



Keep the Change: Getting Change Initiatives to Pay Off

By Mike Ryan

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No matter what the business model, change seems to be the only constant. We live in a hyper-competitive, global market where business conditions can shift suddenly triggering changes in customer expectation and competitive responses. Many firms (both old and new) are continuously restructuring their operations in an effort to outperform competitors or simply cope. Change programs are engulfing company after company making relentless demands of personnel and distracting key resources from core business pursuits. At any one time contemporary companies are likely to be in full throttle pursuit of initiatives designed to: drive efficiency, bridge skill gaps, integrate new technologies (even while others are still operating), reduce unit costs and improve customer service. The goals: ensure optimum organizational performance (against industry groups, wall street expectations, or previous results), maximize resources, improve the bottom line, adjust to dwindling resources, or simply find new and more innovative ways of doing business or incorporate best practices.

So here's the quandary. While the imperative to change has never been greater, why do most change initiatives under perform? Why is the change track record so uniformly disappointing? It's not because the strategic or technical aspects haven't been thought through. It's because planners fail to provide the targeted employee constituency with enough personal motivation to make the transition. Change planners fail to consider the human dynamic in the change equation and as a result may also be missing a golden opportunity to create leaders and strengthen employee commitment.

Diagnosing Failure

Change strategies are designed with end states in mind. Senior executives tend to focus their efforts exclusively on the strategic direction of the business in the continuous effort to exploit resources and competencies for competitive advantage. Technology, business processes, products, and service delivery components get the most attention.

Once a "strategic" direction is plotted, planning the "process" component of change is next. At this juncture change leaders sketch out the roadmap to transition the firm from where it is to where it needs to be. Tactical planning, testing, and implementation are particle steps in realigning the organizations infrastructure and physical resources.

In the race to implement change it is not uncommon that "people" plans are over-looked, but in reality this step is as important as the "strategy" and "process" planning. Without preparing its employees for the change that is coming, an organization will be hard-pressed to optimize the impact. The people component of change strategies are often addressed late in the process or overlooked entirely. This part of the plan must take into account people's personal reaction to the change and layout how to address the resulting changes in mindset, behavior and culture that your future state requires. It must define best ways to engage your people in design and implementation, and tackle the challenge of sustaining commitment. The people strategy is as important as the business force behind the change. Without your people on board your new business solutions will not get implemented successfully and will under perform against the business case.

The findings of Jim Clemmer¹, a popular author and lecturer on the subject of change management, are largely representative of the prevailing research. Taken as a whole, the collective data suggests that many organizations focus too much on the technical implications of change, i.e. new tools and procedures and don't consider that change is processed on a very human level. Fundamentally if change is going to succeed it must do so socially and planners need to have an answer for every employee's question: what's this all about and why should I care? In fact, as noted by Clemmer and others, lack of attention to the people dynamics is frequently a chief cause of failed change efforts. Change can trigger very personal responses in employees ranging from a personal crisis of confidence to a sense of irritation often causing the employee to question; is this the job/place for me? It is at these crossroads where people



ask themselves; do I want to change what I am doing? The thought process becomes complicated and is influenced by peers, personal preferences and sometimes ego. If an employee decides that the effort is not worth it then you are going to get hesitancy if not flat out resistance. Worse you may have created a crevice in the employee's commitment to the firm.

The cost of mismanaging change

Damaged professional reputations aside, poorly managed change initiatives are costly on many fronts. Not only do project costs rise, but delays in getting the change implemented also increase opportunity costs. Worse is the impact of employee angst. Uncertainty has a negative impact on employee commitment to the firm. Depending on the magnitude of the change, companies may begin to see an upward spike in employee attrition, and diminished indicators of productivity.

Communicate in relevant terms

Change Mangers can make things easier on themselves if before embarking on change they clearly communicate the personal implications with the employees first. Employers must consider the psychological steps human beings go thru before they accept, ignore, or reject alterations in what they do or in what they believe in. Organizations often make the mistake of exhorting employees to behave differently without socializing what the change really means to both the firm's and the employee's future success. Empirical evidence reaffirms that engaged employees are more financially profitable, to the enterprise. Engaged employees yield more revenue per employee than those that are not, stay longer in their jobs and satisfy customers more often than those that don't.² Companies that provide an environment of clear communication and aligned goals tend to foster a higher level of engagement versus those that may undermine their employee's emotional and intellectual commitment by ignoring the opportunity to be communicate clearly.

The role of social networks complicates things

While the impact of change is a personal thing, people don't necessarily process the implications

alone. Relationships at work mirror the way we operate socially. As pointed out by researchers such as Professor Rob Cross at the University of Virginia³, within work groups are pockets of people we respect, admire and look up to. They share our values and confidences. We trust them and respect their opinions. Even though their scope is local, these people are the practical day-to-day leaders within an organization.

When change is proposed or thrust upon workers they usually discuss and process the news first within these networks. People will communicate among themselves and form viewpoints based on other's opinions and reactions. It is important that firms recognize that change is often considered and digested first at the grass roots level and seek ways to identify and recognize local leaders who are early acceptors of the change as they can quickly become the role models for others to follow.

Paging HR to the planning table

While the importance of people has never been greater, HR's role in promoting productivity is only beginning to be understood and appreciated. Playing a proactive role in helping organizations navigate through change planning is yet another example of how the proactive HR leader is adding additional strategic value to his/her organization. All of these considerations are, at their heart, issues relating to the management of human capital – which makes HR uniquely qualified to address them, and to drive the change-management process.

As author Susan Heathfield writes in *Your Guide to Human Resources*, "both knowledge about and the ability to execute successful change strategies make the HR professional exceptionally valued. Knowing how to link change to the strategic needs of the organization will minimize employee dissatisfaction and resistance to change."⁴ It is by integrating the people planning into the process early that companies are able to achieve the specific results they seek.

Key change strategies and process

So, what do organizations that successfully foster change 'look like'? What are the steps to implementing an effective people strategy?



1. **Communicate to employees in a context they can understand.** Translate change into language that will be understood at a job code level. Avoid the one message fits all temptation and devise communication messages that speak to the employee in a manner that reflects their role. Use supporting examples accordingly.

2. **Build momentum by allowing co-workers to nominate one another** for having used the new tool or process to everyone's advantage. Give employees a platform to reinforce, among themselves, that the change has value to them as well as their internal and external constituents. In the process you will be eradicating skepticism, realigning commitments to all stakeholders and building real change ambassadors.

3. **Sustain activity over time by targeting your follow up messages to close gaps in adaptation across the enterprise.** Combine performance and recognition matrices to determine the extent of adoption and utilization across work groups. Surprise and delight active groups by publishing their stories.

4. **Provide local managers with discretionary award pools** that they can use to reinforce behaviors locally. Communicate to laggards that they are missing out on the positive inertia that the change has caused.

5. **Build your business case** by first understanding the cost of failure and allocating a share of that expense to insure that the initiative will be initially accepted and sustained over time.

6. **Use the web to facilitate all of the above.** The web is an effective way to personalize communications, streamline messages, reward local individuals and work groups and diagnosis the data that results from recognition activity.

In summary

As we become more knowledgeable about the components of change, it's clear that there is a tremendous opportunity for forward-thinking HR executives to increase their strategic worth to their organizations by incorporating the people plan into the change strategy. Change is processed at a local level so building local ambassadors through recognition is an effective way to build momentum. Finally, consider the web the tool that allows you to segment and manage messages to different work groups reflected their stages of acceptance and utilization.

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