational change will fail. During resistance

“Managers are faced with increasing absenteeism, failing production, and decreasing quality. The employees begin to coalesce into protective reinforcement groups, or worse, they surrender to their fears and become organizational dropouts.”

(Gingerella, 1993)

In a healthy change initiative participants will move through resistance, reach a transitional point and begin to identify personal opportunities to flourish based on the change. First, employees become willing to explore the change and look for ways they can contribute. This is a very fragile period. Communication and personal reinforcement must be maintained and managed. Employees must be rewarded for even small increments of involvement. During exploration comfort zones are being rebuilt and existing skills are being applied to new and challenging tasks, relationships and processes. Any failure to support the employee during exploration will result in an immediate and final retreat into resistance or indifference.

A successful journey through exploration will lead employees to commitment and change adoption and integration into the organization. Commitment comes through transition. As Bridges and Mitchell (2000) point out, change is external,
transition is the internal psychological reorientation employees experience which allows the change to work.

While these phases appear to be linear they are actually iterative with slight movement into and out of each phase as people put a tentative foot forward, retreat slightly, and make a larger foray. How the organization communicates, rewards, and supports the iterations will determine whether change is successful.

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**Engineering Successful Change**

Continuous and overlapping change has become a way of life in the corporate environment. (Conner, 2001) In the 1980’s change theories recommended unfreezing, changing, then refreezing the organization. The refreezing part of this equation is no longer possible. There is no new status quo just continuous evolution and change in response to competition and markets. This speed of change has introduced a new desirable employee characteristic: resilience or the ability to manage one’s energies, support the change, and emerge stronger than before the change.

**Employee Resilience**

Resilience is the ability to move through a change and come out stronger than before with enough personal energy in reserve to still get the job done. Part of building employee resilience is helping them learn how to say goodbye to the old way of doing things, the way of doing things which, in the past, made them
successful. Next, acknowledge the neutral zone, the period of time during which people are focusing their energies on coping with the uncertainties and confusion. Then help employees move forward. There is a natural tendency to hang back and see how others handle the new beginning. (Bridges and Mitchell, 2000) Foster resilience by providing safe environments for risk taking, rewarding large and small successes, and informing everyone but only pulling on the energies of those required for that portion of the change. Save some employee energy for later – you will need it!

Change Leadership

Leadership is the other key component of successful change. As Kanter (1999) points out “the most important things a leader can bring to a changing organization are passion, conviction, and confidence in others.” Successful change leaders focus on the change and solely on the change. It must the centre of all thoughts and actions and the driving force behind business decisions.

Change is messy, chaotic, and turbulent. It is not a neat process – the plan will not go smoothly. Change leaders must be willing to:

- Listen to the corporate environment by developing a network of contacts that will keep them honestly and completely informed. This ties in with building coalitions, groups of key supporters and influencers with the same drive and vision as the leader. Use this network to understand why some
employees are not embracing the change and take steps to help those employees.

- Search for agreements between the leader and the opposition and use these agreements to lure the opposition into the fold.

- Challenge the prevailing corporate wisdom. Kill the corporate sacred cows. Assumptions must be challenged and often discarded. Problems must be considered from new angles. However, only disrupt what needs to be changed. Retain the best of what is already being done, if it fits with the new vision.

- In creating a change plan, consider the degree of resistance to be expected, the target population, the stakes, the time frame, the available expertise, and the level of dependency between management and employees.

- Establish parameters and define the limits of the change.

- Communicate in clear terms the 4 Ps of change: the purpose, the picture, the plan, and the part. Why is the change being implemented, what will the final state look and feel like, how can we get there, and what does each individual need to do to help the corporation get there. Be open and honest. Do not pretend that the negative aspects of the change do not exist.

- Give ownership for the change to the people who are ultimately responsible for its success. Involve those who need to be involved. Clearly define the roles they will play in the change, their goals, and how
success will be recognized (how will we know when we get there). Make sure to track, support, reward, and challenge their ideas.

- Remember that they took some time to come to grips with the change and that they probably took less time that most others in the organization will need. Understand that others will need time to change.

- Recognize their own limitations and the effect these could have on the changing organization.

- Realize that in most cases the change will:
  - Take longer than anticipated
  - Come up against unforeseen problems
  - Regularly become uncoordinated and ineffective and need an adjustment
  - Fall short of forecasts
  - Lose momentum

Design flexibility into the change process. Do not redirect the course too quickly. Persevere.


**Quantum and Incremental Change**

Few would argue that systemic analysis will result in a more business focused, communicable end-state vision. Much discussion is generated as to whether that
systemic vision must be implemented simultaneously throughout the entire organization.

There was a time, or so I have been told, when leaders could order a change and sit back and wait while the change was implemented throughout the organization. If that time did indeed exist it is a time long gone. Organizations are far too large and far too complex with a mirage of variables which cannot be controlled from the centre. Today, “quantum change occurs incrementally -- as a result of “high leverage” decisions and actions that push the organization in new directions and reverberate and cumulate in their effects.” (Morgan and Zohar, 1996) Gareth Morgan’s 15% Solution theory states that most people have about 15 percent control over their work situations. If individuals target doable, high leverage, actions in their locus of control, and if these actions are in the direction of the required corporate change, then incremental change spreads throughout the organization based on realistic changes owned by the people who can make the change succeed.

Dramatic change fizzles out while incremental change embeds itself in the fabric of the continuously improving organization. Breakthrough ideas and pivotal changes can generate large effects; critical mass is achieved through incremental change building momentum and fostering innovative actions around a shared vision.
“Change unfolds. It can be nudged and shaped, but never fully programmed and controlled.” (Morgan and Zohar, 1996)  As such the phrase change management is an oxymoron. One cannot manage change but one can work to institutionalize resilience and continuous change in an organization. Rather than periodically mobilizing enormous corporate energies to implement a change program, change should be a matter of the daily work of each person in the organization.

By constantly scanning the economic horizon and communicating trends and opportunities, leaders can provide line personnel with the information they need to inspire employees to continuously, and incrementally, shift and shape the organization in productive and profitable directions. Organizational flexibility is increased making it possible to react quickly and more effectively should a large scale, quantum change be required.

Leaders need to identify the business imperative, communicate the vision, establish the parameters, and create a supportive environment which fosters incremental change toward the goal. Front line supervisors need to communicate and clarify the goal consistently and constantly in terms that employees can operationalize. It is to these front line managers that the task of helping employees move from denial to commitment falls.
Employees need to identify opportunities, within their sphere of influence, to move the organization towards the goal and to build flexibility into processes to allow for on-going change. If the organization fails so do the employees.

Working together these human components of the corporation can build a healthy and profitable enterprise able to adjust and reposition as technology, globalization, mergers and acquisitions, shifting markets, and customer requirements continuously change.
References


