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Organization Change Implementation,
Change Management

The Human Side of Organization Change

MANAGING THE BUSINESS SIDE OF CHANGE IS EASY COMPARED WITH MANAGING THE PEOPLE SIDE. BUT IF COMPANIES IGNORE EMPLOYEES' NEEDS, THE BUSINESS SIDE WILL SUFFER THE CONSEQUENCES.

BY JOHN IACOVINI

Think about a recent change you and your colleagues survived at work. Was it a positive, memorable experience that increased your loyalty to your organization? Or was it a painful experience that left you feeling confused, frustrated, discounted, and maybe even less loyal?

The rate of change in American businesses is accelerating. Everywhere we see amazingly creative organizational charts, new service-quality efforts, total quality management invasions, mergers and acquisitions, downsizing, innovative culture-change efforts, new CEOs, and Chapter 11 reorganizations.

U.S. managers are urged to follow popular Japanese management styles—to “do it right the first time.” How many major changes in your organization have been done right the first time—or even the second time? How many were orchestrated to have the best effect on people and the organization?

Research has shown that few quality-improvement efforts go beyond lip service. Examined more closely, most quality failures result from some fundamental imbalances between the human and business sides of change.

When customers interact with an organization, they expect service on two levels. They expect an organization's product or service to meet their business needs, and they expect it to meet their human needs for respect, friendliness, and empathy. The same balance of expectations exists among employees within an organization.

When an organization embarks on a major change effort, employees at all levels find themselves floundering in a sea of stress and confusion. They look around for something to hold on to. They crave security, respect, and empathy—even while the business of an organizational change rushes on around them. Organizations can successfully make changes if they skillfully honor and acknowledge the human needs of their employees.

Balancing business and people

Change is a rational process—one that is carefully planned and orchestrated to move organizations from one capacity to another.

The secret to real success is effective management of the emotional vulnerability that accompanies organizational change. Honoring employees' needs and helping them understand

and make sense of what is going on can do more than just get them through the change. Under the right conditions, such understanding can enhance employees' personal and professional growth, add value to their lives, and lead to increased loyalty.

Companies should try to maintain and enhance employees' self-esteem. If they don't, employees will probably remember the change process as a negative experience, even when the business side of the change has been implemented effectively. Bad memories linger. They can lead to dissatisfaction and an erosion of any positive changes that are implemented.

When employees, including managers and supervisors, have negative memories of organizational changes, their commitment to the organization is likely to suffer. They may do only the bare minimum that is required for them to keep their jobs. In other words, the organization may lose significant employee loyalty and become less competitive than it was before the change process began, which can be particularly critical if the change was initiated for reasons of survival.

A balanced approach can enhance the success of a change effort. The process should recognize human

needs, honor and address the human side throughout the business aspects of the change, and end with human issues still in mind.

Too often, organizations give lip service to the human side and focus their attention on the business side, because many top managers find business issues more comfortable to deal with than people issues. Their efforts fall flat, or at best have short-term positive effects before they fizzle out. The cost of failed change efforts is high. It leads to

- ▶ diminished competitive position
- ▶ lost employee loyalty
- ▶ a waste of money and resources
- ▶ difficulty in reworking the change efforts.

What makes managing the human side of change so difficult? It is difficult because organizations don't understand the human side nearly as well as they understand the business side. Business schools seldom teach the human side of change, but unless companies deal with change effectively, the customer-focused cultures they seek will elude them.

The human side is not logical, rational, or reasonable. It involves the feelings of employees—such as fear, uncertainty, and doubt—as they attempt to make sense of change and maintain their self-esteem. These feelings are intangible. They are difficult to assess and manage, and executives may not realize their powerful effect. But if organizations are to gain employee commitment, it is crucial for them to understand how to deal with those issues.

Fear is also an issue companies need to address. Loss of integrity, credibility, or reputation are significant fears for employees at all levels. It is more important for people to deal with those issues than it is for them to work on such issues as a lack of career or financial advancement, say Kathleen D. Ryan and Daniel K. Oestreich in *Driving Fear Out of the Workplace*.

Phases of a change reaction

In *Surviving Corporate Transitions*, William Bridges discusses the human experience of going through life and work changes. He describes three phases of the change process—the ending, the neutral zone, and the new beginning. He stresses the

importance of helping people work through this process during mergers, acquisitions, divestitures, and lay-offs.

Organizations that are undergoing changes to improve service quality can observe a similar process. It begins with a struggle to let go of an old paradigm, progresses to an impasse—a rocky phase of “temporary insanity”—and finally, reaches a risk-taking stage that leads to renewal.

Letting go is hard to do

Why don't employees see the benefits of change and get on board more quickly? For many, the experience is like standing at the edge of a chasm and being challenged to jump to the other side—with nothing in between but fog.

Employees don't know how far away the other side is, or even if there is another side. They feel trapped. The old rules that led to success no longer apply. A new set of rules has not yet been firmly established, and it's not OK to talk about the dilemma.

Employees caught up in organization change rarely talk openly about the major personal challenges they face—or even clearly understand them. Although the business reasons for change may be very clear, employees are frightened about relinquishing the old work habits, roles, attitudes, and values that help them feel useful and important.

Employees don't want to lose the comfort zones of personal identity, pride, and competence that they have built over the years. And supervisors and managers may have similar feelings about their own roles, though those feelings are rarely acknowledged and understood.

It's as if an unconscious conspiracy of silence exists about the feelings of sadness, anger, denial, and fear that employees experience as they let go. Many organizations have a cultural taboo against discussing such feelings. But letting go is a real choice. Employees arrive at that choice through caring dialogue, negotiation, and trust. Unfortunately, managers and executives seldom encourage discussion of such issues.

Part of the problem is that some managers perceive employees' struggles to let go as unwarranted resistance to change, so they work at

“straightening out” the dissenters. It's not so surprising, then, that employees do not openly share their feelings. They're afraid managers will perceive them as troublemakers.

Much has been written about midlevel managers' resistance to service-quality improvement efforts. Managers' natural desires for self-preservation become evident in times of change. They have seen programs come and go. They may have gone out on limbs in favor of change efforts that failed, leaving them feeling vulnerable and less respected. Their own human sides tell them to be wary.

As change takes hold, managers' roles may change. Managers who worked hard to climb the ladder may be asked to assume the roles of supportive facilitators. These are the same managers who in the past were rewarded for maintaining control, being decisive, putting out fires, knowing the answers, giving orders, and shooting from the hip to solve problems quickly. Their new roles may involve serving employees on the front line and empowering them to solve problems.

To make things even worse, managers are asked to make these changes with no guarantee of good results. In fact, in many cases, their experience tells them the efforts will probably fail.

Midlevel managers aren't the only ones who face this problem. It's a major struggle for executives to put aside a command-and-control management style in favor of a leading-by-serving-first style, as described by Robert Greenleaf in *Servant Leadership*. And because executives lack the training, skills, and experience that are necessary for managing others through the letting-go stage, they often overlook the possibility of a more service-oriented approach.

According to Bridges, “Slick talk about the new vision goes over people's heads if no one seizes the opportunity to deal with the fear, confusion, and sadness about letting go of an identity that made them successful in the past.” Some suggestions for managing the “letting go” phase include the following:

- ▶ Give visible support.
- ▶ Look for stability (areas that are not changing).

- ▶ Give people opportunities to interact informally.
- ▶ Build on the past rather than discounting the past.
- ▶ Be sensitive to people who are at different stages of accepting the change.
- ▶ Help people identify what they are holding on to and why.
- ▶ Support people in letting go.
- ▶ Give information constantly.
- ▶ Provide a safety net when people make mistakes.

It's much easier to focus on the rational, business side of change and aim to get the whole thing over with as soon as possible. But even the best-orchestrated approach on the business side can leave negative memories and feelings embedded in the organization.

Getting stuck in the impasse

Gestalt psychiatrist Fritz Perls first used the term "impasse" to describe a psychological state that patients experience before they cure themselves. According to Perls, people in

the impasse stage are "holding on to their illness like an old friend, and being afraid of the desired, yet unknown, state of wellness." This concept also applies to organizations undergoing change.

Getting out of the impasse stage can be compared to getting your car out of the snow when it's stuck. If you gun the engine and try to power your way out, you'll wind up spinning your tires and getting stuck even deeper in the snow. If you slow the engine and gently rock your car back and forth, the momentum may eventually allow you to move forward.

Organizations tend to rush through the impasse stage like inexperienced drivers stuck in the snow. Without the proper guidance, employees can become psychologically stuck. When that happens, they tend to roll back into the past and become even more entrenched.

A successful organization uses the impasse stage as a time to align employees with its organizational vision so that the vision takes on

personal significance for them. Such firms have enough tolerance for the frustration of the impasse to allow employees to get out of the snow-bank and onto firmer ground, where the seeds of the new vision can take root. The impasse stage can be fruitful for organizations that

- ▶ take time to reflect on where things stand
- ▶ encourage creative thinking and tolerate diversity
- ▶ encourage people to reminisce about the past and think in new ways about the future
- ▶ allow a focus on feelings
- ▶ explore new ideas.

The impasse is a time for everyone in an organization to examine emerging roles. For example, some executives may explore new options for restructuring the organization to be more customer-focused. Others may evaluate their leadership styles and begin to see the benefits of engaging in a learning and discovery process characterized by more openness with customers.

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Some midlevel managers may begin to see their roles as champions rather than uninspired administrators. Supervisors may begin to champion the ideas of frontline people. Frontline people may begin to take more initiative. This is a time for exploring, reorienting, and relearning. It is a time to plant the seeds of a new identity.

This opportunity for employees to

reflect about themselves and the organization enables the change to sink in so that it becomes a part of the heart and soul of their work identity and values.

Renewal brings new ideas

The third phase of organizational transition—the renewal phase—is characterized by new challenges. The busi-

ness side of change has produced common goals for service-quality success. Employees have been trained. They are familiar with such concepts as empowerment, continuous improvement, teamwork, problem solving, total quality, and customer focus.

If the letting go and impasse have been managed to create positive memories, then employees are probably ready to embrace a continuous improvement concept, complete with a spirit of innovation at all organizational levels.

Now is the time to take risks and practice new ideas. A new level of self-esteem develops as people try new behaviors that are in line with their organization's new vision. They no longer need to be directed to act; they act instinctively on behalf of their company's new vision. Personal learning has enhanced their emotional commitment to change.

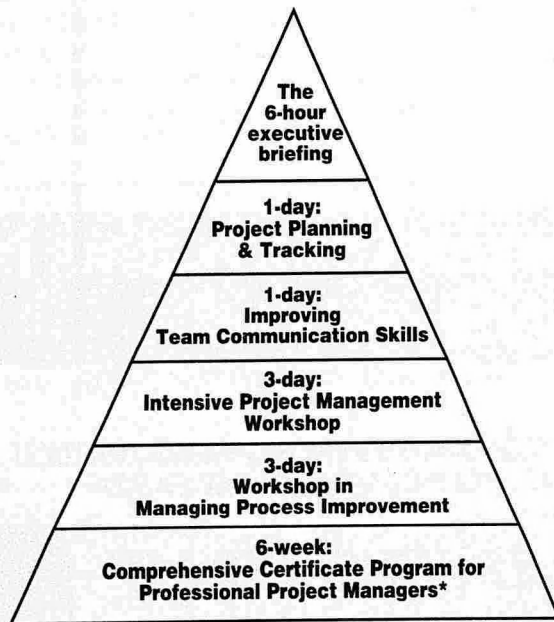
Continuous improvement—non-stop change—can be embraced by employees now that they know how to deal with the pain of letting go and the confusion of the impasse. In such an environment, being in a learning mode is honored as much as achieving business results. Today's renewal becomes tomorrow's letting go.

But many organizations find that their human and business sides are out of sync. When it's implementation time on the business side, most employees may still be stuck in the "letting go" or "impasse" phase. This leads to a phoney renewal; employees go through the motions when the boss is looking. "This too shall pass," becomes the new slogan.

W. Edwards Deming says that driving fear out of the workplace is more important to continuous improvement than are all the cherished statistical techniques of total quality. And the first step in driving fear out of the workplace is to honor and understand employees' experiences in the human side of change. Learning how to work through the human side is crucial; continuous improvement, a secure work environment, and employee loyalty depend on it. ■

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