Traveling Through Transitions

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The best way to manage change effectively is first to get the

lay of the land. Here's a survey for assessing your organization's

readiness for change.

WHAT DOES IT MEAN to "manage" change? It involves gauging an organization's readiness for change, overcoming employees' resistance to change, and measuring the results of change initiatives. As trainers and HR practitioners, many of us are dealing with these issues as our organizations continue to downsize, restructure, reorganize, and reengineer.

Conventional business wisdom holds that implementing organizational change is an inexact science. Change isn't easily measured, tracked, monitored, or assessed by traditional mechanisms. Conventional thinking also holds that many organizational problems stem from personality conflicts among department heads and other organizational factions, not from larger systemic issues. Consequently, many change efforts have been informal, limited to certain departments, and unsupported by management. Other efforts

have been announced by senior managers with fanfare, only to be deep-sixed in favor of more pressing concerns. Still, most people agree nowadays: Change is the one constant in organizations. But few organizations and HR practitioners have found solid approaches for managing this constant.

Change is core

The growing pressure on HR professionals to be the managers of change is due to several reasons. One, many reengineering efforts haven't worked because they ignored the human variables. Many downsized and restructured organizations are waking up to the fact that in failing to deal effectively with survivors, they've seen productivity suffer and no rebound in employees' morale and motivation.

Many organizations are also realizing that they must either find or develop standard approaches for man-

aging change on a sustained basis. Evidence shows that change efforts can be maintained successfully over time, if they're carefully orchestrated with other organizational practices such as executive leadership, customer focus, commitment to quality, employee empowerment, and training. Change initiatives should also be linked to efforts to improve overall performance and profitability.

In other words, change must become institutionalized as a core organizational value and systemically reinforced in these areas:
▶ when customer feedback is used to refine work processes
▶ during ongoing communication from company leaders to employees about working smarter and better
▶ when employees' quality-improvement accomplishments are acknowledged and then factored in to their performance appraisals

▶ when the organization's performance goals and employees' job performance are linked through reward, recognition, and measurement systems.

To be successful, change must be implemented at two levels: transformational and transactional. Based on the Burke-Litwin model, the transformational level involves an organization's mission, strategy, vision, and culture. The transactional level involves systems that facilitate people's work, including policies, procedures, rewards, and communication. The people charged with spearheading change need ways to identify and deal with the systemic issues that are at the heart of the organization's need for change. They must identify the roadblocks, and they need the appropriate tools.

Taking a snapshot

First, it's important to take a close look at the organization and its inter-relationships. One way is to use a change-management assessment instrument to get a snapshot of the organization's characteristics and how it works. Then you can construct a change-management plan. For an example of a survey instrument, see the box "Lay of the Land."

The survey "Lay of the Land" examines the following areas:

External environment. This includes the marketplaces, world financial conditions, and political factors that could affect an organization's performance currently or in the future.

Management values and practices. The survey should elicit employees' perceptions of executive practices and values with such questions as, "Do senior managers try to stay in touch with staff at all levels?" "Do senior managers motivate employees to work toward common goals?" "Do employees trust the organization's management team?"

It's also important to examine the mission and strategy to ascertain what employees believe about the purpose of the organization and how it intends to achieve it.

Organizational culture. In many organizations, the culture is implicitly understood even when it isn't expressed. The survey probes employee thinking to unearth both the overt and covert rules, values, and principles that guide the organization's behavior and responses to the external business environment.

Organizational structure. The survey examines the organization's structure in order to develop formal and informal profiles of the ways decisions are made and how power is shared, fragmented, or diffused. The survey also examines current management practices. Do managers motivate people to do their jobs, be involved, and commit to the organization? How do managers develop people?
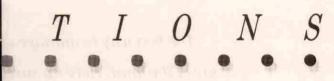
Organizational systems. These include

LAY OF THE LAND

Here are some questions for determining your organization's readiness to implement change.

External environment
▶ How does your organization compare with its competition in the marketplace?
▶ To what extent do you and others inside the organization understand who your customers are?

Mission and strategy
▶ How familiar are you with the stated vision and mission of the organization? Are they compelling to you?
▶ Are you clear about what the organization is trying to achieve and your role in that?
▶ Do you think the goals are achievable?
▶ Is the rate of current change in the organization appropriate?
▶ To what extent do you think the organization is making progress?

Leaders
▶ To what extent do leaders visibly and consistently support the mission and goals of the organization?
▶ Do leaders motivate people to work as a team?
▶ Is leaders' conduct trustworthy and ethical?
▶ Do leaders communicate clearly and consistently about changes that affect employees and their jobs?
▶ Are leaders consistent and decisive?
▶ Do they send mixed messages?

Culture
▶ To what extent is the organization's culture empowering?
▶ To what extent is it oppressive?
▶ Do you spend time taking new approaches to your work?

▶ Do you spend a lot of time fighting fires and the bureaucracy?

Structure
▶ To what extent does the organization's structure help you and your co-workers perform your jobs?
▶ If you're currently in the midst of downsizing or restructuring, do you understand the rationale for the changes?
▶ To what extent do you think change has been managed effectively?

Management practices
▶ How would you characterize the organization's management style?
▶ Do managers motivate people?
▶ Are employees involved in making decisions that affect their work?
▶ Does management encourage open communication?
▶ Are employees developed informally and formally?
▶ Do managers encourage innovation?
▶ Do they act with integrity toward subordinates and peers?

Systems, policies, and procedures
▶ Do the organization's systems, policies, and procedures help or hinder you in performing your job?
▶ To what extent do the organization's technology in and policies on compensation, benefits, training, and career development help you perform your job?

Work climate
▶ How well do people work together in their work groups?

▶ To what extent does teamwork, trust, recognition, cooperation, and appreciation of diversity exist in your own work group?

Skills and job match
▶ Are you clear about what you need to do to be successful in your daily work?
▶ Is your work challenging?
▶ Do your skills match your job?

Motivation
▶ Do you feel empowered in your job?
▶ What is the level of employee morale in the organization?
▶ Are people satisfied with their work?
▶ Do they feel they're making a significant contribution to the organization's goals?

Individual needs and values
▶ To what extent are you able to achieve a balance between your work and personal life?
▶ Do you take pride in the organization?
▶ Do you feel secure about your job?

Performance
▶ To what extent do you think the organization achieves the highest possible level of performance from you and other employees?
▶ Is your organization profitable and productive?
▶ Does it have a good reputation?
▶ How is it perceived by people outside?

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such areas as information management, goals, budget, policies, procedures, and protocols. Do the organization's information systems help people do their jobs? Do the human resource policies ensure effective employee recruitment, selection, and placement?

Work climate. The climate indicates to what extent people perceive teamwork, trust, recognition, and coopera-

tion to be part of the organization's work ethic. The survey asks about the task requirements and skills people need to do their jobs. Do they feel appropriately niched? Do they like their work? Are they motivated? Does their work give them a sense of connection to the organization? When people aren't motivated or don't understand how their roles relate to the organiza-

tion's larger goals, that signals a "system disconnect" that must be addressed.

Performance. Simply put, to what extent do people think that their organization is performing at maximum effectiveness?

The survey also collects demographic data for categorizing the findings by such variables as age, function, and department.

The survey questionnaires are tallied and scored by computer. Using factor analysis, you can score items in each of the categories to come up with an overall image of the way the organization works. Then a regression analysis can provide a sense of which organizational dynamics are most important. Answers to questions about mission, strategy, leadership, and culture (transformational factors) have more numerical weight in affecting performance than answers to questions about structure, systems, management practices, task requirements, motivation, and individual needs and values (transactional factors). Weighting respondents' answers helps place employees' issues and concerns in order of priority. Then the most critical areas for change can be identified. The numbers draw a sort of map by focusing on the domains most likely to affect organizational performance and effectiveness.

Survey questions can vary, depending on the nature of the organization and its problems. Some organizations do have strong, visionary leadership but out-of-sync systems that don't reward behavior that supports company goals. Or, employees think their managers support change but that the organization's outdated computer technology prevents people from being more effective.

If an organization has problems with transformational issues (for example, it's unclear about future goals or has a disempowering culture) the survey should emphasize transformational issues—such as mission, strategy, leadership, culture, and performance.

If an organization is well-underway with change initiatives (for example, it has downsized, restructured, and embraced a new mission but still has problems with productivity and morale) the survey should illuminate transactional issues that might be hindering employees from performing to their potential. Such issues include organizational structure, systems, management practices, work climate, motivation, task requirements, and skills.

A diagnostic survey instrument ensures that recommendations for change are based on a substantive, supportable, and research-based un-

derstanding of the crucial issues, not on guesswork or anecdotal data.

Case in point

Recently, we worked with a major financial-services firm that used the survey as a cornerstone in its change-management efforts. Three years prior, the company was on the verge of financial collapse. But thanks to the leadership of the senior management team, it was able to bounce back, redefine its mission, and reposition itself in the industry.

Still, problems remained. The company had difficulty getting employees out of the mindset of performing transactions with customers and into the role of being business advisors. The firm wanted to overhaul its image, put more emphasis on customer service, and bring management practices and employees' behavior into tighter alignment with new organizational goals.

First, we used the survey to gather data about the degree to which employees had internalized the company's new mission, changed their attitudes, and adopted measurable new behaviors that would affect customers' perceptions of service levels.

Next, the survey helped reinforce new goals by providing a vehicle for conveying (through the use of new terms and concepts) to front-line workers what they should focus on. The survey also proved useful in capturing and recording employees' concerns about the changes and in identifying rough spots. This enabled senior managers to fine-tune their change-management approaches.

The survey, conducted twice in two years, served as a benchmark for determining the extent of change during the third year. Both times, the survey measured employees' perceptions of the external environment, how the company compared with the competition (for example, whether senior executives were transforming the company effectively), and the extent to which managers empowered people in serving customers' needs.

Employees were also asked about the technology they used, their compensation and benefits, and whether they thought the company was committed to providing people with the training and career-development op-

portunities required to ensure high-quality customer service.

Last, employees were asked to comment on the company's overall performance. Were all employees working as a team to build a stronger reputation, boost profits, and maximize people's talents? Did employees think the company would survive?

The vision thing

The initial survey generated a wealth of findings. It revealed an organization in transition but with the raw talent, desire, and energy to achieve its goals.

In terms of vision, employees were clear about the changes the company had to make. Most were experimenting with new ways to do their jobs. And top leadership was viewed as committed to change and supportive of employees in making it happen. Employees noted an emerging culture that valued risk-taking and experimentation. Managers were perceived as knowledgeable and entrepreneurial—important traits in bringing about organizational change at the level of people and processes.

In the first survey, some negative indicators also emerged. Employees were frustrated about the company's antiquated computer and information systems, describing them as barriers to rapid and responsive customer service. And there was distrust among departments, though the relationships within work groups and departments were good.

Employees also felt that the old culture was dying but nothing new had replaced it. They said they often didn't know what the rules were and were uncertain how to handle some customer situations.

The findings showed a close link between employee morale and motivation and the state of the company's culture, structure, and systems. The company revamped its information systems, upgraded its technology, and reduced employees' paperwork. It also took pains to reward, recognize, and reinforce new and innovative employee behaviors. In fact, it went on a hunt for employees who were providing superlative customer service. It videotaped the success stories and distributed the tapes throughout the organization to serve as examples. As

a result, customers' satisfaction levels increased.

The second survey a year later showed that the same issues remained. People still reported IS problems, inadequate time for training, and low morale. But there were reasons for optimism. One, employees' frustrations stemmed from an inability to accomplish what they knew needed to be done, and not from confusion or anxiety about what they were supposed to do. People also reported feeling more empowered and confident in doing their jobs. They were clearer than ever about where they and the organization were going. It seemed that leadership's efforts to enact a new vision were paying off.

The second survey also showed significant pockets of improvement to both productivity and profitability. An analysis of the survey results, when integrated with financial-performance measures, showed that changes in management practices accounted for the improved finances. The divisions in which people were allowed greater discretion in servicing customers sold more products and services. In light of that, we recommended that empowering management practices be consistent across the organization. Upgrading existing technology became a major priority.

The second survey also revealed an intriguing and quite directive finding. People communicated strongly that they wanted the company's leaders to continue being on the front lines of change, not shrinking back. So, we urged senior managers to stay close to the people and to keep playing a vital, highly visible role. We recommended that they not delegate change leadership to others or send signals that things had returned to business as usual.

Keys to success

Clearly, managing change effectively requires a sophisticated appreciation and understanding of the multiple variables at play. The case study highlights a key lesson about organizational change: If an organization is committed to change, it must give such efforts time. And it must put into place the appropriate systems and structures. But even when change is well-orchestrated, things can go off-key. For example, employee motivation and morale may flag just because people are aware of their destination before they're able to get there.

Many organizations opt for short-term solutions to business problems. But long-lasting and successful change requires a sustained effort and commitment. In our experience, the single most important determinant of success is strong, committed senior leadership in the earliest stages of change— hands down. Why? Because leadership is transformational. It is ground-breaking, ground-clearing work. Senior leaders are the levers of change. In many cases, they're the only people articulating the organization's new vision.

But as change progresses, it becomes more transactional. Other factors become important. The company we surveyed inaugurated its change efforts prior to our arrival. Much of our work focused on reinforcing what the senior leadership team had already instituted. But to ensure long-term success, we also had work to do on the transactional level.

It's important to conduct surveys every 12 to 18 months during the front-end part of a change initiative in order to gauge the effectiveness of the initial effort and to discover any impediments to progress. As change becomes a core organizational value, it's still important to conduct surveys about every two to three years to monitor the organization's growth and vitality and to troubleshoot problems that may arise due to changes in the external environment. For example, new technology may threaten the company's product line.

Harmony and strategic intent

More than ever, it's clear that an organization's most critical resource is its human asset. Employees must understand their roles and functions in making change happen. People and processes must be in tight alignment in order to support short-, medium-, and

> ■ *Long-lasting change requires sustained effort and commitment* ■

long-term goals. Dartmouth professor Vijay Govindarahan says that such alignment enables an organization to become internally "harmonized" and to develop a higher-order characteristic he calls "strategic intent."

Strategic intent refers to an organization's ability to stretch so it can accommodate customers' changing needs and the marketplace's shifting demands, without necessarily knowing how. Strategic intent also refers to an organization's ability to leverage its core competencies (intellectual assets) in order to gain and retain marketplace advantage, to position itself for entry into new markets, and to potentially compete on an ongoing basis in several product or market arenas.

Nowadays, developing strategic intent is crucial, not just for profitability and productivity but also for long-term viability and vitality. In *The Age of Reason*, Charles Handy says, "Change is not what it used to be. The status quo will no longer be the best way forward. The best way will be less comfortable and less easy but, no doubt, more 'interesting'—a word we often use to signal a mix of danger and uncertainty." And, we would add, "opportunity." ■

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