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MANAGEMENT REVIEW

MANAGING THE HUMAN SIDE OF CHANGE
Making employees feel good about change is a challenge for today's managers

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This is a time of historically unprecedented change for most corporations. The auto and steel industries are in turmoil because of the effects of foreign competition. Financial services are undergoing a revolution. Telecommunications companies are facing profound and dramatic changes because of the breakup of AT&T and greater competition from newly organised long-distance carriers. Health care organisations are under pressure to cut costs and improve services in the face of government regulation and the growth of for-profit hospital chains.

Change, and the need to manage it well, has always been with us. Business life is punctuated by necessary and expected changes: the introduction of new toothpastes, regular store remodellings, changes in information systems, reorganisations of the office staff, and announcements of new benefits programs, redical rethinking of the fall product line, or a progression of new senior vice-presidents.

But as common as change is, the people who work in an organisation may still not like it. Each of those "routine" changes can be accompanied by tension, stress, squabbling, sabotage, turnover, subtle undermining, behind-the-scenes footdragging, work slowdowns, needless political battles, and a drain on money and time – in short, symptoms of that ever-present bugaboo, resistance to change.

If even small and expected changes can be the occasion for decrease in organisation effectiveness, imagine the potential for disaster when organisations try to make big changes, such as developing a new corporate culture, restructuring the business to become more competitive, divesting losing operations and closing facilities, reshuffling product divisions to give them a market orientation, or moving into new sales channels.

Because the pace of change has speeded up, mastering change is increasingly a part of every manager's job. All managers need to know how to guide people through change so that they emerge at the other end with an effective organisation. One important key is being able to analyse the reasons people resist change. Pinpointing the source of the resistance makes it possible to see what needs to be done to avoid resistance, or convert it into commitment to change.

As a consulting firm, Goodmeasure has worked with the change-related problems of over a hundred major organisations. We have distilled a list of the ten most common reasons managers encounter resistance to change, and tactics for dealing with each.

1. Loss of Control

How people greet a change has to do with whether they feel in control of it or not. Change is exciting when it is done by us, threatening when it is done to us.

Most people want need to feel in control of the events around them. Indeed, behind the rise of "ownership" counts in getting commitment to actions, that if people have a change to participate in decisions, they feel better about them. Even involvement in details is better than non-involvement. And the more choices that are left to people, the better they feel about the changes. If all actions are imposed upon them from outside, however, they are more likely to resist.

Thus, the more choices we can give people the better they'll feel about the change. But when the feel out of control and powerless, they are likely not only to feel stress, but also to behave in defensive, territorial ways. I proposed in my 1977 organisations at least, it is powerlessness that "corrupts" not power. When people feel powerless,

they behave in petty, territorial ways. They become rules-minded, and they are over-controlling, because they're trying to grab hold of some little piece of the world that they do control and then over-manage it to death. (One way to reassert control is to resist everyone else's new ideas.) People do funny things when they feel out of control, but giving people chances for involvement can help them feel more committed to the change in question.

2. Excess Uncertainty

A second reason people resist change is what I call the "Walking Off A Cliff Blindfolded Problem" – too much uncertainty. Simply not knowing enough about what the next step is going to be or feel like makes comfort impossible. If people don't know where the next step is going to take them, whether it is the organisational equivalent of off a cliff or under a train, change seems dangerous. Then they resist change, because they reason. "It's safer to stay with the devil you know than to commit yourself to the devil you don't."

Managers who do not share enough information with their employees about exactly what is happening at every step of a change process, and about what they anticipate happening next, and about when more information will be coming, make a mistake because they are likely to meet with a great deal of resistance. Information counts in building commitment to a change, especially step-by-step scenarios with timetables and milestones. Dividing a big change into a number of small steps can help make it seem less risky and threatening. People can follow one step at a time, but not a leap off the cliff, they know what to do next.

Change requires faith that the new way will indeed be the right way. If the leaders themselves do not appear convinced, then the rest of the people will not budge. Another key to resolving the discomfort of uncertainty is for leaders to demonstrate their commitment to change. Leaders have to be the first over the cliff if they want the people they manager to follow suit. Information, coupled with the leaders' actions to make changes seem safer, can convert resistance to commitment.

3. Surprise, Surprise !

A third reason people resist change is the surprise factor. People are easily shocked by decisions or when something is suddenly sprung on them without groundwork or preparation. Their first response to something totally new and unexpected, that they have not had time to prepare for mentally, is resistance.

Companies frequently make this mistake when introducing organisational changes. They wait until all decisions are made, and then spring them on an unsuspecting population. One chemical company that has had to reorganise and frequently lay people off is particularly prone to this error. A manager might come into work one day to find on her desk a list of people she is supposed to inform, immediately, that their jobs are changing or being eliminated. Consequently, that manager starts to wonder whether she is on somebody else's list, and she feels so upset by the surprise that her commitment to the organisation is reduced. The question, "why couldn't they trust me enough to even hint that this might happen?" is a legitimate one.

Decisions for change can be such a shock that there is not time to assimilate or absorb them, or see what might be good about those changes. All we can do is feel threatened and resist – defend against the new way or undermine it.

Thus, it is important to not only provide employees with information to build a commitment to change, but also to arrange the timing of the information's release. Give people advance notice, a warning, and a chance to adjust their thinking.

4. The "Difference" Effect

A fourth reason people resist change is the effect of "difference" – the fact that change requires people to become conscious of, and to question, familiar routines and habits.

A great deal of work in organisations is simply habitual. In fact, most of us could not function very well in life if we were not engaged in a high proportion of "mindless" habitual activities – like turning right when you walk down the corridor to work, or handling certain forms, or attending certain meetings. Imagine what it would be like if, every day you went to work your office was in an entirely different place and the furniture was rearranged.

You would stumble around, have trouble finding things, feel uncomfortable, and need to expend an additional amount of physical and emotional energy. This would be exhausting and fatiguing. Indeed, rapidly growing high technology companies often present people with an approximation of this new office-every-day nightmare, because the addition of new people and new tasks is ubiquitous, while established routines and habitual procedures are minimal. The overwork syndrome and "burn-out" phenomenon are accordingly common in the industry.

One analogy comes from my work on the introduction of a person who is "Different" (an "O") in group formerly made up of only one kind of person (the "X's") when a group of X's has been accustomed to doing things a certain way, to having habits and modes of conversation and jokes that are unquestioned, they are likely to resist the introduction of the O, because the different effect makes them start feeling self conscious, requires that they question even the habitual things that they do, and demands that they think about behaviour that used to be taken for granted. The extra effort required to "reprogram" the routines is what causes resistance to the change.

Thus, an important goal in managing change is to minimise or reduce the number of "differences" introduced by the change, leaving as many habits and routines as possible in place. Sometimes managers think they should be doing just the opposite – changing everything else they can think of to symbolise that the core change is really happening. But commitment to change is more likely to occur when the change is not presented as a wild difference but rather as continuous with tradition. Roger Smith, the Chairman of General Motors, launched what I consider one of the most revolutionary periods of change in the company's history by invoking not revolution, but tradition: "I'm going to take this company back to the way Alfred Sloan intended it to be managed".

Not only do many people need or prefer familiar routines, they also like familiar surroundings. Maintaining some familiar sights and sounds, the things that make people feel comfortable and at home, is very important in getting employees' commitment to a change.

5. Loss of Face

If accepting a change means admitting that the way things were done in the past was wrong, people are certain to resist. Nobody likes losing face or feeling embarrassed in front of their peers. But sometimes making a commitment to a new procedure, product, or program carries with it the implicit assumptions that the "old ways" must have been wrong, thereby putting all the adherents of the "old ways" in the uncomfortable position of either looking stupid for their past actions or being forced to defend them – and thereby arguing against any change.

The great socialist Erving Goffman showed how people would go to great lengths to save face, even engaging in actions contrary to their long-term interest to avoid embarrassment.

I have seen a number of new chief executives introduce future strategies in ways that "put down" the preceding strategies, thus making automatic enemies of the members of the group that had formulated and executed them. The rhetoric of their speeches implies that the new way gains strength only in contrast to the failure and flaws of the old way – a kind of Maoist "cultural revolution" mentality in business. "The way we've been managing is terrible," one CEO says routinely. He thus makes it hard for people who lived the old ways to shed them for the new, because to do so is to admit they must have been "terrible" before. While Mao got such confessions, businesses do not.

Instead, commitment to change is ensured when past actions are put in perspective – as the apparently right thing to do then, but now times are different. This way people do not lose face for changing; just the opposite. They look strong and flexible. They have been honoured for what they accomplished under the old conditions, even if it is now time to change.

6. Concerns About Future Competence

Sometimes people resist change because of personal concerns about their future ability to be effective after the change: Can I do it? How will I do it? Will I make it under the new conditions? Do I have the skills to operate in a new way? These concerns may not be expressed out loud, but they can result in finding many reasons why change should be avoided.

In local telephone companies, employees have been told for years that they would be promoted for one set of reasons, and the workers had developed one set of skills and competencies. It is very threatening for many employees to be told that, all of a sudden, the new world demands a new set of competencies, a new set of more market-oriented entrepreneurial skills. Nobody likes to look inadequate. Any nobody, especially people who have been around a long time, wants to feel that he or she has to "start over again" in order to feel competent in the organisation.

It is essential, when managing a change, to make sure that people do feel competent, that there is sufficient education and training available so that people understand what is happening and know that they can master it – that they can indeed do what is needed. Positive reinforcement is even more important in managing change than it is in managing routine situations.

In addition to education and training, people also need a chance to practice the new skills or actions without feeling that they are being judged or that they are going to look foolish to their colleagues and peers. They need a chance to get comfortable with new routines or new ways of operating without feeling stupid because they have questions to ask. Unfortunately, many corporations I know have spent a lot of time making executives and managers feel stupid if they have questions; they're the ones that are supposed to have the answers.

We have to be sensitive enough to the management of change to make sure that nobody feels stupid, that everyone can ask questions, and that everybody has a chance to be a learner, to come to feel competent in the new ways.

7. Ripple Effects

People may resist change for reasons connected to their own activities. Change does sometimes disrupt other kinds of plans or projects, or even personal and family activities that have nothing to do with the job, and anticipation of those disruptions causes resistance to change.

Changes inevitably send ripples beyond their intended impact. The ripples may also negate promises the organisation has made. Plans or activities seemingly unrelated to the core of the change can be very important to people. Effective "change masters" are sensitive to the ripples changes cause. They look for the ripples and introduce the change with flexibility so that, for example, people who have children can finish out the school year before relocating, or managers who want to finish a pet project can do so, or departments can go through a transition period rather than facing an abrupt change. That kind of sensitivity helps to get people on board and makes them feel committed, rather than resistant, to the change.

8. More Work

One reasonable source of resistance to change is that change is simply more work. The effort it takes to manage things under routine circumstances needs to be multiplied when things are changing. Change requires more energy, more time, and greater mental preoccupation.

Members of project teams creating innovation put in a great deal of overtime on their own, because of the demands – and the lure – of creating something new. During the breakup of the Bell System, may managers worked 60 or 70 hour weeks during the process, not seeing their families, simply because of the work involved in moving such a large system from one state to another. And the pattern is repeated in corporation after corporation.

Change does require above-and-beyond effort. It cannot be done automatically, it cannot be done without extra effort, and it takes time. There is ample reason to resist change, if people do not want to put in the effort. They need support and compensation for the extra work of change in order to move from resistance to commitment.

Managers have options for providing that support. They can make sure that families are informed and understanding about the period of extra effort. They can make sure that people are given credit for the effort they are putting in and rewarded for the fact that they are working harder than ever before – rewards ranging from cash bonuses to special trips or celebrations. They can recognise that the extra effort is voluntary

and not take it for granted but thank people by providing recognition, as well as the additional support or facilities or comfort they need. While an employee is working harder, it certainly helps to know that your boss is acknowledging that extra effort and time.

9. Past Resentments

The ninth reason people resist change is negative, but it is a reality of organisational life – those cobwebs of the past that get in the way of the future. Anyone who has ever had a gripe against the organisation is likely to resist the organisation telling them that they now have to do something new.

The conspiracy of silence, that uneasy truce possible as long as everything remains the same and people can avoid confrontations, is broken when you ask for change. Unresolved grievances from the past rise up to entangle and hamper the change effort. One new plant manager at Honeywell was surprised by resistance to a quality-of-work-life program, which he thought the workers would like because of the direct benefits to them. Then he discovered that the workers were still angry at management for failing to get them a quiet air-conditioning system despite many years of complaints about summer noise levels in the factory. Until he listened to them and responded to their grievance, he could not get their commitment to this change plans.

Sweeping away the cobwebs of the past is sometimes a necessity for overcoming resistance to change. As long as they remain aggrieved, people will not want to go along with something we want. Going forward can thus mean first going back – listening to past resentments and repairing past rifts.

10. Sometimes the Threat is Real

The last reason people resist change is, in many ways, the most reasonable of all: sometimes the threat posed by the change is a real one.

Sometimes a change does create winners and losers. Sometimes people do lose status, clout, or comfort because of the change. It would be naïve to imagine otherwise. In fact, managing change well means recognising its political realities.

The important thing here is to avoid pretence and false promises. If some people are going to lose something, they should hear about it early, rather than worrying about it constantly and infecting others with their anxiety or antagonism. And if some people are going to be let go or moved elsewhere, it is more humane to do it fast.

We all know the relief people feel, even people who are being told the worst, at finally knowing that the thing they have feared is true. Now they can go ahead and plan their life. Thus, if some people are threatened by change because of the realities of their situations, managers should not pretend this is not so. Instead, they should make a clean break or a clean cut as the first step in change, rather than leaving it to the end.

Of course, we all lose something in change, even the winners. Even those of us who are exhilarated about the opportunity it represents, or who are choosing to participate in a new era that we think is going to be better for our careers, more productive and technology exciting, as many of the changes in American corporations promise to be.

Change is never entirely negative; it is also a tremendous opportunity. But even in that opportunity there is some small loss. It can be a loss of the past, a loss of routines, comforts and traditions that were important, maybe a loss of relationships that become very close over time. Things will not, in fact, be the same any more.

Thus, we all need a chance to let go of the past, to "mourn" it. Rituals of parting help us say goodbye to the people we have been close to, rather than just letting those relationships slip away. "Memorial services", "eulogies", or events to honour the past help us let go. Unfortunately, those kinds of ceremonies and rituals are not legitimate in some companies. Instead, people are in one state and the next day they have to move to another state without any acknowledgement of the loss that is involved. But things like goodbye parties or file-burning ceremonies or tacking up the company's history on bulletin boards are not just frills or luxuries; they are rituals that make it easier for people to move into the future because their loss is acknowledged and dealt with.

Resistance to change is not irrational, it stems from good and understandable concerns. Managers who can analyse the sources of resistance are in the best position to invent the solutions to it – and to manage change smoothly and effectively.

There may be no skill more important for the challenging times ahead.

BUILDING COMMITMENT TO CHANGE

- Allow room for participation in the planning of the change

- Leave choices within the overall decision to change

- Provide a clear picture of the change, a "vision" with details bout the new state

- Share information about change plans to the fullest extent possible

- Divide a big change into more manageable and familiar steps; let people take a first small step first

- Minimise surprises; give people advance warning about new requirements

- Allow for digestion of change requests – a chance to become accustomed to the idea of change before making a commitment

- Repeatedly demonstrate your own commitment to the change

- Make standards and requirements clear – tell exactly what is expected of people in the change

- Offer positive reinforcement for competence; let people know they do it

- Look for and reward pioneers, innovators, and early successes to serve as models

- Help people find or feel compensated for the extra time and energy change requires

- Avoid creating obvious "losers" from the change. (But if there are some, be honest with them – early on.)

- Allow expressions of nostalgia and grief for the past – then create excitement about the future