



ESSENTIALS

Bonus: Managing Change

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Change is Constant

It is often said that the only thing that is constant is change. The world is changing rapidly around us and the pace seems to pick up every day.

No matter how you look at it, the world is moving faster. – John Kotter

Organizational change is often desirable, even necessary for an organization to succeed. We have all experienced, however, failed change initiatives and witnessed the disappointment that settles like fog into every crevice of the organization when another change initiative is announced. Change can hurt.

For some, the pain is physical. Physical pain occurs when the change initiative results in downsizing and the remaining work is heaped on the shoulders of fewer people. For others, the pain is financial. Thousands of dollars are spent on training, consultants, and new technology. The worst pain is that which happens to the people – discomfort, anxiety, and distress that negatively impacts productivity, employee retention and ripples out into the community to affect families, schools, and other businesses.

In *Why Change Doesn't Work*, Robbins and Finley list 15 costs of failed change initiatives:

1. Loss of jobs
2. Loss of energy
3. Loss of trust
4. Loss of respect
5. High stress
6. Fragmentation of teams
7. Depression
8. Anger
9. Diminished risk-taking
10. Loss of credibility within the organization and across the supply chain
11. Trouble at home
12. Change in management attitude toward employees
13. Games/politics
14. Diminished resources
15. Crazyness/workplace violence

They also list 7 unchangeable rules of change:

1. People do what they perceive is in their best interest;
2. People are inherently anti-change;
3. People thrive under creative challenge and wilt under negative stress;

4. People are different – there is no single “magic pill” that will address all needs/wants;
5. People believe what they see - actions speak louder than words;
6. Effective long-term change starts with visualization of what want to achieve and then inhabit that vision until it is true
7. Change is an action of the imagination – no change occurs until the imagination is engaged.

There are four traditional approaches to making change happen:

- 1) Pummel – “Do What I say or else you will die” approach in which the worker becomes a slave. General Patton and Pope Innocent III are examples of his approach.
- 2) Push – Do What you must do or the organization will die” approach, otherwise known as the “burning platform” approach. Jack Welch in the early 1980’s is a good example of this when he required every GE business to be #1 or #2 in their industry.

These two approaches involve fear, manipulation and disrespect for the worker. The next two approaches recognize the humanity of workers:

- 3) Pull – “Do what you must do to achieve the future you dream of” This is push with empowerment. No fear, but sense of urgency strong.
- 4) Pamper – “Do what you want to do.’ This is pull minus accountability in which there is no fear, maximum empowerment and little measurement or evaluation; the worker is like a child.

None of these approaches align fully with the 6 essentials.

So, what is a leader to do? How do you successfully manage change? What is change management?

Change management is the application of a structured process and tools for leading the people side of change to achieve a desired outcome. It engages all levels of an organization and moves people outside their current thinking and behavior.

At the simplest level, change management is making sure five elements are in place for the change:

1. Vision – what is the desired future state?
2. Skills – everyone is equipped to participate in the change
3. Incentive – what is in it for me to participate to achieve this vision?
4. Resources – what equipment, tools, and materials are needed to make the change happen?
5. Action plans – what are the sequence of steps needed to go from current state to desire state?

6. Change without vision leads to confusion; change without skills leads to anxiety; change without incentive leads to slow, gradual change; change without resources leads to frustration; change without action plans leads to false starts.

In the next 5 posts we will share several change models that incorporate these elements and help people transition through change. Lastly, we'll distinguish between change management and management of change (MOC).

If change is hard, leading change is harder.

There has been no lack of re-engineering, restructuring, downsizing/rightsizing and quality improvement initiatives and renewal projects over the last four decades. Many of these have resulted in waste and anguish.

According to John Kotter in his book, *Leading Change*, all this waste and anguish was avoidable. He has identified eight common errors leaders often make when initiating change:

- 1) Allowing too much complacency. A high sense of urgency in leaders and employees is required for any successful change initiative. Without a sense of urgency, people will not make sacrifices and will not make an extra effort to create and sustain change. Leaders often under-estimate how hard it is to get people out of their comfort zone. People will find 1000 ingenious ways to withhold cooperation from an effort they sincerely think is unnecessary or wrong. Leaders often lack the patience needed to help them see otherwise. Leaders may even confuse anxiety with urgency and drive people further into their fox holes, creating more resistance to change.

There are many sources of complacency, including:

- Too much happy talk
 - Absence of visible crisis
 - Too many visible resources
 - Low performance standards
 - Focus on narrow functional goals (versus process goals focused on the customer)
 - Focus on wrong performance measures
 - Lack performance feedback from external sources
 - A “kill the messenger” culture
- 2) Fail to Create a Powerful Guiding Coalition (Cohesive Leadership Team) It is often said that it is impossible to create major change in an organization unless the senior leadership team is an active supporter. The team needs to be powerful not just in terms of titles, but expertise, and be able to set aside egos. No one individual, no matter how competent, has all the assets need to overcome tradition and the inertia created by short-term self-interest, politics, and bureaucracy.
 - 3) Underestimating the Power of Vision. Vision plays a key role in creating a productive change by directing, aligning and inspiring actions on large numbers of people. Without

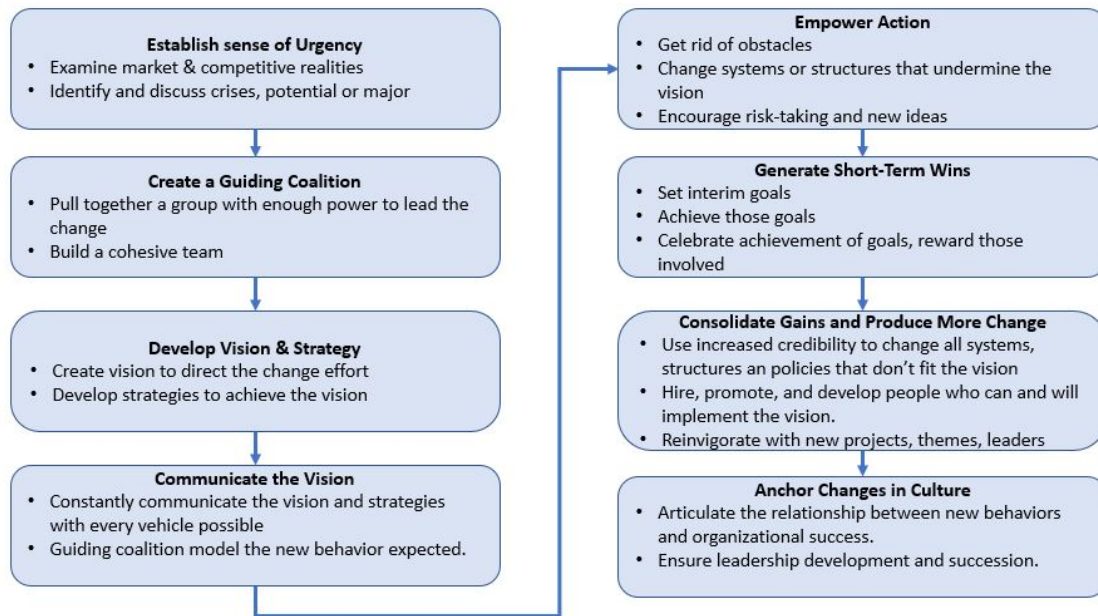
vision, transformation can easily dissolve into long lists of projects that are counter-productive, unfocused and resource draining.

Change is the law of life. And those who look only to the past or present are certain to miss the future.
-- John F. Kennedy

Leaders often have some sense of direction, but it is too complicated or unclear for others to understand; clarity is critical. Leaders should be able to state the vision during a change initiative in 5 minutes or less and get a reaction that shows both understanding and interest.

- 4) Under Communicate the Vision by a Factor of 10. People will not make extra effort or sacrifice unless they think the benefits of the change are valuable and the transformation is possible. Therefore, communication in both words and deeds are critical. The latter are usually the most powerful; nothing undermines change more than inconsistent behavior by influential leaders.
- 5) Permitting Obstacles to Block Vision. A major change requires action by a large number of people. These individuals need to feel empowered to embrace the new vision. They quickly become disengaged when roadblocks/obstacles are in the way. Obstacles can range from organization structure (for example, too many levels of approval), performance management system (rewarding employees for old behavior), to a disengaged supervisor. Engaged bosses leverage organization structure, performance management systems and information technology to develop skills and capability in their team members for the change.
- 6) Failing to Create Short-term Wins. Change takes time. Change efforts can lose momentum if there are no short-term wins to celebrate. Most people will not go the “long march” unless they see compelling evidence that it is working. Successful change leaders actively set interim goals and reward the people involved when those goals are achieved.
- 7) Declaring Victory Too Soon. After months of hard work, it can be tempting to declare victory and move on. Realistically, it can take 3-10 years for change to sink deeply into the culture of an organization. A pre-mature celebration stops all momentum as resistance is always waiting to reassert itself.
- 8) Neglect to Anchor Changes Firmly in Corporate Culture. Change sticks only when it becomes “the way we do things.” Until new behaviors are embedded into social norms and shared values, they are subject to degradation as soon as the leadership focuses elsewhere. There are two approaches to anchor change into culture:
 - a. Leaders make a conscious effort to show people how the change has positively impacted the organization. People will not /cannot make these connections on their own.
 - b. Leaders ensure the next generation of management personifies the change. This is most often done by linking the new behaviors to promotion criteria.

Successful change initiatives must avoid these eight errors. Kotter proposes an 8-stage change process that directly addresses the eight errors:



Sequence is important as one phase builds on all the previous phases. Skipping a phase or getting too far ahead without a solid base risk the loss of momentum, anxiety, and skepticism.

Engage Head and Heart to Become Transformational Leader

Our life with technology is complicated, especially at work. Technology has become such a central part of the overall work experience that it is hard to separate it from the people doing the work.

Organizations seeking to implement technology-led transformation need to consider what motivates people when it comes to technology.

It is predicted that automation will soon eliminate repetitive work. Jobs will require more experimentation, mental engagement, data-based decision-making, and teamwork for long-term competitiveness.

A majority of C-suite executives (90%) believe their organization pays attention to people's needs when introducing new technology. But, **only 53% of employees agree**. A recent PwC survey found:

- 56% of employees feel technology has taken them away from human interaction at work.
- 37% of employees are more likely to adopt new technology if it helps advance their careers;
- 84% of employees do their work because they want to learn new things.

In addition, a recent Gallup poll of the State of the American Workforce found 44% of employees are actively engaged, 16% actively disengaged, and 51% not engaged. Not engaged workers are emotionally unattached and not energized at work. Actively disengaged workers tend to be unhappy, resentful and counter-productive. On the other hand, engaged workers are highly involved, enthusiastic and energized at work. As a result, their individual performance rises and this pushes their team to higher levels of quality, safety and productivity

What is a leader to do? Get everyone's head and heart into the game by establishing mutual self-interest between the employer and employees. This does not require becoming an employee-owned company. Rather, leaders need to become more transformational and less transactional. Transactional leaders focus only on the output. Transformational leaders focus on both the output and those producing the output; they focus on the entire work system to form a high-performance work system. A work system is the structure an organization uses to develop and produce and deliver its products/services, along with the supporting processes necessary to pull it all together.



There are five behaviors for becoming more transformational:

1. Listen. Listening is the most important communication skill. As Stephen Covey says in his book, Seven Habits of Highly Effective People, "Seek first to understand, then to be understood." Do not interrupt when others are speaking and listen with your eyes as well as your ears to find meaning and feeling, not just the facts.
2. Communicate vision and expectations in ways that can be understood at all levels of the organization. Use language of the average worker, be open to feedback on your message, even criticism and always start meetings with the most important value/expectation. For example, at DuPont, every meeting, no matter the level or location starts with safety (job #1 at DuPont and the reason they consistently have the best safety performance in the chemical industry)
3. Care. The motive (why) that inspires the greatest trust is genuine caring for another, the agenda (what) that inspires the greatest trust is seeking mutual benefit while the behavior (how) that inspires the greatest trust in a relationship is to act in the best interest of others. For example, the focus on safety at DuPont demonstrates care for the individual employee and provides a foundation for trust and mutual self-interest.
4. Be collegial. Create a sense of equality with all levels of the organization; make everyone feel at ease. Show gratitude and empathy as appropriate.

5. Engage in a way to demonstrate a personal connection. Help subordinates connect to and achieve personal as well as organizational goals. Convey a sense of worth - let them know they are not just a cog in a profit wheel.

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