Managing Change

Employee involvement is crucial when you make a change — without it, your company will be missing its keystone

Keystone:
The central supporting element of a whole

By Drs. Joan Fulton and John Foltz

Change is no stranger to the feed and grain industry. Among other recent adjustments, companies have made changes to institute HAACP, ISO 9000, identity preservation of grain for both niche products and GMO grain and Internet marketing.

Many experts feel people and organizational issues, not technical (such as technology or money), are the difference between success and failure in many business initiatives. Your challenge as a manager is to make the best use of your people to work through change and end up with a strong business to move forward.

For years, business schools across the United States have preached a common approach to managing change which involves an "analyze, think, change" method. This is a very rational approach, and deals with gathering and analyzing data and then presenting logical arguments for change, via reports or presentations, to your people. The rationale behind this approach is to get your people to change their thinking based on hard facts, and then their new thoughts will motivate them to act.

Contrast this with the “see, feel, change” approach outlined by Dan Cohen and John Kotter in their recent book *The Heart of Change*, (Harvard Business School Publishing, 2002). They contend analyzing and thinking are still important elements in helping employees understand the compelling need for change. But their data (based on hundreds of interviews with employees of numerous companies around the world involved in large-scale business and technological change) indicates the so-called “soft” qualities of see, feel and change (which appeal to employees’ feelings) are more effective in getting people to change their behavior.

Cohen and Kotter found successful companies go beyond simply analyzing problems with facts and figures — they share compelling truths with employees as a means of persuading them to shift their thinking and behavior. This approach appeals to people's emotions rather than simply using quantitative data. In their research they discovered feelings — not rational arguments — trigger action and impel people to behave in radically different ways, something often required to bring about substantial organizational change.

Why don't people want to change?

"The only constant is change." An overused oxymoron? Maybe, but we know it is true. Change is all around us, and is often difficult for people to accept and adapt to. Like it or not, most humans are creatures of habit. Psychologically, three primary feelings work to undermine change — anger, complacency and fear.

Employees may be angry they were not consulted about proposed changes. Or, they may be angry their desires or input are not being taken into consideration. Anger may come about because change replaces institutions and methods put in place by highly respected people in the past — a popular former CEO, or the father or grandfather of the current company president.

Complacency may be another reaction. It is often much easier to do nothing than be proactive in the face of change. Since it is hard work to anticipate or react to change, and it takes time, money effort and much thought, many people respond with a sense of complacency.

Finally, fear is often a prevalent emotion in situations involving change. Employees may be worried about losing their job, or wondering whether they will have the new skills required once a change is implemented. They may be concerned the company is not taking the right direction and that this effort may result in poor company performance.

Make the case

If top management is convinced change is good for the company, then it is necessary to create a sense of urgency among relevant employees. Urgency is an energizing force — it motivates people to action. So, how do you create this urgency? You as a manager must do your homework. You must show key people in your business valid and dramatic evidence from outside the company demonstrating change is required. You may need to point out what competitors are doing — and the result of their changes. Or, you may need to gather and present information from industry experts as to the direction that they feel the industry is moving. Perhaps presenting statistics from government agencies regarding historical trends in the industry and making future projections will be the logic your people will really hear. The point is — you need to make a convincing case for the anticipated change.

A good secondary step in the change process is to establish a team — a group with the authority to make some of the required decisions and then exert sufficient influence to put together necessary resources. This guiding team can help you map out direction for transformation and create steps to implement the change.

Following the agreement to follow a course of action, it is necessary for you, as manager, to communicate your vision and strategy in a simple, candid and heartfelt way. You need to ensure a consistent message reaches everyone who will play a role in making the change happen.

Sell the benefits

Dr. Michael Hammer (president of Hammer and Co., a management education and research firm located in Cambridge, MA) argues change shouldn't be managed — it needs to be sold to your employees. He feels it is ironic that businesses which excel in persuading their customers to buy and use their products and services never think of targeting those same skills at their own employees. He argues firms need to use the principles of marketing internally in the same way they are used to sell outside the company.

Change triggers resistance

Above, we discussed some of the potential psychological reactions to change — anger, complacency and fear. Hammer adds employee reactions to this list, and states that change provokes resistance on the part of those affected by it.

The insidious problem is that this resistance is often not merely a matter of direct sabotage; it can show itself as argumentation (e.g., "I need more data before I'm convinced this change is a good idea"), passive resistance (simply continuing to operate in the same old ways), or obstructionism (promising to provide resources and then not doing so). He goes on to say that it is pretty easy to derail a major system without appearing to do so. Thus, as manager you need to be on the lookout for these resistance tactics, and be prepared to deal with them.

Hammer uses the metaphor of "selling" change on purpose — not in a cynical manner to imply that managers need to pull the wool over employees' eyes and sneak change by them. But rather, he means an aggressive and proactive approach in which managers focus on and identify with employees and their concerns — much as experienced salespeople do with customers. To do this, the benefits of change must be sold to employees.

To take the metaphor a step further, it may be worth following a marketing approach to change:

1. Target Marketing. Segment employees into groups based on their likely reaction to the change you are considering;

2. Advertising and Promotion. Develop a communications plan for selling the change, employ methods that will reach people;

3. Sell the Influential. Identify key influencers in your company — people who shape other people's reactions to things.

Remove barriers

Another way to facilitate change is to remove obstacles. As a manager, you will want to make sure the "path is clear" for your employees to carry out the vision of change. This is important, because when barriers to change aren't removed quickly, people often become so frustrated in their attempts to get things accomplished they just give up.

Your change team may want to brainstorm and come up with a list of items they feel might be barriers to the proposed changes. Then, once possible barriers have been identified, they can work to develop potential ways to overcome these obstacles.

Educate your employees

Educating your employees about change can have a dramatic effect on their receptiveness to it. People can't support what they don't comprehend. At best, you'll get blind compliance, as opposed to full commitment. Merely getting people to "follow orders" isn't the same as winning their full support, but it is much better than resistance or obstructionism.

Education is different from, and complementary to, traditional training. Training emphasizes "how"; it helps people develop the skills to perform their jobs after change has taken place. Education, on the other hand, provides the "why" — the reasons for the change. Both are necessary, and neither is sufficient on its own.

Trust is essential

We have made the case that a key element of successful change is emotion. An essential part of this emotion is trust. Do your employees trust you as manager to do the right thing? This is a part of the equation that is definitely not built overnight. It is up to you as a manager to build this trust with your employees. Good managers do this with open communications, fair evaluations, by clearly spelling out expectations, dealing with problems quickly and efficiently, and following through with promises.

What to do with the 'stick-in-the-muds'

So how do you handle those who are just plain not willing to change — the "stick-in-the-muds?" There are several options to try to neutralize these employees if you cannot get buy-in from them.

One potential solution is to team them up with someone who is sold on the program, with the hope that they will become a convert. The risk in doing this is that they may stymie the positive impact your change-supporting employee might have.

Another option is to reassign the nonsupportive employee to an area where the change will not affect them.

Barring everything else, a final solution might be to fire them, and replace them with a new employee you can bring in under your new changed regime, and who will be supportive of it, as they will not know anything else.

Obviously, you will have to weigh the costs vs. the benefits if you are forced to let someone go.

Cohen and Kotter emphatically state that successful large-scale change is a complex effort which often takes months or sometimes years to complete. However, they define a 90-day plan to help you as manager lay the groundwork for leading change.

The 90-day plan

First Month: *Increase Urgency.* Show people outside evidence that demonstrates change is required. Fight complacency by communicating the risks inherent in the *status quo* — perhaps bolstering your efforts with examples of performance gaps or citing companies that lost their positions due to unwillingness to change. Raise performance standards by setting stretched targets that cannot be reached with business as usual.

Second Month: *Build the Change Team.* Identify employees with the necessary skills and attributes to tackle the "change challenge." Clarify program goals and critical success factors, along with measurements for progress.

Third Month: *Get the Vision Right.* As manager, paint a clear picture of the future of the company. Discuss how customers will respond to the change, so as to help people envision the future.

Forever changing

While we might not always welcome change, the astute manager will recognize it is inevitable. Handled correctly, change can be used as an element for movement in the right direction for your company. We challenge you to be prepared for change and use it to your advantage! F&G

Dr. Foltz is Associate Professor, Department of Agricultural Economics and Rural Sociology, University of Idaho, Moscow, ID. Dr. Fulton is Associate Professor, Department of Agricultural Economics and Center for Food and Agricultural Business, Purdue University, West Lafayette, IN.