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Each month, this newsletter features a topic related to managing change and improving our work environments. This issue focuses on change and relevant trends impacting organizations. If there are topics you would like to see covered or feedback you have about this newsletter, please submit your ideas or feedback to <http://www.anneoffner.com/contact.htm>

Since I began my consulting practice, the majority of the projects I've worked on have been related to managing changes within client organizations. While the task of implementing changes, maintaining systems, and interacting effectively with customers remains in the hands of employees, much of the responsibility for motivating and directing change efforts falls on the shoulders of an organization's leaders.

It is common for leaders to be asked to step in and motivate others to commit to a change. A recent study in *Personnel Psychology* reinforces what I would say is common sense – if employees are unhappy about the change they are undergoing and it negatively impacts them and their fellow co-workers, it will be tough to get them committed to the change effort. This cannot be happy news to leaders because turning attitudes around takes time.

According to the study, leaders should address employees' individual needs as well as provide inducements, which could include:

- ✓ Knowledge of the long-term plan;
- ✓ Communication with the boss 1-on-1;
- ✓ An Employee Assistance Program (EAP);
- ✓ Communication regarding progress;
- ✓ Demonstration that the employee's immediate leadership team is focused on and included in the change plans; and
- ✓ Evidence that changes are resulting in the intended results for the organization.

The study refers to the challenge of gaining commitment as "a complex calculus reflecting different aspects of the change and its consequences". In sum, there is no easy way to make change happen – especially when it will have negative impacts. Therefore, leaders need to influence commitment on multiple levels.

One organization I worked with made some early gains by impacting change on a variety of levels and using different inducements that fit their culture and strategy. The first step was taken by the Executive Leadership Team. They immediately put in place a communications committee which provided frequent emails to managers as well as timely email and voicemail communications with key milestones and answers to common questions for all employees. The presidents of the two merging organizations held Town Hall meetings across various geographic locations. Local Town Hall meetings were also held to reinforce two-way communication and the vision for the merged companies. Within 6-months of the merger announcement all employees were told their future employment status and key employees received retention bonuses. Those who were exiting were provided with full briefings regarding their severance packages and had access to outplacement services. Also, within 6-months of the merger announcement, system changes were underway. Training and tools for using the new systems were provided to employees, focusing them on the new way of doing business.

While the entire process was not without stress, long hours and emotional "letting go" of the past, those who left the organization felt well-treated and the new organization that emerged had a solid starting point for doing business as one company with one mission.

The Board of a smaller organization that I was asked to work with made the early mistake of focusing too much on the future without acknowledging the efforts of the past. When I first stepped in to assist them in developing a strategic plan for the new organization they were creating, the Board struggled to find supporters who would participate in the strategic planning process. In the exuberance of their own vision, they forgot to engage their organization, and thus lost about 25% of their membership. The strategic plan allowed the Board to identify their vision, mission and strategy but they then had the long, slow task of trying to gain commitment to a new way of seeing the organization. Had they begun with some of the inducements mentioned in the *Personnel Psychology* study, they might have moved more quickly toward their vision.



Change - What's New?

For those in a position to impact how your organization approaches change, below are some of the highlights I've gleaned from recent research publications.

Rate of Change

One article demonstrates that organizations are being exposed to increasing levels of change. The September 2005 *Leadership Pulse Study*ⁱⁱ surveyed 379 senior executives and found that 79 percent of the firms studied were going through high levels of organizational change. Additionally, a Conference Board report suggests that 99% of the companies in their study expect an increased need for change management over the next three years, with 62 percent expecting the need to increase to a great extent.ⁱⁱⁱ

Systems and Strategic Thinking

Organizations are taking a strategic, systemic approach to managing change. For example, Ram Charan narrates a discussion of the approach Home Depot took to impact the "social architecture" of the company (i.e., the way people work together across departments in support of a new business model).^{iv}

Beginning in 2000, their CEO, Bob Nardelli, led them through a large-scale culture change that impacted multiple levels of complexity within the organization. The objective was to reshape the social architecture by changing their approach to business metrics, internal processes, training and development programs, and organizational structures. They made changes to their Purchasing and Human Resource functions and standardized certain elements of their store offerings. They fundamentally changed the way in which departments worked together. It is an interesting case study of a company that had a clear vision for the future and found an approach that ultimately engaged their organization in a new way of doing business.

An article in the *Journal of Change Management*^v brings up the question of whether there is a universal model for managing change. They argue that organizations take a reactive, ad hoc approach that typically does not bring the intended results. By considering the scope and momentum of change the article suggests we can better understand how to respond to change. The article reviews a variety of theories, including planned change, emergent change management and a situational approach to managing change.

Many of the articles related to change management cover the topic of installing a technical application, such as Customer Relationship Management (CRM) or database systems. Change Management is not just on the minds of Organization Development (OD) or Human Resources (HR) professionals. It is also of professional interest to Information Technology and other Corporate Service Departments. This gives those in the OD and HR field an opportunity to work across business silos with a common purpose - using a system approach with similar language and approaches to meet business needs and stay competitive.

A Conference Board publication^{vi} looks at what we should avoid while undergoing change initiatives. Not surprisingly, common change management pitfalls mentioned include poor communications, an unclear rationale for change, inadequate employee mobilization and engagement, too many initiatives at one

time, mixed messages from top and middle management, poor market analysis and poor planning. On the flip-side, they list two critical success factors for change initiatives:

- ✓ A competent and knowledgeable leadership team, and
- ✓ The commitment and involvement of employees.

Leadership Programs Can Be Effective

The US Postal Services (USPS) took a programmatic approach to changing their culture.^{vii} They used a five-day program entitled *Leading People through Transformation* as a key element in reinforcing new cultural expectations to its top executives. The program is aligned with Postmaster General and CEO John E. Potter's strategic plan, which focuses on the quality of the work environment, market competitiveness, and customer service. Anecdotally, I've noticed a sharp increase in the quality of service I receive at my local post office – nice to see tangible results from such a large effort.

A similar article from Britain^{viii} looks at the impact of mergers and highlights the important role that the organization's leaders have on the change and the need for taking the time to get them on board. Because managing change falls on the shoulders of the company's leaders, programs that prepare them for the realities of a change initiative make a lot of sense – and prepare them to impact multiple levels of complexity.



From the April Newsletter

Thanks to everyone for the positive feedback on the first newsletter from Offner & Associates. One reader, Eliot Asser, V.P. at ACS Human Capital Management Solutions, had a comment about career management that I thought important to include for other readers: "I think employees, including hi-po's [high-potentials], have to realize that the lean operating environment of corporate America creates two demands 1) Corporate America needs employees to be flexible and move into different positions periodically and 2) corporate initiatives change, often rapidly. The crummy job you're stuck in might be a bridge to something more in 18 months. It's an interactive dynamic and hi-po's need to be aggressive, assertive, cooperative, patient and creative all at the same time!"

Eliot makes a great point – and sticking with the theme of the April newsletter – we should all approach our careers in this manner, as high-potentials committed to doing what we are passionate about in a way that adds value to the organizations for which we work.



A Business Perspective

I think it's always important to look at real life - because that's where the research gets applied. In next month's newsletter, we'll hear from some clients and their experiences as they lead change in real-time.

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ⁱ The effects of organizational changes on employee commitment: a multilevel investigation, D.B. Fedor, S. Caldwell, D.M Herold. Personnel Psychology. Durham: Spring 2006.Vol.59, Iss. 1; pg. 1, 29 pgs

ⁱⁱ T + D. Alexandria: Jan 2006. Vol. 60, Iss. 1; pg. 15.

ⁱⁱⁱ The Conference Board's Executive Overview of Effecting Change in Business Enterprises: Current Trends in Change Management (2005)

^{iv} Home Depot's Blueprint For Cultural Change, Ram Charan. *Harvard Business Review*. Boston: Apr 2006. Vol. 84, iss. 4; p. 60.

^v Organisational Change Management: A Critical Review, Rune Todnem. *Journal of Change Management*. London: Dec 2005. Vol. 5, Iss. 4; pg. 369.

^{vi} Executive Overview of Effecting Change in Business Enterprises: Current Trends in Change Management, *The Conference Board* (2005).

^{vii} Transformation Delivered, K. Bunker, M. Wakefield, O. Jaehnigen, B. Stefl. T + D. Alexandria: Mar 2006. Vol. 60, Iss. 3; pg. 26.

^{viii} The Impact of Leadership and Change Management Strategy on Organizational Culture and Individual Acceptance of Change during a Merger, M.H. Kavanagh, N.M. Ashkanasy. *British Journal of Management*. Chichester: Mar 2006. Vol. 17, Iss. 1; pg. S81