Beat the Odds and Succeed in Organizational Change

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Seventy percent of organizational change efforts fail or fall short of achieving their intended objectives. This figure is even more astounding when you take account of a recent Oxford University study on change, which found that over 68% of employees welcomed meaningful involvement in change. Clearly, we are missing the boat when it comes to effective change, and our clients are not getting what they paid for.

We believe that there is a relationship between the failure rate of organizational change efforts and people's desire for meaningful involvement. Most change efforts involve people only after all the big decisions are made, ignoring the tendency for people to support that which they have a hand in creating and to resist other change.

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> **Heed organizational politics, apply democratic practices.**

The Engagement Gap

Any change initiative necessarily begins with a group of people who grasp the need for change. Typically, such a group will form a preliminary consensus around the problems that need to be addressed and then select a vehicle for change, including a basic approach or methodology, a change consultant (or consulting group), a set of goals and objectives, and an implementation plan. At this point, a gap exists between the initiated (those who are part of the instigating group) and the uninitiated (everyone else). This is the engagement gap, first identified by Peter Senge, and is an inescapable part of organizational change.

No change effort can succeed for long in the face of overt or covert resistance by those needing to be involved. Thus success depends on closing the engagement gap. Why, under so many current approaches, does the engagement gap instead widen?

The Few Designing for the Many

As the initiated group enthusiastically begins work on developing and implementing the change initiative, a pathway out of the corporation's current problems begins to emerge. Things start to move fast, and the group becomes increasingly excited at the prospect of producing real change. Typically, the group's very progress discourages opening the process up to significant input from a wider group, for fear that this will slow things down.

At this point, the lead group may start encountering some resistance because members of the uninitiated group:

- Have not been included in discussion around any of these decisions, and therefore they do not feel real ownership
- May already disagree about certain decisions or issues but feel they will be placed in the wrong if they voice this.
- Are being told what to do
- Are suffering from change fatigue, having "seen it all before."

Now the engagement gap has already widened significantly. There is an emerging, clearly discernible difference in understanding, ownership, and commitment between those who are designing the change process and are "on board" with the effort and those who have little influence over its design, are significantly affected by its implementation, and have reservations about the path forward.

Whenever a change initiative is structured around a small group (representative or not) that designs and develops the overall change process, there is a risk of widening the engagement gap. The smaller the group and the

less open members are to soliciting input from the larger system, the greater the risk. We call this "the few designing for the many."

Apostles and Terrorists

As the change initiative proceeds, a negative feedback loop forms that worsens the engagement gap, because:

- The more the uninitiated group members resist, the harder the initiated group tries to convert them, which only increases their resistance and mistrust.
- The uninitiated group is increasingly labeled as the problem.
- Energy is diverted away from problem solving and toward converting the "heathens" (the uninitiated).
- Adherence to the program, rather than to its goals, becomes the main focus.

At this point, the change initiative is turning into an ideology, with "true believers" in one camp and "nonbelievers" in the other forming battle lines at the engagement gap. As with all negative feedback loops, attempts to fix the problem only make it worse. Positions are likely to harden even as the gap widens and mood and morale rapidly deteriorate.

Consider how the engagement gap widened during a change process at a large financial institution: the labels "apostle" and "terrorist"—both equally damaging—became commonplace. As the apostles spent energy trying to convert the uninitiated, true dissent went underground. Those who supported the effort but had reservations found it politically incorrect to voice them. Thus information crucial to the success of the change effort did not come to light. The apostles began to spend all their energy on getting "them" on board, rather than engaging in critical dialogue with the organization. Actions by both groups eventually led to an engagement chasm, which thwarted the change process.

The tendency (for the most part, unintentional) to convert change processes into ideologies, thus irreversibly widening the engagement gap, is one of the reasons why most organizational change efforts fail. Significantly, it points to an uncomfortable truth that is often avoided by change theorists, business leaders, and consultants alike: the irreducibly political nature of all change processes.

The Politics of Change

A curious "Emperor's new clothes" quality marks any discussion about the political dimension of organizational change. Although everyone recognizes that change is inherently political, most consultants, executives, change practitioners, and even academics are reluctant to admit it.

Andrew Pettigrew, in an incisive essay in *Breaking the Code of Change,* edited by Michael Beer and Nitin Nokia (Harvard Business School Press, 2000), states the issue quite bluntly:

> All change processes are influence processes. All influence processes require awareness of, if not action in, the political processes of the organizations. Change and politics are inexorably linked. This means that at the top, middle, and lower reaches of the organization, campaigning, lobbying, coalition building, and the sharing of information, rewards, and recognition are all fateful for change through all the various unpredictable stages and loops of the innovation journey [pp. 249–250].

The underlying problems of all change efforts concern power—control and influence, who gets a say and who doesn't, individual and group response to authority and decision making, local constituencies and alliances, and getting the required information and knowledge to be able to participate meaningfully. And change efforts deal with outcomes such as forming meaningful groups and alliances, creating community, and employing the power of emergent consensus and shared understanding in order to execute change effectively.

Matters Simplified

At first sight, the problem of addressing the political dimension of organizational change seems overwhelmingly complex. Change initiatives must often deal with a daunting array of problems, many of which are multifaceted; hence the bewildering variety of change theories and approaches. But we can simplify matters considerably by focusing on the process used in society as a whole to resolve political issues—namely, democracy. Democratic process is characterized by three core principles: voice, cohesion, and action. All change processes must concentrate first and foremost on these principles.

Voice: The Power to Influence

The most basic power in any democratic process is the power of the individual to influence larger outcomes. Voice answers the question, Who is involved, and how do they meaningfully participate?

The conventional wisdom that change initiatives are best developed by small groups and then "sold" to the organization at large often utilizes such phrases as "empowering" employees or "getting everyone on board." But the truth is that such empowerment rarely allows employees

a real chance to influence the design and development of the change initiative.

Cohesion: The Power to Make a Difference

Once people have had the opportunity to voice their views as individuals, they need to come together in self-organizing groups or communities that have the power to make a difference. Cohesion answers the question, How do people connect up with one another to form groups that can get things done?

Action: The Power to Execute

Talk and community formation are of little use if action doesn't flow out of them. Action answers the question, How do we effectively implement an agreed-upon set of changes?

The adoption of all three principles differs from conventional approaches in several ways. First, by maximizing voice, it ensures the emergence of a critical mass of champions who support the change process from the outset. Second, it enables this high level of ownership and commitment to feed into the process of producing cohesive groups that form a community united by a compelling purpose. Third, it creates the processes whereby real-time learning, adaptation, and innovation can occur in the action phase, as opposed to the standard practice of freezing discussion once decisions have been made and the action phase reached.

Some examples of change initiatives that incorporated voice, cohesion, and action are as follows:

> City leaders in New York followed the principle of voice when they addressed the intransigent and very real possibility of an epidemic of tuberculosis. They brought together a group of 400 people from the Departments of Health, Human Resources, and Corrections; the Public Hospital System; and the Office of Management and Budget. The diverse and sometimes conflicting members of this group of corrections officers, nurses, shelter directors, epidemiologists, primary-care physicians, admissions clerks, budget analysts, building engineers, union officers, and lawyers worked together to develop joint tracking systems, combined budgets, and new relationships in response to the threat. They also achieved a 21% drop in the incidence of TB in the two-year period following the initiative and a 67% year-over-year decline during the past ten years.

> To save their business, 85% of a 1,200-person exploration and production business unit in an oil and gas corporation met for three days to agree on the key ac-

tions they needed to take. Working in small groups and as a total community, factoring in voices from corporate representatives, downstream customers, and industry analysts, 1,000 people came to consensus on 10 key actions. Nine months later, there was a turnaround in the bottom line of more than $120 million.

Several years ago, one of the last Baby Bells was finally faced with the stiff competition for long-distance, wireless, and broadband services that came with deregulation. National players were threatening to enter the local service market, which was held as a monopoly by the regional carrier. And, the regional carrier had no major long-distance position. Coordinated, committed action on the part of 10,000 employees led to rapid changes, including capturing 35% of their market's long-distance service, mostly from AT&T. These gains were attributed to several changes that represented significant departures from "business as usual," including:

- Setting up a "situation room" and holding 7 A.M. daily briefings to review competitor actions and implement immediate responses
- Service bundling to reduce costs
- Strategic shift to focus on the highest share of each customer's business
- Billing for long-distance calls in one-second increments.

An Ecumenical Approach

If you're serious about change consulting, you need to pay attention above all to voice, cohesion, and action. Doing this enables people to accept, own, and carry out change on a mass basis.

Whatever your focus—customer relations, installing an enterprisewide information system, lean manufacturing, mergers and acquisitions, branding, entering new markets, organization design, or innovation—you will observe the following results:

Simplicity. People grasp the issues, fully understanding the dangers and opportunities inherent in any change process.

Commitment. A mood of urgency, energy, and commitment develops—replacing apathy and resistance—as people become aligned around a common purpose and begin to create a new future for themselves and the organization.

Collaboration. Collaboration across organizational boundaries increases, because people are connected to the issues and to each other.

Creativity. Participants' natural ingenuity and vision are sparked when people from all levels and functions—including customers, suppliers, and important others—contribute their best ideas in a space that combines openness with a true intention to produce consensus and move to action.

Capacity for change. Organizations increase their capacity for future change as people develop the skills and processes to meet current and future challenges. Instead of being change-resistant, people become change-hardy.

Overall effectiveness. Broad participation quickly identifies performance gaps and their solutions, thereby improving productivity and customer satisfaction. Implementation ceases to be an issue, because creating buy-in ceases to be an issue: people are involved from the very beginning.

Autonomy. People participate in a change initiative with full commitment to achieving a successful outcome and without fearing that their basic sense of integrity, personal worth, autonomy, and authenticity will be violated in the process.

Ownership/community. Everyone feels included as full participants with a strong sense of ownership in the process, bonded to others as members of an intentional community with shared goals, practices, and standards as well as a fully aligned set of actions and outcomes.

Our focus on voice, cohesion, and action represents an ecumenical approach to change theory and practice: inclusive rather than exclusive; collective rather than directive; effective rather than resistant. Under such circumstances, engagement gaps narrow to a hairline. ∎

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