

Demystifying the Challenge of Change



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Abstract

Conventional approaches to organisational change have failed to produce the results businesses are looking for. To produce different results, we must do different things. There is now mounting evidence that we need to apportion greater significance to the human side of change and move away from linear step-by-step approaches that erroneously represent the environment in which we work as controllable and static. This article describes a Lane4 research project that examines how business leaders can make these shifts through effective engagement with the human side of change whilst working in a dynamic and emergent manner. The Framework presented highlights the importance of developing and communicating a compelling story, shaping the change process and enabling the people involved. Ensuring these areas are thoroughly and meticulously addressed galvanises employee engagement and ultimately enables successful change.

Introduction

Isn't it time we were less baffled by the challenge of change?

An article in the January 1954 Harvard Business Review identified employee resistance to change as 'one of the most baffling and recalcitrant of the problems' facing business executives (Lawrence, 1954, p.49). Fifty years later, research suggests, and experience often confirms, that we are still bewildered by the challenge of change. Indeed, up to 85% of organisational change efforts fail to deliver their stated objectives (Anderson, Klein & Stuart, 2000). The repercussions of unsuccessful change are substantial and include:

- Reduced profitability and market share (nearly two thirds of companies lose market share in the first quarter after a merger, by the third quarter, the figure is 90%; Harding & Rouse, 2007)
- Immediate loss of talent and long-term attrition (Krug, 2003)
- Reduced employee engagement (Hallier & Lyon, 1996)

Academics and practitioners have extensively debated the reasons for the aforementioned high failure rate, and there is now considerable evidence that links the tendency for business leaders to defer or underestimate the importance of the human side of change with unsuccessful change programmes (e.g. Rees & Eldridge, 2007). Change is deeply personal; for change to occur, individuals need to think, feel or do something different (Daniel-Duck, 1993). Interventions that tap into the human side of change must be at the heart of any initiative. However, many approaches to change management rely on mechanistic principles that fail to adequately address the psychological impact of change on people (Harding & Rouse, 2007).

Furthermore, many contemporary approaches assume that change can be managed in a step-by-step approach. These approaches, whilst containing considerable merit, underplay the complex and emergent nature of change. Our environment is dynamic rather than static; these are the waters in which we swim. A different approach to change is needed if we are to remain buoyant through organisational transformation efforts.

A New Framework for Change

This article reports a Lane4 research initiative to develop a robust and rigorous framework for change that:

- 1. Builds on the existing change literature and broadens the focus of interventions to fully incorporate the human side of change; and**
- 2. Recognises that change is a dynamic and emergent process that does not occur in a static environment**

The project began with a comprehensive review of the performance psychology literature¹ to identify articles that discussed change, from discrete changes in an individual's working life to extensive organisation-wide change. Articles were studied to identify factors associated with the success or failure of change initiatives and interventions that facilitated successful change. As one might expect, given the size of the literature, a multitude of factors emerged from our analysis, and these were subsequently clustered into four higher-order themes. These relate to: the story for change, the process of implementing change, the people involved and the organisational context. These themes are fundamental to the success of organisational change programmes and lie at the heart of the Lane4 Change Framework. The Framework was further developed through 1:1 interviews with individuals from a global organisation experiencing an extensive restructure, and focus groups with consultants highly experienced in the change domain. Further validation of the Framework is also underway.

Seven case studies have also been conducted to explore the utility of the framework in the context of real organisational change. This was complemented by a survey of almost 400 leaders from around the world about their experiences of change.

¹Including research from sport, occupational, organisational and counselling psychology.

Introducing the Lane4 Change Framework: The Big Picture

The fundamental components of the Framework comprise:

- **Developing and Communicating the Story**
- **Shaping the Process**
- **Enabling the People**
- **Organisational Context**

FIGURE 1: THE LANE4 CHANGE FRAMEWORK



A Closer Look at the Fundamental Components: Developing and Communicating the Story

Every change initiative needs a good story, which includes a compelling vision, a cogent purpose and clearly articulated business drivers. Overall, the story provides clarity and direction and evokes passion in the people involved in the change such that they understand and care about the overall initiative. A good story answers the fundamental question of why the proposed change needs to occur and bonds people with diverse perspectives and agendas into an engaged coalition of support (Rodgers, 2007). The way in which the story forms is also important. Maximising co-creation, actively and intentionally enabling people to contribute, will help people understand and care about the need for change, and begin to build engagement.

There are a number of tools and frameworks that business leaders can draw on to develop a compelling and rigorous change story. The Lane4 High Performance Environment (HPE) Scan is one such example. The HPE Scan is a diagnostic that measures the key factors that influence sustained individual, team and organisational performance. It is underpinned by the HPE Model, which assesses the psychological and social environment of the organisation to identify strengths and areas to work on. In this way, it provides essential data to inform the development of the story for change and a crucial opportunity to co-create with the people involved in its implementation.



Shaping the Process

The success of any change initiative is determined to a large extent by the process through which it is introduced and implemented. This includes paying attention to whether the formal elements of the organisation (e.g. systems and structures) are aligned with the change initiative and how effectively business leaders recognise and are able to influence the informal elements of their organisation (e.g. personal networks, politics and informal interactions) to build support for the desired changes. Transition management is integral in this endeavour and there is a growing body of research from cognitive and social psychology, as well as neuroscience that can be drawn on to demystify the human response to change. Development targeted at understanding the psychology of change and transition gives managers tools to recognise the natural differences in people's responses and in the strengths and needs people bring to change situations (Barger & Kirby, 1995). 'Talk' is an essential skill throughout this process and managers can develop employee willingness to change by using informal and unstructured methods of communication alongside the more formal and structured approaches. Diverse communication like this helps employees to make sense of the changes going on and builds understanding and commitment to the initiative.

There are also a number of change tactics that the informed leader can adopt throughout the process to engage their people on an emotional and intellectual level. These include: creating an informal change leadership



team; role modelling effectively; empowering people to act on the vision by removing obstacles and building enablers; planning and creating short term wins; and embedding new approaches. From this vantage point, the Lane4 Framework supports business leaders in working through a process that enables productivity, minimises and works through resistance and ultimately inspires people to engage with the change initiative.

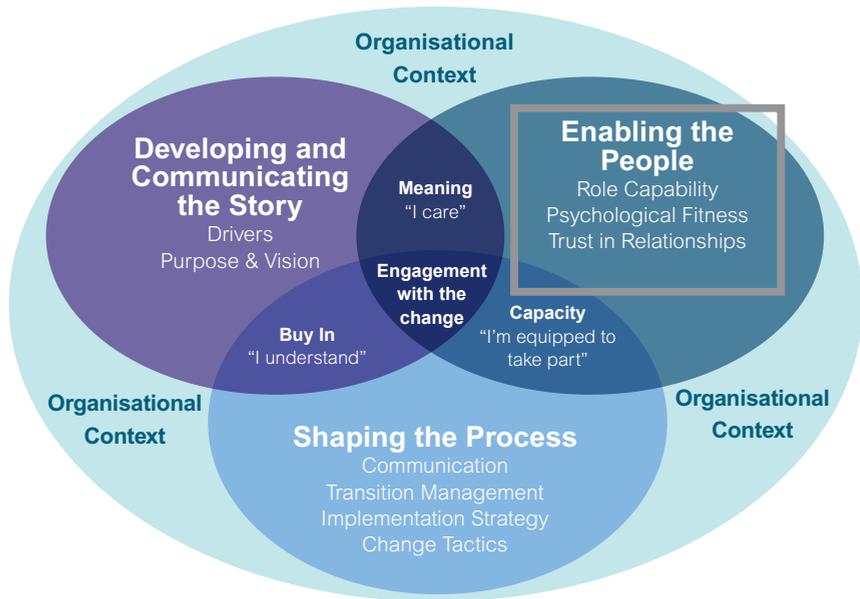
Enabling the People

The Lane4 Framework also identifies key factors and resources that enable people to make change happen. These are grouped under the concept of 'psychological fitness' and include:

- **Mental Toughness** – to develop confidence, focus, determination and the ability to successfully manage pressure during change (Jones & Moorhouse, 2008)
- **Emotional and Social Intelligence** – to react constructively to change initiatives, work successfully within teams and draw on effective coping abilities throughout (Jordan, Ashkanasy & Hartel, 2002)
- **The Capacity to do 'Emotion Work'** – developing managers who can lead change more effectively, with particular attention to their ability to work through their own personal transitions, support their teams to do the same and deliver on the change objectives (Clarke, Hope-Hailey & Kelliher, 2007)

These developable factors have been consistently linked with the ability to manage, if not thrive on change. They begin to build the profile of a 'change capable' individual. This profile can be used to design and implement interventions that will increase individuals' psychological fitness, and maximise their ability and desire to actively support the change.

The 'people' component of the Framework also recognises the importance of tapping into the natural relationship networks that exist in every organisation and stimulating connectivity between people. These provide the main 'communication routes' through which sense-making spreads across an organisation and are an important reservoir to build engagement with the change.



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Organisational Context

The three components of the story, the process, and the people are set against the backdrop of the organisation's context. This final component considers the culture, commonly held beliefs, attitudes and values that exist within an organisation. Understanding organisational culture is essential to the design and implementation of any change programme because it exerts a profound influence over employee attitudes and behaviour. It affects, for example, how employees react to change, how the story should be developed and introduced, and how best to equip people involved to manage the inherent demands of change.

One of the greatest challenges for managers working in this space is to uncover a snapshot of the organisation's articulated, experienced and deep culture. This can be done through diagnostic work, alongside conversations that bring to the surface powerful and often hidden assumptions about how the organisation works (Rodgers, 2007). This would include looking at: informal shadow-side conversations (e.g. coffee machine grumbles); unwritten policies and procedures; organisational heroes and villains; stories and myths; how people react to mistakes; the language people use; images and symbols; humour; well-known 'secrets'; observed promotion criteria and career limiters. The insight

gleaned from these conversations is invaluable to business leaders working to design a culturally sensitive change programme. Organisational context also refers to competing business priorities, stakeholder management and the shifting business context, all of which must be continually considered in order to adapt and evolve the change initiative and maximise the chances of success.

Conclusion

The Lane4 Change Framework is a scientifically rigorous platform from which interventions that drive successful change can be designed and implemented. It highlights the importance of developing and communicating a compelling story for change, shaping the process and enabling the people involved. Interventions in these areas must be informed by a thorough understanding of the organisation's context.

The components of the Framework are interrelated and complementary; they must be continuously addressed in order to successfully work with the emergent nature of change. Successful action in these areas represents a comprehensive approach to building engagement, which recognises that engagement contains a cognitive aspect ("I understand the need for change"), an emotional component ("I care about this change") and appropriate capacity ("I am equipped to take part"). In the final analysis, engagement is underpinned by:

- **Trust** – in the organisation and the change initiative, which increases employees' tolerance for ambiguity and uncertainty
- **Readiness to Change** – employees understand the need to change, care about this imperative and are equipped to take part
- **Psychological Safety** – employees feel able to take risks, challenge the status quo and experiment with different ways of working

The Framework captures the most effective aspects of contemporary approaches to change in a simple and intuitive way, and broadens the focus to emphasise the human side of change. It also moves beyond traditional, linear, step-by-step approaches to change management, towards a more holistic methodology. It therefore supports business leaders to effectively engage with the human side of change and to work in a dynamic and emergent manner. Finally, the Framework places people at the heart and recognises that for change to happen, people must be supported through a transition process that ultimately enables them to lead successful transformation at all levels of the business.

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