



SO YOU THINK YOU ARE READY? "Organizational Change"

by Kerry Baker | September 30, 2003 |

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You think you are ready for organizational change, but you really aren't. (But then, you already know that, don't you?) You've thought about the new systems you'll need; how the new organization chart will send shivers of fear and loathing through your employees; how many locations will be affected; what your customers will think; how your competitors will react; what your suppliers will do; what the accountants will say; how Wall Street will react; and on and on and on.

But what do *you* think? Are *you* ready for the changes? And do you know where to begin?

If you answered no, then you have plenty of company. According to a study by the Gallup organization, most corporate leaders admit that they are not ready for change – in fact, the executives who participated in the study said that they are least prepared for change in the areas of ensuring the quality and advancement of workers, dealing with government regulations, understanding and using new information technology, and responding to social changes – the very things they believe to be most important for their companies' continued success. Fewer than half of the executives would describe their companies as "very capable" of managing change, and even fewer have formal structures in place to lead their organizations through change.

In areas ranging from shifting consumer demands and increased competition to changes in market conditions and the quality and makeup of the work force, the poll showed that executives are uneasy about changes and tend to resist them. "Companies that handle change well should not experience the kinds of jolting disruptions we have seen many of our top companies implement recently," said Robert D. Gilbreath, former president and chief executive officer of a large Change Management consulting organization who commissioned the poll, to which 400 executives from FORTUNE 1,000 companies responded.

"The data clearly demonstrates that American business leaders are not well prepared to deal with even those changes they fully expect to face," said Gale D. Muller, Gallup Vice President. "Recent business news stories have suggested that, given rapidly shifting social, economic, and global conditions, organizations must adapt or die."

So what can you do about it? You know that change is inevitable, at least if you want your company to survive and thrive in the better/faster/different marketplaces of today's world (and tomorrow's!). You can plan for change, and you can use the changes that result to make your company stronger and more competitive. So, how to begin? Should you begin with tactical concepts (immediate measures that can be done today and tomorrow)? Or should you begin with strategic plans (higher level policies that will develop over time)? Or both of these together?

To implement a transformational change process that will move your company to be a more performance-orientated, learning organization that embraces diversity and change, you need a strategy that concentrates on both the individual and organizational dynamics of change. This can be accomplished successfully by implementing a series of steps utilizing a mixture of tactical and strategic initiatives:

Establish a sense of urgency about the coming changes, but maintain an awareness of your peoples' need for stability. Identify and widely discuss crises and major opportunities. This will develop an internal desire to transform, but it can also lead to turmoil and loss of direction – so identify what sources of stability you can keep without them affecting the change process. Think of it this way – do we really need to change this now (is it really vital to our overall change strategy?) or can we use it as an object of stability?

Form a powerful guiding coalition but do not lose focus on individuals. Assemble a group with enough power to lead the change effort. This coalition should include a full range of stakeholders including executives, management and employees (include politicians and union officials if required for your organization) thereby beginning the process of trans-organizational learning. But also focus attention on individuals – they are the building blocks of your organization for the future, and will be your champions of continuing change. Invest in the self development of everyone so the majority becomes part of this driving force.

Once these two steps have been achieved, create the vision for the future. Create the vision of where you are going – this helps direct the change effort and ensures that all strategies and plans help to achieve that vision. Use the vision development process as a conscious learning opportunity. Involve those from within your organization who interact with the public to feed information to and from community members, collaborative partners and suppliers. This will begin the process of improving environmental scanning and public support.

Then, communicate the vision. Communicate it tirelessly. Communicate honestly by using every vehicle possible to sell the new vision and strategies. These might include departmental meetings, status reports, project newsletters, videos, internal notices, workshops and training sessions. Ensure everyone knows what is going on so they feel empowered rather than controlled.

Once the vision is created and available to the organization, you must empower others to act on the vision. Encourage business 'risk taking' and non-traditional ideas, activities and actions. Empowerment will not happen in the absence of strong and purposeful leaders who set directions and determine service focus. The outcome will be an emergent interactive model of leadership, relying more on power of influence than command and control. Ensure that all members of the organization have an opportunity to influence policy and strategy. This requires everyone in the organization to develop the ability to work through conflict in a healthy way and not subdue it.

Plan for and create short term wins that demonstrate the future. Lay the groundwork for visible performance improvements and recognize and reward the employees involved. By doing so, you demonstrate early in the process, that what you have done in the past may not sustain you into the future. In addition, even in areas where there are no short term wins, ensure managers see their primary task as facilitating employees to experiment and learn from experience; to question and challenge.

Institutionalize and consolidate new approaches. Use your increased credibility as an organization to change systems, structures and policies that do not fit the vision. Develop and promote employees who can implement the vision and articulate the connections between the new behaviors and service success. Make certain reward flexibility is explored and alternative work patterns are tried out.

Focus directly on culture – but do it indirectly. To change the culture of your organization, concentrate on the 'levers' that create and shape culture:

- Leadership actions
- Vision
- Purpose and strategy
- Performance measures
- Structure
- People practices
- Competition
- Roles and careers that are flexible and allow personal growth and adaptation

Inevitably, there will be resistance to change. There are steps you can take to address this eventuality within your organization:

- Education and Communication – use this anywhere there is a lack of information, or where there is inaccurate information or analysis.
- Participation and Involvement – to be used when the participants do not have all the information they need to design necessary changes and where others have considerable power to resist.
- Facilitation and Support – for use where people are resisting change due to adjustment problems.
- Negotiation and Agreement – use with individuals or groups that may lose out in a change and where that individual or group has considerable power to resist.

For these steps to be successful, a few conditions must be met:

- Performance should be defined in behavioral terms--what you do and how you act now, not who you are and what you have done in the past.
- Specific, reasonable and measurable performance goals should be set for each affected individual or group – related directly to the vision and strategic objectives of the new organization.
- Every affected individual should keep a personal development record so that the relationship between their goals and actual performance is visible, reinforcing positive behavior.
- Line managers should frequently monitor the development records giving feedback on achievements and agreeing on developmental action plans with the individual to correct failures.

This final point should be seen as critical to success. It has been said that delivering critical feedback will test the strength of the leaders, which is very true. But there are negative consequences for *not* doing it. In addition, failure to give honest feedback in a supportive way condemns your organization to mediocrity and will cheat your people by depriving them of the information they need to improve. Managers should, by their own actions, demonstrate how to give honest, supportive feedback of both good and bad news.

Trying to accomplish any widespread, enduring change in your organization can seem daunting, and the temptation might be to take the easy or quick way, and short-cut some or many of the steps outlined here. Only by addressing all the necessary aspects of human nature and the behavior of organizations can you provide an achievable roadmap. This multi-faceted approach to change will, if well organized, send a message to all members of your company that:

- We are serious about change.
- All members can get involved in the change.
- There will be no going back.
- People will be supported through the change.
- Management encourages open dialogue about the change process.

And these are what you need for success!

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