

## Leading Change

With our shared experience of change as part of the way we work and live, why is it that organizations often fail when trying to initiate change efforts. A study of 45 companies by the Center for Organization Effectiveness found that only 25% considered their recent change efforts a success. Similar studies of hundreds of organizations arrive at the same sobering conclusion – 70-80% of businesses are not satisfied with the process or outcomes of their change efforts.

Whether the change is a merger or acquisition, a restructuring, a major system implementation or a shift in culture, success is illusive. Yet change is imperative to remaining competitive. In fact, change management is becoming a desirable core competency for businesses, enabling them to gain competitive advantage based on their ability to change quickly and maintain high performance and morale.

So, how can leaders increase their chances of success in managing organizational change? We find that there are four key steps for ensuring successful change:

### 1. Establish a Clear Business Rationale

A business need or opportunity typically sparks organizational change. What we find striking, and disconcerting, is how often that triggering need becomes lost in the subsequent change effort.

This haziness around rationale results in initiatives that drift away from their purpose, slowly disappear, or that become an end rather than a means. Every organizational initiative can and should be anchored with a business case for doing it. This way, the change effort will not be subject to the fluctuations in business conditions (i.e., revenues are down, lets stop training leaders). Instead, the change initiative is altered or stopped only in the face of a change in business strategy.

### 2. Assess Stakeholder Commitment

It takes people to make a change work. Knowing their issues, determining their readiness and learning of potential obstacles can go a long way to ensuring a successful transition. Viewing assessment as a change lever will shape the strategy and methods used to gather and analyze the data. For example, if a difficult reorganization may follow a study, then get some of the key stakeholders involved as part of the assessment team. They will be less likely to dismiss the assessment findings when it comes time to make whatever changes the data supports.

At the Center, we get questions on the issue of whether readiness matters. Many times changes have to happen, ready or not. While this is true, it doesn't detract from the value of knowing the readiness gaps. Assessment provides a realistic picture of what it will take for the change to succeed.

### 3. Articulate and Measure Clear Outcomes

If you want to improve organizational performance, employee satisfaction, loyalty or productivity, put some measures to these and be bold in stating them. It often seems that the fear of not meeting an objective keeps an organization from articulating anything specific, especially in the people side of the business. Organizations need to work hard to figure out what is appropriate to measure. For example, it is common to measure employee satisfaction levels, but not the behaviors that we hope will result from satisfaction (e.g. voluntary effort, helping a co-worker, making improvement suggestions). It's a missed opportunity.

Sometimes desired outcomes aren't easily quantifiable. In any case, as we assist our clients with organizational change, we are asking them to "ask yourself relentlessly, is this getting us what we want?"

### 4. Institutionalize the Change

The specific strategies of this step are dependent upon the content and nature of the change and the culture of the organization. Here, we will highlight a few considerations:

- Develop a comprehensive communication strategy that lasts beyond the transition stage to the point where results are visible;
- Connect the change effort wherever possible to existing systems and procedures; make it part of the fabric of the organization and be intentional about it;
- Provide the necessary performance support to ensure that people can thrive in the changed environment.

The four steps just outlined pave the way for successful change efforts. There are two additional ongoing activities instrumental to the success of organizational change. When we work with our clients in leading change efforts, we explore these two important elements of success: 1) the management of organizational culture; and 2) the resiliency of individuals and the organization.

#### **Actively Manage Organizational Culture**

Our work with numerous companies during and after the change process has shown that corporate culture is a major determinant of the ultimate success or failure of the effort. When talking about mergers and acquisitions, CEOs often state that a lack of cultural integration is a major reason why their attempts to complete mergers or acquisitions fail to achieve the intended goals. The effective management of corporate culture is an essential contributor to the implementation success of change efforts. It cannot be left to chance.

Culture studies are a good start (click to learn more about culture studies). They help leaders understand the current culture and identify the desired culture necessary for future success. This helps leaders develop action plans for their change efforts that take into account the beliefs, values, assumptions and behaviors of the culture. Decisions

can be made whether to modify the change effort to be in line with the current culture, or whether to modify the culture to be more supportive of the needed change(s).

### **Build Individual and Organizational Resilience**

Related to culture, is the concept of organizational and individual resilience. Increasing resilience will also help leaders ensure the success of their change efforts.

At the Center, we partnered with some of our clients and professional colleagues to research the topic of resilience in organizations and people. We defined resilience as the ability to adapt to changing situations and to bounce back from setbacks. We learned some intriguing things about what resilience is and why it matters. Most importantly, we learned how to increase both individual and organizational resilience (click for article on Building Resilient Organizations). Key steps include:

- Having a clarity of purpose (mission, goals and objectives)
- Being forward thinking (big picture vision, open communication, investment in human resources)
- Developing a positive environment for employees to succeed (mutual trust and respect, work and personal life balance, clear communications)

Understanding and managing change is critical in today's business climate because the magnitude, the complexity, and the speed of change within organizations are increasing. Paying attention to the steps outlined above will go a long way toward helping leaders stay on course and support their employees and the organization throughout the change management process.

If your organization needs help to successfully orchestrate change initiatives, Center consultants can help you:

- Understand the impact of your corporate culture on change efforts
- Assess and improve your organization's resilience to change
- Create an environment for successful change
- Plan for and help implement a successful change process