Seven Tips for Managing Organizational Change

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A couple of years ago, we got into some discussions with John Wiley, the publishing company, about a book idea. Wiley had published very successfully a book called the *Portable MBA* that did very well. You may have heard of it. They followed up with a whole *Portable MBA* series--*The Portable MBA* in Management, in Marketing, and so on.

Our idea was to do a similar book. However, this time, instead of looking at what was being taught in America's business schools, we would look at what the top management gurus were saying. Who were the top thinkers in management in the 1990s writing about? What were the hot ideas? What ideas were they coming up with to help us move into the next century?

Well, to make a long story short, that is what we have done with *The Guru Guide*. In *The Guru Guide*, we look at the ideas of seventy-nine well known and lesser-known management gurus--everyone from Peter Drucker and Charles Handy to Tom Peters and Steven Covey. We cover over 200 of their best known books and more than 3,000 articles written by and about them.

In *The Guru Guide*, we look at the best ideas of the top management thinkers of today on such topics as:

- leadership,
- the learning organization,
- teams,
- strategy,
- managing and motivating people, and
- managing change.

The *Guru Guide* is kind of a Cliff Notes with an attitude. We tell you who says what. We link and cross-link their ideas. We tell you who is talking sense and who, in our opinion, is talking nonsense, and we try to sort it all out. One of the things we tried to sort out is the whole issue of managing change in organizations.

Figuring out how to manage change is important for two reasons. First, it is something every business struggles with large or small, particularly today. We all know our businesses have to be able to change to survive. We also know that we have not been very good at managing change in business. For example, by most estimates 50 to 70 percent of all corporate change initiatives launched in the 1980s

and 1990s failed to achieve their objectives. One survey in the mid-1990s found that two thirds of all corporate restructuring efforts failed to achieve the outcomes they were designed to achieve. And, some leading practitioners of reengineering reported that success rates in Fortune 1,000 companies for reengineering-the 90s most popular change fad-were well below 50 percent--perhaps as low as 20 percent. So most of us need as much help as we can get in managing change at work.

However, there is another reason it is important for all of us to know something about managing change. As we got into our research on the topic, we quickly realized that what the gurus were saying about managing change in organizations had a wider application. The ideas also applied to situations of personal change-- helping a troubled child, relative or friend. These are universal truths about change from our gurus that will help you help not only your organization but also yourself, your child, your spouse, or a relative or friend.

As we began work on *The Guru Guide,* we thought the chapter on managing change would be pretty simple to write. In fact, we thought it would be boring. After all, we were futurists. We had been involved in helping organizations change for most of our careers. We were consultants, and like all consultants, we were convinced we knew everything. We discovered quickly that there was a lot we did not know. Here are some of the things we learned.

Before we get started, though, let us introduce our gurus. In our research on managing change, we focused on the ideas of fourteen academics, authors, and consultants who have written extensively about organizational change. They were:

- James Champy and Michael Hammer who wrote *Reengineering the Corporation* and started the reengineering madness;

- Jon Katzenbach of McKinsey & Co. and co-author of a book entitled *Real Change Leaders*;

- John Kotter of Harvard and author of *A Force for Change*;

- James O'Toole of the University of Southern California and author of *Leading Change*;

- William Pasmore of Case Western Reserve and author of *Creating Strategic Change*;

- Noel Tichy of the University of Michigan and author of *Control Your Destiny or Someone Else Will* about GE;

- Daryl Conner who founded the consulting company Organizational Development Resources (ODR);

- Richard Farson, author of *Management of the Absurd*;

- Timothy Galpin, author of *The Human Side of Change*;

- Robert Jacobs, author of *Real Time Strategic Change*;

- Manfred Kets de Vries, author of *Life and Death in the Executive Fast Lane*;

- Paul Strebel of the International Institute for Management Development in Switzerland and author of *Breakpoint: How Managers Exploit Radical Change*; and

- Marvin Weisbord, author of *Future Search*.

One of the things we quickly discovered about change is that, with the exception of the topic of leadership, there is perhaps no other subject in management gurudom that offers as much fascination to our pundits than the process, problems, promises, and possibilities of major organizational change. Everyone has an opinion.

We scoured their writings and came up with seven tips for leading your organization through change. If you boil it all down to the best advice out there, our gurus basically agree on the following seven keys to overcoming employee resistance and managing change.

Change Tip # 1: **You have to establish a darn good reason to change.**

You have to raise the heat if you want people to change. Noel Tichy, co-author of the best-selling history of GE's transformation, *Control Your Destiny or Someone Else Will*, calls waking the organization up to the need for change the "most emotionally wrenching and terrifying aspect" of any major organizational change. In part, what makes this step in the change process so wrenching and terrifying is he extreme level of emotional tension that people must feel before they are prepared to change. Whether it is your boss or CEO, a person you manage, a troubled child, spouse or friend-you has to wake them up first. You have to get them first to face reality.

Edgar Schein of MIT tells a story that illustrates this point very well. Schein says imagine the following: you place a dog on a black platform in a green room, ring a bell, and give the dog a painful shock anytime he tries to get off the platform. The dog, being a reasonably intelligent animal and sensitive to pain, will quickly learn that it is better to stay on the platform than to venture into the unknown in the green room. The dog will learn that the green room is to be avoided at all costs, and if it has sufficient food and water, it will live happily on the black platform forever.

Schein says our learned habits, beliefs, values, assumptions and ways of doing things in organizations represent our black platforms. They are comfortable and secure. In most organizations, employees have been taught that getting off the black platform--venturing into the green room of change--can be painful, very painful indeed. As a consequence, we fear change.

How do the gurus recommend you help people overcome their fear of changing? They say you must substitute one fear for another. Most people cannot overcome their anxiety with changing unless they develop an even greater anxiety with not changing. It is not enough simply to entice people with vivid descriptions of how nice the green room is or will be. They will stubbornly cling to what we know. Most of us will not venture into the green room unless we first become uncomfortable with our black platform. Order, stability and simplicity are the enemies of change, say our gurus. If you want your people to change, you must create disorder. You must shake the black platform and shake it hard. In addition, if you are not creating disorder and instability say our gurus, then you are not leading change. You are not making your people face reality. If you want people to change, do not give them a choice. You have to raise the heat. You have to set the comfortable, things-as-they-are platform on fire if you want people to jump off it into the cold, dark, scary green room of change. However, even if you are shaking the platform, you are not doing enough. That is where the second tip comes in.

A key point our gurus make about change is that people need a much better reason to change than just to avoid pain. Someone once said, people do not climb mountains in order to avoid the pain in the valley. They climb mountains to realize the joy of the summit. That is change tip # 2.

Change Tip #2: You have to create a compelling vision.

The gurus say that everyone--your boss or CEO, your child, your spouse, a friend--must be enticed into the future with a clear vision of how things will be better with change. They must be inspired to take action. John Kotter says, "Without an appropriate vision, you end up with nothing more than a list of confusing, incompatible, and time-consuming projects that go in the wrong direction or nowhere at all." Of course, there is one thing worse than having no vision at all, say our gurus. According to Noel Tichy, if the vision is just a sloganeering, bumper-sticker campaign of platitudes such as "customer-oriented," "cycle-time," and "reengineered organization," then the platitudes become a source of ridicule, and the so-called vision doesn't lead to anything but deep cynicism and alienation.

The other gurus agree. You cannot lead people to change if you do not have a strong personal vision of where you want to go. You cannot develop a compelling vision for your company or truly help a spouse, friend, boss or employee until you have a compelling vision for your own life. You have to understand your values, needs, expectations, hopes and dreams first. Then maybe, just maybe, you can ignite those who follow you with the fire to seek a higher purpose of their own. Our gurus are clear about this point. If you do not have a strong understanding of where you want to take your organization, then say our gurus, maybe you should not try to take it anywhere at all.

Do not think finding your personal vision will be easy. It never is. As Warren Bennis says, if knowing yourself and being yourself were as easy to do as to talk about, there wouldn't be nearly so many people walking around in borrowed postures, spouting second hand ideas, trying desperately to fit in rather than to stand out. Good or bad, it seems that most of us just muddle through life, never setting a specific course. Reluctant to pick a course, we trust our lives to happenstance rather than our own judgment. If that is you, if your posture is borrowed, if your ideas are second-hand, if your passion is pretense, then you are not going to be able to help anyone change.

However, let us say that, unlike most of us, you really do have a pretty clear idea about where you want to go. Let us assume that your vision is clear, compelling, and most of all your own. In addition, let us say that you are not afraid to face reality. You are able and willing to shake the black platform. You are willing to go about the hard task of making others commit to the truth. Then what?

Tip # 3: You need results--fast.

You have to go for true performance and early wins. Successful change programs, argue our gurus, begin with results--clear, tangible, bottom-line results--and the earlier the results happen, the better. Jon Katzenbach, a principal at McKinsey & Company and co-author of *Real Change Leaders*, writes that one of the biggest failings of change programs is that the goals of the change efforts are unclear or off target. He says that far too many change programs count their progress by activities, such as the number of teams mobilized, the number of ideas generated, and so on. Dead wrong, say our gurus. Program goals cannot be activities. They must be performance results for customers, employees, or shareholders. William Pasmore is emphatic about the need to show real results. He says you should start and end every change effort with performance improvement as the goal and then change everything that needs to be changed to make it happen. Of course, you cannot afford to wait too long to show some real results.

If you are implementing change in a small company or small unit of a large enterprise, our gurus want you to show some real results within six months. If you are changing a big organization you can perhaps wait up to eighteen months to

show results, but not much longer. People just need to see some progress to reaffirm their faith in the effort.

Ideally, the short-term wins are highly visible so that large numbers of people can easily see the results. They are unambiguous--there is no doubt that the improvement occurred--and they are clearly related to the change effort. It has to be obvious that the improvement did not occur by chance. Of course, if people are going to hear about the results you have to tell them. That is tip # 4.

Change Tip # 4: Communicate, communicate, communicate, and communicate some more.

Our gurus say that you can never do enough to get your message across to your people. Poor and/or inadequate communication is one of the chief reasons they cite for failed change efforts. In 1993, Wyatt Company asked CEOs in 531 U.S. organizations that had recently undergone major restructuring to tell them what one thing they would change about their restructuring effort. Overwhelmingly, the CEOs said they would like to go back and change they way they communicated with their employees about the change effort.

What, then, is the secret to successful communication? John Kotter lists five keys to communicating effectively:

- Keep it simple--no jargon. Make it something everyone can understand.

- Use metaphors, analogies and stories in particular to get your point across. Stories are the containers or vessels we all use to store our identity. They are the most powerful tools you have to cut through the daily babble and connect with others.

- Send the message in different ways--memos, a large group meeting, a story in the company newspaper, posters, one-on-one meetings. Use every communication medium you can, and repeat the message over and over. You do not expect broadcasting one advertisement one time on television to sell your company's product or service. Why would you expect your employees to get it the first time when your customers will not?

- Of course, walk the talk. Lead by example. Do as you want them to do.

You will, of course, need help in getting the message across. After all, as someone once said, the CEO may be lord over all he surveys, but no CEO is accomplished enough, powerful enough, or smart enough to navigate the treacherous shoals of major organizational change without help. Thus Change Tip #5.

Change Tip # 5: Build a strong, committed, top management guiding coalition.

Successful change requires a sponsoring team--a guiding coalition, if you will--of executives, line managers, technical wiz kids, and informal leaders. In your personal life, that guiding coalition might be a group of friends, relatives, or care givers. In a business, the guiding coalition helps to articulate the vision, communicate with people, eliminate obstacles, generate short-term wins, lead project teams and imbed the new approaches in the corporate culture.

Our gurus offer a laundry list of requirements for a good sponsoring coalition. Here are the most important. Coalition members must be people who:

- Share a keen sense of discomfort with the way things are (They desperately want to see things change. They have to be as nervous about the shaky black platform as anyone.);

- Agree on a vision for the future (They must all be going in the same direction.);

- Have a good reputation (They must be widely respected and their opinions must be taken seriously by the people who must change.);

- Control key resources (time, money, people) that will be necessary for change effort;

- Control the rewards and punishments and are willing to use them achieve the vision;

- Demonstrate public support for the change and convey in their words and deeds a strong commitment to realizing the vision (They must walk the talk.); and

- Be in for the long-haul (Coalition members must recognize that the change will take time and it will require sacrifice. They must agree to reject short-term actions that are inconsistent with the long-term goals of the change.).

Getting the total backing of the top team is not just a good idea. It is essential. However, how do you get all that power to come on board? They will not come on board for something trivial. The change has to be important. That leads us to tip #6, which may be the weirdest tip of all. You know the acronym K I S S (Keep It Simple Stupid)? Well, say our gurus that are bad advice for change.

Change Tip # 6: Do not Keep It Simple, Stupid--Keep it Complex.

This recommendation is probably counter-intuitive to most people, but it is the wisdom offered by increasing numbers of gurus today. They say that large-scale, complex change may be easier to accomplish than small-scale, incremental change. Richard Farson, for example, says that big changes are easier to make than small ones. James Champy emphatically agrees, saying that "the larger the scale of change, the greater the opportunity for success."

Why is radical, large-scale change easier? Campy argues that when you face large change, you're forced to confront the larger issues of culture and management style that exist in every organization and that frequently can make incremental change almost impossible to accomplish. William Pasmore argues that only by taking a blank-sheet approach to change can you free the organization from the "tyranny of past agreements among people concerning the way things have to be." He adds that if we fail to redesign the structures and systems people are immersed in each day, a lot of old behavior is reinforced and new behaviors go unrewarded.

Old pay systems have to change. Leadership styles have to change. Job boundaries have to change. Technology has to change. Policies have to change. Practices have to change. Even the way the building is laid out has to change. If you do not change all of these things and change everything at once, then the old ways of doing things will pull people back to where they were before the change process started. What you really need to do is to change everything at the same time, as if we were designing the organization from scratch.

John Kotter uses the following analogy to make this point. He suggests that you imagine walking into an office and not liking the way it is arranged. Therefore, you move one chair to the left. You put a few books on the credenza. You get a hammer and rehang a painting. All of this may take an hour at most, since the task is relatively straightforward. Indeed, creating change in any system of independent parts is usually not difficult. Now imagine going into another office where a series of ropes, big rubber bands, and steel cables connect the objects to one another. First, you would have trouble even walking into the room without

being tangled in the restraints. After making your way slowly over to the chair, you try to move it, but you find that this lightweight piece of furniture will not budge. Straining harder, you move the chair a few inches, but then you notice that a dozen books have been pulled off the bookshelf and that the sofa has also moved slightly in a direction you do not like. You work your way over to the sofa and try to push it back into the right spot, which turns out to be incredibly difficult. After thirty minutes, you succeed, but now a lamp has been pulled off the edge of the desk and is precariously hanging in midair, supported by a cable going in one direction and a rope going in the other. The interconnected nature of the room makes even small changes difficult.

So, what are the types of interconnected, organizational restraints that stand in the way of change? Timothy Galpin of Pritichett & Associates, a Dallas-based change consulting firm, identifies a laundry list of what he calls "cultural components" you must address to implement change. They include:

- Rules and policies,

- Goals and measurement,

- Customs and norms,

- Training programs,

- Ceremonies and events,

- Management behaviors,

- Rewards and recognition,

- Communications,

- Physical environment, and

- Organizational structure.

If the idea of tackling all ten of these cultural components at once makes you a little nervous, you are not alone. Pasmore admits that changing everything at once takes a tremendous leap of faith. It certainly does. Such daring is breathtaking. Undoubtedly such a clean break with the past if nothing else would, as James Champy says, send a mobilization jolt of energy through the company. We imagine it would also send a hard chill down the spine of most CEOs. However, it is necessary.

Finally, we have change tip # 7.

Change Tip # 7: People do not resist their own ideas.

Our gurus agree that people who participate in deciding what will change and how things will change not only are more likely to support the change, but also are actually changed themselves by the mere act of participation. Of course, there is nothing new about this admonition to involve employees in decision-making. Our gurus have preached the gospel of participation and involvement for decades. Participation has become the standard method for accomplishing change and is a key feature of everyone's change process. In fact, most change efforts go something like this:

We bring together a small group of employees. We have them meet regularly for several weeks or months. They study, document and dissect the organization. They flow chart the processes. They nip and tuck here and there. They buy or create new technology. They reroute what does not work. They trim the fat. They reshape the shape. All the time, they are reporting

their progress back to the management team. They make recommendations. The recommendations are accepted, approved, and implemented.

It is all a textbook case of participatory change management and it works. Right? Wrong. Here is what typically happens.

The design team announces all of its wonderful new changes and the rest of the organization says No way, Are you crazy? We are not doing that.

Most middle managers, employees, and even executives have not been involved. For them, there has been zero participation. The design team may have been transformed. They may have bought in to the need for change and to the new way of doing things, but no one else has. The others have not been transformed. Their thinking has not changed. They just do not get it. Moreover, why should they? They have not been where the design team has been, and they are not about to go where the design team wants them to go.

Granted, you are probably thinking, the people who do not get a chance to serve on the design team are not going to have the same kind of understanding and commitment as the design team members. Nevertheless, what can you do? You cannot put everyone on the design team, can you? You cannot have a hundred, 500, 1,000, or 2,000 people all working together simultaneously to decide on what should change and how the change should be accomplished, can you? Yes, our gurus say, you can. In fact, that is exactly what you must do. Shut the stores and factories down. Close the offices. Rent a large auditorium. Take everyone from board members to janitors away for three days. Do it multiple times in multiple cities, if necessary. Involve everyone in revolutionary change through a real-time strategic change event.

Robert Jacobs, author of *Real-Time Strategic Change*, calls these meetings real-time strategic change events. Others, like Marvin Weisbord, may call these events search conferences, but the results are the same. Through such events hundreds or maybe even thousands of employees can be involved in understanding the need to change, agreeing upon a vision for the future, and agreeing upon and committing to the first steps to really changing. Well, there they are--seven tips for successfully managing change. Examine all seven tips closely. Then, look honestly at what we really know about change, whether it is organizational change or individual change. Ultimately, we believe you will come to one final conclusion-- one overriding secret--about managing change.

You cannot change people. They have to change themselves, and they only change when they decide to do so.