

Improving How We Manage Change

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Organizations need to engage in frequent, if not continual change. But change is hard, and often change efforts don't pay off. So what's the answer? One solution is to develop a comprehensive and collaborative strategy for taking an organization where it wants to go.

WHAT DO YOU DO when an emerging body of data suggests that up to 80 percent of organizational change efforts fail to achieve their desired objectives? Just trying harder probably won't work. In an effort to make their change efforts work, many organizations are engaging in "change management."

Change management typically means rolling out changes that have been planned by a select group within an organization (its leaders, a special team, a staff group such as human resources) or by outside consultants. It tends to focus either on helping people implement these predetermined changes or on helping them deal with the psychological impact of change. But this way of approaching change management simplifies a multidimensional process whose likelihood of success depends on the involvement and support of everyone affected.

We advocate widening the scope of change management so that it takes into consideration the realities of change:

- People do not want to change unless they believe there's a good reason to change.
- People are more likely to change if they have had a say in how they and the organization need to change.
- People are also more likely to change in the manner desired if they understand how they are being asked to change, have been provided with support, and are acknowledged for changing.
- How change is managed—that is, planned, created, and led—determines what change will ultimately occur.

All this means that change management should create opportunities for an organization's members to be meaningfully involved in planning for change. To us, meaningful involvement means that people have a chance to influence what changes they and their organization will make. Change management should also build understanding of and commitment to those changes with all stakeholders, and help everyone involved to increase their ability to change. Only then will the likelihood of a successful change effort be maximized.

Adopting this broader approach involves making conscious choices about the focus, approach, and timing of change management. In the sections below we explore these three elements, outlining the kinds of choices organizations need to consider in order to ensure that they are approaching change broadly and strategically.

■ FOCUS

Change management is more comprehensive and likely to succeed if it focuses on the three following areas:

Technical. Technical issues often spark calls for change in an organization. An information system may be outdated or a production process too costly. An organization needs to adopt analytical processes and tools to assess the current situation and develop recommendations for change, and then it needs to carefully plan and implement desired changes in strategy, business processes, structure, systems, people and skills, and culture. Here is an example:

A biotechnology firm with about 3,000 employees has been revamping its information systems in order to increase its ability to manufacture a number of new products and improve the reliability of product data. As a part of this endeavor, the company tried out each new system in selected areas of the organization, and then, toward the end of the pilot phase, developed detailed plans for installing the new systems and trained all users in the new applications. As a result, employees have been able to switch from the old to the new systems without interrupting production schedules or losing production data.

Organizational. The organization as a whole needs to be prepared for change. This means helping people get ready for change and making certain that all organizational elements are aligned and support the desired changes. Often, the organization's culture or people's accepted ways of behaving have to change. Only when employees identify with the organization as a whole, see how they affect organizational performance, readily confront and resolve problems, and are open to new ideas will an organization be able to mount a successful change initiative.

To help prepare the whole organization for change, leaders of the systems change project at the biotechnology firm conducted a series of orientation sessions throughout the organization during all three shifts. These sessions allowed the technicians who would be using the new systems and business processes, as well as their supervisors and managers, to see and in some cases try out the new software, ask questions, and express concerns. They also heard how the new systems were going to help the organization achieve its mission and goals, and what training and support they would receive prior to the new systems "going live." In a subsequent evaluation of the implementation process, the users of the new systems gave high marks to these sessions for helping them prepare to learn the new systems.

Preparing an organization for change also means making sure that values and goals are consistent with strategy and that all organizational elements support achieving those values, goals, and strategy. We have seen many promising beginnings that eventually lead nowhere because the various organizational elements were not aligned.

The cross-functional information sharing and problem solving required by the new business processes at the biotechnology firm were seriously undermined until the organization was restructured so that the vice presidents of the two primary functions reported to the newly established position of head of operations. In addition, all the vice presidents agreed to include goals and measures of cross-functional collaboration in the performance management system.

Human. Technical change cannot occur, or will not occur as intended, unless attention is paid to the emotional and spiritual impact that change has. People respond to change by proceeding through a sequence of predictable phases—for example, the phases of denial, resistance, exploration, and commitment identified by Dennis Jaffe and Cynthia Scott in

Rekindling Commitment (Jossey-Bass, 1994). An organization needs to provide support and guidance for people's mental, emotional, and spiritual responses to change.

In addition to focusing on the technical aspects of change, the biotechnology firm focused on the human dimension. They provided workshops on leading change for all of the implementation teams and the managers and supervisors whose systems were being changed. These workshops provided people with an understanding of the phases of change, as well as the skills to support others through that process. For example, they learned the importance of providing opportunities for people to express their concerns and fears.

■ APPROACH

To gain their employee's support for and commitment to change, organizations can choose among the following approaches. Initiatives are most successful, however, when all of these approaches, with the exception of bargaining, are used in combination.

Education and Persuasion. Informing people about the need for change and the benefits that will result is an important part of any change process. Organizations vary in how much they emphasize the tactics of education and persuasion; when used on their own, however, they are the least effective approaches to creating change. We have never seen education and persuasion work when they are used as the primary approach to change, but we have seen them lead to increased cynicism and resistance to change.

The leaders of a hard goods manufacturer were convinced that if they gave enough information about the company's current financial performance in relation to that of its competitors, the organization would change. When this failed to persuade people to change, the leaders hinted that cutbacks were likely if profits and market share did not increase. As far as we know, the organization has neither improved its position nor laid anyone off.

Bargaining and Rewarding. Bargaining is effective when there is a sincere and concerted effort to find win-win solutions, and often is a useful or final step of participatory change processes. This transactional approach only required, however, when a collaborative process has not led to solutions the major stakeholders support wholeheartedly. It entails honestly exploring (not minimizing) the differences among those involved and creating solutions that serve each party's needs and interests. However, if this quid pro quo approach emphasizes negotiating, there is the risk of creating compromise and half-hearted or reluctant support for change.

Managers of the Quality and Manufacturing Departments at the biotechnology firm reluctantly agreed to pilot together a new process for investigating and resolving variances. (Previously, this had been the exclusive purview of Quality.) They did so because they did not want to take time to rethink the solution, which had taken months to develop, and thereby threaten the project's

timeline. Differences between the departments came to light as they began to pilot the new process. In response, the two groups modified the process to meet manufacturing's need for quick resolutions and quality's interest in thorough investigations and effective solutions.

People appreciate being acknowledged and rewarded for changing. Providing incentives can be effective, especially if the reward is valued by those being asked to change and explicitly linked to the change desired.

One of the major challenges at the biotechnology company was getting technicians to maintain up-to-date procedures, documents, and change orders electronically when they were used to doing this with paper and binders. Managers and supervisors

periodically acknowledged shifts from the binders to the computers by giving small monetary rewards to individuals and teams. Checks were presented at spontaneous gatherings where the accomplishments were also celebrated with pizza, ice cream, or cookies. The technicians have successfully weaned themselves from all but a few remaining binders.

Participation and Conversation. The most compelling lesson about change is that people support what they have helped create. Thus, people are more likely to change if they have had a say in how they and the organization need to change. Conversations, learning, and agreement building are ways to engage people wholeheartedly in the process of determining whether to change, what changes are needed, and how to implement change.

PARTICIPATION FROM THE OUTSET

One of the country's top academic medical centers was in trouble. Revenues were diminishing, its 700 physicians were increasingly unhappy, patients were dissatisfied, and surveys indicated an alarming decrease in commitment and loyalty on the part of the organization's 5,000 employees. It was time for change.

After attempting a number of piecemeal change initiatives that failed to produce the desired results, leaders of the medical center identified goals for a comprehensive change initiative, including more efficient, patient-focused systems, stronger patient and customer focus, increased commitment to staff development, continuous improvement of care and services, and decreased bureaucracy.

They then decided to adopt a participatory approach at the outset.

The CEO and senior executives first met with the organization's top 100 managers and supervisors to explain the purpose of the change initiative and solicit their support and involvement. They then explained the purpose and approach to almost 1,000 employees at various communication forums, and invited their questions and input. Employees learned how they could be involved in the project and were assured that this initiative was not an attempt to cut jobs.

A change team, which included physicians and managers and staff from finance, nursing, physical therapy, radiology, pharmacy, and information systems, designed a process through which nearly 800 employees would collaborate to redesign their organization. After building agreements on how the organization needed to change, the administrative and medical leaders met with the change initiative leaders for a day-long dialogue during which they discussed their deepest hopes and fears as they approached the prospect of implementation. Although they all believed the changes were necessary, they were afraid of the potential consequences if implementation faltered or failed. In other words, they were questioning whether they had the courage to proceed. This conversation helped them get themselves ready to lead the charge and initiate similar conversations with their colleagues as needed.

Even though the planning process was collaborative, there were a number of physicians and employees who remained skeptical about the plans for change. So the medical and administrative leaders sponsored and led a series of "change forums," where managers and supervisors told stories about what was inspiring them about the center's new vision, expressed any concerns they had about the pending changes, and described what they saw as their role in helping

achieve the vision. These were followed by hundreds of mini-forums in departments and units throughout the hospital and clinic. Within three months more than 3,000 employees had participated in a forum.

These forums were followed by numerous celebrations and "signing ceremonies" during which employees were encouraged to add their names to the lists of others who had expressed their commitment to achieving the center's new vision. The signatures were made on large sheets of paper which were hung along the walls of a main corridor in the medical center. At last count, the wall had well over 3,500 signatures.

The planned changes were major: restructuring a clinic with more than 35 medical specialty offices led by physicians and a separate hospital led by administrators into 17 patient care centers each led by a team having a representative from medical, administrative, and financial areas; new information systems; new collaborative care teams; and a new performance management system. To prepare for implementation, all of the leaders of the new patient care centers and their direct reports participated in a series of orientation and training sessions and received a detailed Leaders' Guide to help them through the implementation process. The sessions included implementation planning, a description of all the changes and how they fit together, the role of each of the key players during and after implementation, an overview of how decisions would be made during the transition and after, and an introduction to the human process of change. They also included experiences to help these leaders move through their own personal change process as well as knowledge and skills about how to support the process of others.

Positive changes began to occur even as the medical center embarked on its change initiative because the process engaged people across functional borders and organizational levels in conversations they needed but had not been having. Cross-center collaboration and problem solving increased prior to the initiative being completed. Customer service increased because of the attention being paid to it through the change initiative, and this spilled over to everyone's day-to-day activities. The medical center has cut its operating costs, is receiving higher customer service ratings, has happier employees and a dramatically improved relationships with physicians, and is on more stable financial ground.

Two thousand people were directly and substantially involved in the redesign of the Far East division of a large apparel company. The leaders defined “substantial” as being a minimum of two to three days of direct involvement in analyzing the current situation or in developing ideas to improve the organization. The organization credits the extensive participation in the change process with their successful implementation of such significant changes as consolidating nine design centers into two, creating a standardized product coding and costing system electronically available to everyone in the division, and developing a competency based performance assessment process.

The matrix below provides a way to help leaders decide which approach to change management they want to take for each focus of change. For example, leaders may decide to educate people about a particular change needed in the organization (a new business process, for example) and then adopt a more participatory approach to determining how the rest of the organization will need to change to support the new business process. They may also decide to support the human process of change by educating employees about the psychological stages people go through when confronted with change and then asking them what additional help they need.

Approach	Focus		
	Technical	Human	Organizational
Education & Persuasion			
Bargaining & Rewarding			
Participation & Conversation			

■ TIMING

An organization’s leaders can focus on the human, technical, or organizational aspects of change at any point in the process. But the timing of when they involve their people in the change process may limit the approaches they can successfully adopt. The table at the top of this page describes the effectiveness of each approach for each timing choice.

■ WHO IS RESPONSIBLE FOR CHANGE?

Our approach to change management brings the “human element” front and center. This presents change agents with a

Approach	Timing		
	After Decisions Are Made About What and How	After Decisions Are Made About What But Before How	Before Decisions Are Made About What and How
Education & Persuasion	Essential	Essential Can set the stage for effective planning and implementation	Essential Helps set the stage for informed participation
Bargaining & Rewarding	Not appropriate if decisions are already final	Only applicable to decisions about implementation	If needed, bargaining can be used as final step in participatory process Most effective if people participate in defining what rewards are needed or desired
Participation & Conversation	Very difficult to make meaningful	Can be meaningful involvement in planning and implementation	Most effective use of this approach

number of opportunities and challenges, all of which involve thoughtful consideration and choice. For instance, those who seek to complete successful change initiatives might:

Reassess their assumptions about how to go about changing their organizations.

Explore how change is both a logical and technical process as well as a human and emotional one.

Make conscious choices about the focus of and approach to change, as well as when and how to educate, reward, and involve others in the process.

Assess how they as leaders need to change, as well as how others and the organization need to change.

Seek to prevent decisions that may ultimately damage the organization in the long run and cause significant human suffering in the short run. For example, encourage leadership to reassess whether downsizing is the best choice to improve organization performance.

Help to ensure that changes are made in the most humane and effective way possible. If this is not possible, withdraw support for the change.

Given the extraordinary pressures of today’s quicksilver marketplace, it seems expeditious to act as if leaders or select groups are the only ones who can make informed decisions quickly about changes that are needed in organizational direction or functioning. This assumption supports leaders continuing to act as if real change can happen through edict or argument. Our experience is that such change is only a matter of surface compliance. Real change occurs when everyone in the organization is involved in defining and committing to changes that are needed, desired, or emerging.

When all is said and done, is it really possible to manage change? We think change management is best considered an oxymoron. It is more plausible to say that we instigate, plan, inspire, lead, or, oftentimes, simply watch change emerge. At most, we can facilitate and guide the process of change—and remember that those who do the work of the organization are the ones who truly make it happen. ▲