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Managing Change: Winning Hearts and Minds

By Jayme Alexandre Dias de Lima, Associate Consultant, Symnetics/Brazil

Sustaining success depends on an organization's ability to adapt to a changing environment—whether it's an external change, such as a transformative technology or a changing economy, or an internal one, such as a restructuring or key process overhaul. Unfortunately, 70% of organizational transformations fail.[1] Rarely is the cause a flawed strategy or lack of commitment by leaders. Usually, says Jayme de Lima, failure occurs because the organization never wins its employees' commitment. The most important element—a change management program—is missing. De Lima distills some of the most critical insights and proven lessons on change management to help make your transformation successful.

A strategic transformation that takes an organization to a new level of performance involves, by definition, upsetting the status quo. Whether it's about launching new products, entering new markets, revamping the customer value proposition, implementing a new performance management methodology, establishing new stretch targets, or assigning new responsibilities across the management hierarchy, strategy execution involves the entire organization. Its success depends on the many moving parts supporting and coordinating with each other.

Effecting change takes more than the will of the senior executive team or the fervor of one business unit. It goes beyond the jurisdiction of HR, strategic planning, or the quality department. Frontline employees must embrace the idea with hearts and minds because they are the ones who will execute it—the ones who manufacture the products, deliver the services, deal directly with customers, and make the day-to-day decisions that ultimately determine success or failure. And today, more than ever, getting employees engaged quickly and fully is especially critical, given the speed of business. The faster organizations can mobilize to adjust to a changing environment, the greater their competitive advantage.

Strategic transformation generates changes at all organizational levels and across all dimensions, whether structural, technological, process-based, or managerial. Yet it is human nature to resist change. Without a carefully conceived, systematic change management program, the best strategic plan may have trouble taking root.

What Is "Change Management"?

In the context of organizational change, change management consists of a "hard" side and a "soft" side. The hard side entails all the processes, systems, strategies, tactics, and technologies that will help implement the change. The soft side involves cultivating the behavioral and attitudinal changes that will allow the hard changes to take place successfully: persuading, reassuring, and communicating; identifying and addressing emotional reactions; influencing and motivating; leading to instill change and inspire people to rise to the occasion. Often leaders are unwilling or unable to deal with these sometimes complex, more ambiguous aspects. But they ignore them at their own peril. The long list of promising, but ultimately failed, corporate mergers is just one example of why the soft issues matter so profoundly.

The Emotional Response to Change

Forty years ago, Elisabeth Kübler-Ross, a Swiss psychiatrist specializing in treating terminally ill patients, documented five psychological stages that her patients underwent: denial, anger, bargaining, depression, and acceptance.[2] Similarly, we find that in organizational transformations, employees undergo four psychological stages, though not necessarily in sequence.

In *denial,* people don't consider the imminent change real. They avoid the subject, refuse to participate in meetings and workshops, and act indifferently. In *resistance,* once they realize the change is real and irreversible, they oppose it. They find reasons why the change won't work. They may dispute it with others, but most often their resistance is passive and undeclared; they will agree with the new way outwardly but undermine it privately.[3] Such silent opposition poses an extra challenge to leaders, who must gauge its extent, and then tailor change management efforts most effectively.

In *conditional acceptance,* employees begin accepting the change, though they may still disagree with it. They search for ways to deal with the new reality. As they see peers believing in the change initiative, they become more cooperative. They try to offer alternative approaches to problems and negotiate issues they might disagree with to reach a greater level of comfort and cooperation. Ultimately, in the *commitment* stage, people embrace the cause and commit themselves to achieving the new goals. They actively participate in the implementation of the change and take pride in their role and in the results.

People don't always experience all four psychological phases, and at times they vacillate between stages. Those who are resistant one day may change their attitude the next as they see the positive effects or witness colleagues buying in. Some of the earliest resisters may ultimately prove to be the greatest champions of the change. Some never accept it, and either leave or get pushed out. Change agents—those responsible for managing the transformation process—must be ever-vigilant about the dynamically changing behavior and attitudes, constantly monitoring the organization's (and employees') activities and responses.

To win hearts and minds, companies should understand the emotional triggers that cause resistance. Among the most common:

Fear of the unknown. Uncertainty is inherent to change and hard for people to deal with. The unknown might be anything from what strategy changes leaders are deciding, to whether there will be layoffs, to how people will do their work. It may be about unforeseen difficulties or whether certain employees have a future with the company. For example, when a company decides to start charging customers for expert guidance its engineers once dispensed for free, the salespeople and the engineers alike might wonder: Will our customers be willing to pay? How are we going to stay competitive? Will our benefits be cut to achieve the profitability goals? and so on.

Concern about turf invasion. Change initiatives threaten people who are used to doing things their own way, especially if they have had good results. Consider the example of a company that changes its resource allocation process, from evenly distributing the budget among its three business units (and giving unit heads financial autonomy) to setting funding priorities centrally. Thus, in a given year, strategic priorities might dictate that one unit receives three-fifths of the entire annual budget, while the other two get one-fifth each. Units can't count on what they'll receive and have no control over the strategic priorities of the rest of the company. Such a change threatens the unit heads' tacit power. They might resist by "boycotting" meetings or pulling subordinates off projects.

Resistance to new accountability. A former ExxonMobil executive once observed, "Clearly defined goals and objectives mean clearly defined accountability. [And] accountability is threatening."[4] The Balanced Scorecard methodology calls for assigning responsibility for strategic objectives, measures, and initiatives. With cause-and-effect relationships more clearly established, performance is now more transparent—and subject to scrutiny. Moreover, strategy—and accountability—are frequently cross-functional. Some people refuse to accept this new form of accountability, arguing that the expected results do not depend on them. They're not entirely wrong; the change will require modifying how managers manage (e.g., instituting a collaborative decision-making process) and adapting managers' performance measurements to acknowledge aspects no longer under the individual's exclusive control.

Loss of power or standing, or changes in the social network.[5] How will the change affect established relationships? Power shifts, changes in authority (e.g., from decentralized to centralized) or organizational hierarchy (heightening or flattening), even the alteration of groups of people that work together, can upset established relationships and networks that helped people perform effectively.

Consider a midsized service company that has just been acquired by a multinational. Previously, employees from different units and hierarchical levels were able to contribute ideas and express their points of view about business matters openly with top management. This ability was motivating. After the acquisition, all major decisions shifted to headquarters, allowing little room for even the unit's executives to express their opinions. In such cases, people are likely to resist the new management style, discussion standards, and power structure. If not managed effectively, this transition could result in numerous departures, low productivity, and deteriorating morale, which in turn threaten the quality of service, customer satisfaction, and ultimately company sustainability.

Social changes can also be triggered by technological or process change. Managers who initially helped a company establish its market leadership with one technology may find themselves out of favor when a new technology takes hold. It's likely they will resist the new strategy, but the company ought to be careful: losing the managers would mean losing their extensive industry experience.

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Cardinal Rules of Communicating Change

- Issue a steady stream of messages affirming that something important is under way.
- Emphasize the importance of employees' involvement.
- Explain clearly the purpose of the change and the vision for the organization.
- Clarify employees' role(s)—and how they will be affected.
- Tailor messages to each audience, in substance and style—but keep the story consistent to ensure credibility.
- Communicate in person as much as possible.

Communication: Job One in Change Management

Most senior managers recognize—more or less—the need to inform employees about a transformation effort. But they don't always appreciate just how vital communication is as a change management tool. Communication goes beyond informing; it is a means of motivation and persuasion—in other words, the key tool for combatting most behavioral issues tied to change. More than informing employees about what's going on, the very act of communicating speaks volumes about the importance leaders place on winning over their workforce.

The first wave of communication should focus on the big picture: what is changing and why. Communications should come from the top, reflecting the gravity and importance of change. And actions must match words; leaders must be sure to "walk the talk" to establish trust and credibility. As change expert Jeanie Duck notes, "Trust is particularly critical to successful change—and particularly difficult to establish in the midst [of it]."[6]

Communications should be designed to match the behavioral stage of the given audience. And because these stages aren't always sequential and different audiences undergo them at different times, it's also important to adapt messages and their timing to the audience segment.

For example, when addressing those in *denial,* communications should be clear, direct, and assertive, making the argument that change is not only real but is already under way. Emphasize that the change is a directive from the top. Explain the whys and the hows and what the expected goals are.

To erode *resistance,* communicate horizontally, not just vertically. Discuss the what, when, how, where, and why. Provide opportunity for feedback; people need to be heard and to have their concerns (and fears) addressed. Discussion sessions and forums are also important for creating a legion of dedicated change agents.

For those in the *conditional acceptance* stage, the communication channels should be open and participatory. They should invite debate and new ideas about ways employees can contribute to the transformation, even suggestions about alternative approaches to initiatives, projects, or processes that might accomplish the same goal with greater buy-in. Update employees on progress and share examples of success to reduce uncertainty and boost confidence.

For those in the *commitment* stage, communications should focus on sharing results. Celebrate advances and accomplishments. Provide a before-and-after picture to further help motivate people.

Change agents must vigilantly watch for attitude relapse. Besides conveying the need to press forward to ensure transformation traction, communication at this stage should emphasize the new organizational culture. For example, suppose a call-center company that traditionally used "number of missed calls" as a key performance measure has chosen to focus on customer satisfaction as a strategic theme. This requires a totally different way of working; operators may now need to spend more time on a single call to address the customer's needs. To cultivate this new conduct, the company must ingrain customer satisfaction in its DNA. Such a cultural change does not happen overnight. Communications should be developed strategically and conceived of as campaigns. ■

1. From *Lead Change—Successfully,* 3rd Edition, Harvard Business Review Article Collection, p. 2 (October 2005).

2. E. Kübler-Ross, *On Death and Dying* (Simon & Schuster/Touchstone, 1969).

3. J. P. Kotter, *Leading Change* (Harvard Business School Press, 1996).

4. T. D'Attoma, "All for One: Why 100% Involvement Is Necessary for BSC Success," *BSR* September–October 2000 (Reprint #B0009F).

5. P. R. Lawrence, "How to Deal with Resistance to Change," *Harvard Business Review* (January–February 1969). Lawrence, professor emeritus of organizational behavior at Harvard Business School, wrote "The technical aspect of the change is the making of a measurable modification in the physical routine of the job. The social aspect of the change refers to the way those affected by it think it will alter their established relationships in the organization."

6. J. D. Duck, "Managing Change—The Art of Balancing," *Harvard Business Review* (November–December 1993).

In Part II (March–April issue), Jayme de Lima presents a Change Management Toolkit.