

IT'S ALL ABOUT PEOPLE:

Change Management's Greatest Lever

By Mark Brenner

Why do so many change initiatives fail? Basically, there are two reasons, and they are simply different sides of the same coin. On one side is a misplaced belief in the power of the cognitive – the ability to persuade by rational thought. On the other side are psychological barriers. They are the unavoidable human defenses, whose purpose is to combat disruption head-on, and are launched whenever someone or something alters the status quo for an individual or an organization.

Therein, as Shakespeare said, “lies the rub.” It explains why the failure rate of change initiatives hovers between 50 and 75 percent (Hammer and Champy, 1993). Leadership generally places too much emphasis on the cognitive and the rational when it should be focusing on the psychological, i.e., on people and what motivates them enough to change their behavior – moving out of their comfort zones and adopting the new behavioral strategies required to drive the critical change initiative.

Psychology and Values-Driven Change

Consider what happens when a CEO presents a compelling and even an inspiring explanation of the need for a mission-critical change initiative. It would logically follow that all management and associates would develop an unwavering commitment to the initiative and subsequently march in lockstep. After all, why would one question a rationale as logical and persuasive as the CEO's?

While it may seem counterintuitive initially, the statistics show this is rarely the case. A rousing, Braveheart-like speech seldom carries the day. To understand why, all one needs to do is acknowledge the impact of the underlying drivers that determine the success or failure of a change campaign. These drivers are psychological in nature – much more emotionally toned than cognitively based. Some examples of the critical success factors include trust, motivation, commitment, character, self-discipline and patience. One does not have to be a behavioral strategist to realize that a CEO's lack of attention to the role these psychological responses play will negatively affect his or her ability to grab the hearts and minds of the organization's leaders and workforce.

Instead, the executive is confronted by all the psychological barriers that arise when a human system is challenged and senses a loss of equilibrium. This is even more likely to occur in companies with a static corporate culture, where psychologically based obstacles lurk just below the surface. They include common human traits like apprehension, impatience and egocentricity, all of which occur when people are faced with any change process, no matter how “logically” valid is the call to action.

To most people, change is disruptive because it involves the unknown and is likely to impact anything from work processes to job security. Now, the CEO has a double quandary; one is accepting the unsettling realization the process for achieving the enterprise-wide change has to go well beyond the logical, and two is finding the right inner resources to bridge this gap between the cognitive and the psychological.

Assessing Value And Values-Based Change Initiatives

Value and values-based benchmarks are adopted by companies when forming the rationale for change campaigns...and for good reason. Language has always been one of the most powerful motivators, which is why these particular criteria are fundamental to change initiatives. Their *prima facie* meanings are easily understood. The “value” part of the principle highlights the fact that any change initiative must be oriented around a resolute pledge to deliver meaningful value to all of the organization’s stakeholders. The CEO feels compelled to remind the entire organization about commitment to value, sense of duty and passion – all necessary for the successful implementation of a comprehensive change initiative.

On the values side of the equation, any successful change campaign has to be built and launched from the organization’s strategic platform – its mission, vision and core values. All three are fundamental to a company’s culture and are justifiably treated as corporate gospel. They play a significant role in generating a visceral commitment to change by an organization of, initially, wary and apprehensive people. Mission, vision and core values are the embodiment of the organization’s core promise to its stakeholders – what it intends to contribute to the marketplace and to its employees. When successfully presented to those affected by the change initiative, these three key strategic levers help launch the campaign and generate the early momentum necessary for lift-off in six specific ways. The three strategic documents:

1. *Operate as a covenant*, a solemn agreement among fellow stakeholders that embodies and helps perpetuate fundamental and shared commitments, ideals, beliefs, values and goals. The chairman of Herman Miller, Inc., Max De Pree, is one who believes in the deep significance of this first momentum driver. De Pree says, “Modern companies should be communities, not battlefields. At their heart lie covenants between executives and employees that rest on a shared commitment to ideas, to issues, to values to goals and to management processes.” This covenantal facet possesses a powerful social bonding force (De Pree, 2004).
2. *Inspire* by making the future captivating to those who might otherwise be apprehensive or even dreading it. The idea is to capture the collective imagination of the enterprise and provide a sense of calling, pride and even a shared identity – all of which lead to a greater willingness to change.
3. *Serve as a compass and gyroscope* for individual and organizational behavior by helping stakeholders maintain direction and equilibrium, regardless of perturbations that emerge during the bumpy and jarring process.
4. *Catalyze and supercharge* the organization’s people by inspiring them to innovate, experiment and take risks.
5. *Engender a sense of idealism* because they align the entire enterprise with a common purpose and aspiration. With this kind of alignment, an organization achieves true synchrony, much like a jazz ensemble that performs instinctively with improvisation, bold creativity and captivating execution.

6. *Help attract and retain* the best and brightest, thanks to the combined impact of the above five ways in which mission, vision and core values position and inspire the entire organization.

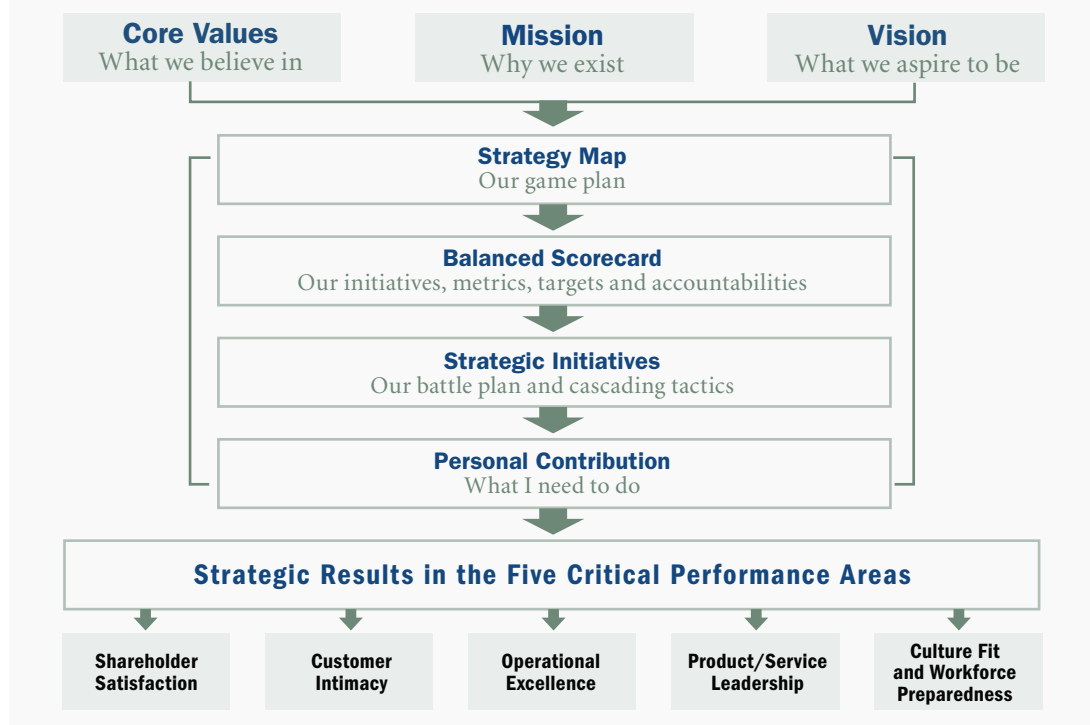
In this way the mission, vision and core values lay the foundation for motivating an entire organization by focusing on key fundamentals (duty, commitment, passion and lofty goals) and using them as a catalyst to affect the willingness of people to change and to stretch their performance expectations for themselves, their team and their enterprise. In fact, it goes even deeper because the objective is to foster a level of commitment that goes well beyond simple obligation – an impossible task without finding a way to harness the power of emotion and its ultimate results. While some leaders might say this goes above and beyond their level of responsibility, it’s actually not. It’s simply an absolute necessity (Figure 1).

The Traditional Motivators Of Change

While the focus on psychological and organizational dynamics plays a primary role in launching and propelling organizational change, it’s also important to examine the motivation behind leadership’s decision that change is necessary. The situational catalysts for change tend to fall in one of three broad categories:

1. Management has moved beyond a denial phase about the company’s ominous circumstances and disconcerting performance and is finally ready to adopt an aggressive approach to correct the situation.

Figure #1: Critical Levers and Gauges for the Strategic Process



2. The competition's performance is either exceeding or threatening the company's market share, leaving leadership to wonder whether its business tactics, long successful, have now bred complacency. The organization feels vulnerable, and it's time to move decisively.
3. A self-actualizing orientation exists and is hardwired into the corporate culture. We see this orientation in those enterprises where the culture continually searches for innovative and compelling ways to delight customers and grow their business. These enlightened organizations recognize the only realistic path to success is to develop a culture that embraces change and creativity. This is the type of an organization in which "change-ability" is actually a core competency.

Organizations in the third category have the resilience to handle the psychological demands that accompany change, which they are more inclined to view as an ongoing challenge rather than a sudden strategic shift or shock. Other businesses, however, never seem to find their way to the third change catalyst. Does that mean those who respond to motivators #1 and #2 will have a tougher time not only accepting change but making it inspiring to all of their stakeholders?

The answer depends on leadership's behavior much more than on the specific change methodology used by an organization. Top executives must first realize that sheer force of will is simply inadequate to drive the process toward a successful destination. It's also incumbent upon the top management team to recognize that it, alone, cannot lift the change initiative to the heights it needs to attain, no matter how talented the team may be. To build the truly great enterprise requires the efforts of a large number of managers and non-management associates who come to a single, fundamental insight that together with top management the organization can achieve extraordinary results, but only if everyone works in synchrony. These are the kinds of attitudes and performance-based thinking that must take root in a culture for a change campaign to soar.

For some executives, this is a paradox because, as change management strategist Edward de Bono points out, they are actually more likely to be risk-averse at higher levels of their career arc than earlier in their careers:

On the way to a more senior position, it is often enough for the executive to be good at doing what should be done and at solving the problems that arise from time to time. There is no need for change, creativity or improvement. Indeed, these are sometimes seen as high-risk. At more senior level(s) the need for creative and strategic thinking increases. The thinking that is needed at a senior level is not the thinking that brought people to this stage (de Bono, 2006).

Changing an organization is almost exclusively about changing a human system, and that generally means risk. Systems, almost by definition, suffer from inertia – the enemy of change. The more static the organization is, the less risk it is typically willing to take. And, organizational inertia, in the end, is almost always a function of the management culture and, ultimately, of top leadership's orientation to change and risk. It's often joked that the antidote for moving an organization out of its seeming stupor is ECT (electro-convulsive therapy), but it's not that simple! Below is a more realistic overview of what's required.



The Six-Phase Change Process

Taking an organization through a rigorous change process is, at its heart, a process of understanding and then capitalizing on various sources of organization leverage. The ultimate key to the process is its very first phase, which in essence is one big eye opener. The first phase basically demands that leadership take one prudent step back before trying to sprint and then leap forward. The initial step back gives leadership the opportunity to take a sober look at itself and the enterprise, dispassionately identifying its strengths and “deltas”– its development gaps between “where we are at the moment” vs. “where we need to be to achieve our vision.” Here is an overview of each phase:

1. *Discovery.* This is the phase in which the case for change must be made airtight in order to create a sense of urgency and establish a must-change mindset in the leadership team and beyond. An in-depth study of the organization positions this phase by revealing all the deltas, which in turn make the case for the mission critical nature of the campaign. With this approach, the need for pursuing a new way becomes public, explicit, compelling and fully understood by everyone – management and associates alike. The unbiased and impartial organizational study refutes and neutralizes denial about the need for change.
2. *Leadership signs on.* This is a motivational phase for the leadership team, whose energy is best harnessed by preparing to plot the course, presenting a strong and inspiring mandate to the organization and deploying the resources necessary to facilitate change. The key here is a passionate commitment by executive team members who fully trust themselves and one another, and deeply believe in the change they must undertake. Above all, they need a unified sense of urgency that can be cascaded to the rest of the organization.
3. *Strategy is set.* This is perhaps the most obvious of all six steps and paramount in importance. Strategy begins with a vision that the entire organization will view as bold, even audacious, but certainly a blueprint for high-performance. It is the clarion call for the entire organization, and, for that reason, the strategy must be unambiguous and inspiring. The leadership team must discover and then deliver a compelling call-to-arms that commits the enterprise and each individual in it to a bold and elevating future.
4. *Alignment.* This could also be described as the influencing phase because organizational consensus, buy-in and ultimately commitment are its goals. Here, the entire organization is aligned with the strategy by inviting broad participation and agreement the change strategy must be embraced and executed. This phase is all about rallying the troops.
5. *Implementation.* If the six-phase process were a dramatic script, it would read “cue the organizational levers” at this point of the performance. Staying on message and striving for grass-roots wins from the various organizational constituencies are key objectives for this stage – in baseball parlance, home runs are not required, but the more singles, the merrier. Many modest-sized wins have proven to be essential in creating lift-off and building momentum. These wins both neutralize the potency of the “nay-sayers,” who act as counter-vision barriers, and effectively mobilize retooled key business processes and people practices. This phase is all about maximizing involvement and demonstrating a bias for action.



6. *Refinement.* As with any fine-tuning of procedure or policy, changes must be continually tested and reworked. Organizational change campaigns are, in essence, massive experiments that take the enterprise into uncharted territory. Consequently, leaders need to be alert to the ever-present barriers of apprehension, inertia, risk-aversion, and/or personal rigidity. Along with good old-fashioned leadership finesse, goals and targets must also be set and measured for two broad purposes: to enable leadership to quickly spot interference from the many subtle and not-so-subtle barriers and to quickly spot each and every win and then to celebrate them.

Inertia vs Change

How can a company swear on the one hand by its mission, vision and core values platform but on the other hand permit inertia to intrude as a means of resistance to change? No executive would stand for such resistance, and yet inertia seems to be a fact of life for entirely too many organizations. To understand why unwavering support for change initiatives is not easy to attain, management needs a clear mirror, an open mind and occasionally thick skin. Its search for answers should begin with the most central stakeholders – its people.

Craig Kurz, chief executive officer of Honeybaked Ham, Cincinnati, Ohio, has plenty of experience with the psychological dynamics of change and believes a greater reliance on the human factor can combat inertia head-on. “Companies fall into a trap where, because of their tunnel-vision focus on process, they become predictable and handcuffed,” Kurz said. “The emphasis should be on people, product and then process. You have to align your people with the destination of your change initiative,” he added.

Kurz put that philosophy into practice when he assessed the growth of his family-owned company and its ability to manage the evolution of its brand through multiple distribution channels. With his leadership team, he launched a strategic initiative and conducted job analyses for all team members to assure they were aligned with management’s goals. The company developed metrics for each person’s output to measure its progress, while daily emphasizing its core values and vision, which Kurz calls “unwavering and non-negotiable.”

The approach worked, and Kurz attributes their success to “getting people in place where they could contribute and be motivated. People come first,” he said.

Harness Collective Energy

The human factor in applying the principles of change management is a critical consideration for any initiative, yet these psychological implications of change are all too often overlooked or ignored. It is relatively easy for executive management to think it can mandate change through the sheer force of logic. However, any top-down approach that under-attends to those stakeholders who drive the strategy, risks initial resentment at best and various forms of resistance, including passivity or attempts to undermine it at worst. In a sense, the directive from on high reduces the mission, core values and vision to a collection of hollow words awaiting an emotional commitment because leadership has not figured out how to emotionally connect the entire organization with them.



When done successfully, organizational change involves an array of vital non-cognitive and structure independent processes such as inspiring people, getting them to believe in themselves and in one another, working through non-rational reactions and living the enterprise's vision, values and strategy. There can be no better demonstration of running a business by its core values. Whenever an organization aspires to achieve great things, the operative equation is this: Profitability is about performance and performance is about people – one person at a time and collectively. The most important word in the equation, when it's all said and done, is “collectively.” Change masters must know how to harness this collective energy of the enterprise and deliver these complex and demanding change solutions.

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