

The CIPD's Director of Research and Practice Linda Holbeche and Mee-Yan Cheung-Judge argue that ensuring people's active engagement in change is a crucial and often underemphasised aspect of change management.

Organisational development in a downturn

Organisations in every sector are experiencing severe pressure in today's challenging economic climate. With markets in downturn globally, cost-cutting and restructuring are the order of the day. Employment is a major casualty, with pay and recruitment freezes, restructurings and redundancies now commonplace. And as we have seen in previous downturns, disruptive change such as this can significantly damage productivity and innovation. Yet we argue that it does not have to be this way. It is possible to both bring about change and avoid the worst consequences of change management. We suggest that taking an organisational development (OD) approach to change is what is needed to make sure that organisations are ready for growth when the markets pick up again.

Learning from the last downturn

Change management has been the subject of management fad and fancy for years. The last major downturn in the 1990s coincided with an explosion of 'guru-led' change management theory. Many of these change approaches could be described as 'left brain'. They focus primarily on metrics and measurements, technical systems and process

design, linear pathways, evidence-based decision criteria. The unit of change is generally confined to business process improvement or organisational structure and, correspondingly, headcount, roles, skills and capacity. Re-engineering for instance became popular with executives who liked the idea of being able to improve processes while saving headcount and other costs.

The promised improvements and savings however often failed to materialise. Implementation usually proved far harder to achieve than was thought once the consultants had left, and change did not 'stick'. No wonder many executives found themselves wondering why there was no energy for change beyond the change proposers. Why was the level of conflict/resistance so hard to contain? Why didn't people 'get it', that this change was ultimately for the good of everyone, and for the long-term viability of the organisation?

Worse still, when growth returned, employees who had survived the cull often demonstrated symptoms of 'survivor syndrome' as reflected in a lack of commitment to their employer and unwillingness to 'go the extra mile'. Job losses, the added pressure on employees

who remained, allied to job insecurity, gave birth to the long hours' culture. This was also the era when employers told people that they should manage their own career. As a result, employees got the message. Disgruntled and overstretched, many often took the first opportunity to look for better jobs elsewhere when growth returned, taking their skills and knowledge with them, leading to what Arnold Kransdorff called 'corporate amnesia' and causing 'wheels' to have to be expensively 'reinvented'. 'Lean and mean' approaches also led to 'corporate anorexia'. Consequently organisations found themselves without the talent needed to fuel growth. This also led to what McKinsey dubbed the 'war for talent' at the end of the 1990s, as businesses competed with each other to attract and retain the best talent.

And things are not much better these days. A 2008 study found that companies surveyed in the UK lost £1.7 billion a year from failed change initiatives. Among companies surveyed across western Europe, approximately 10 billion euros per year are being wasted on ineffective business process change projects (Logica Management Consulting and the Economist Intelligence Unit).

Need for a rethink!

So while there may be many merits to traditional 'left brain' approaches to change, what they are not well known for is a focus on cultural alignment and behavioural shift – which often hold the keys to sustainable change outcomes. We argue that failure to focus on the 'people bit' of the change equation is what can turn a change process into a major liability.

We suggest that this is where OD approaches can complement traditional change management, turning the process of change into a powerful driver of performance, especially in tough times. OD's focus is on facilitating human development for organisational, community and social gain. OD recognises that organisations are complex, adaptive and essentially human systems, and that without sufficient energy for change there is little hope of change being sustained organically. OD therefore puts human dynamics firmly in the foreground of any change process and group as the primary unit of change.

What is an OD approach to change?

In OD the emphasis is mainly 'right brain' – on imagination, engagement, participation, moving and mobilising, empowering – at least as much as 'left brain'. It involves a dedicated effort to keep a balance of content, process and people in its change approach. While strategists and senior leaders generally prefer to take a planned approach to change, OD recognises that in human systems, logical planning alone rarely determines what

actually happens and that change often 'emerges' when people are actively engaged in the change processes. In OD the key principle of participation is a given, not a choice; as Weisbord (1978) stated, 'People will support what they help to create.' The task of OD is to create the conditions for change to emerge through people engagement rather than dictating its content in a rigid fashion. OD considers questions such as:

- ~ Is there a way to harness conflict/resistance and move forward in a productive fashion?
- ~ Is there an easier way to create ownership of the change agenda and how do we get people to be willing to implement the solutions?

This approach takes time, some may argue, and people are doubtful as to who can afford such a length of time when business itself is under threat. But if you want change to 'stick' you may have to go slowly at first in order to go fast in a meaningful way. And by the way, effective change need not take a long time to stick if employees feel they 'own' the change. That's why we suggest that particularly during a downturn, when speed and effective change are needed, successful change requires a combination of change management and organisational development.

Change principles of OD

Since Linda Ackerman Anderson (an OD practitioner) coined the term 'change management' in 1968, the field has matured in its thinking about the nature of change, change processes and change implementation. The

following key OD change principles are likely to produce different/better outcomes than simply sticking to traditional expert-led approaches:

1. Be clear about the nature of change required: focus on the 'end game'

In a downturn, there is only so much change that organisations can absorb or even need to engage in. It can be helpful to establish criteria for deciding the nature and amount of change required. Using a big system OD framework such as those of Burke-Litwin, Nadler and Tushman can help distinguish between at least four categories of change:

- ~ externally driven change that is non-negotiable both in criticality as well as in timescale
- ~ externally driven change that is negotiable, again both in timescale and criticality
- ~ internally driven change that is non-negotiable (double check whether the non-negotiability is due to personality power or due to organisation survival issues)
- ~ internally driven change that is negotiable because it is just someone's personal agenda.

Each type of change agenda may need different treatment. A typical OD methodology involves steps of progression, for example needs assessment, diagnosis, design, implementation and evaluation. Using such frameworks will provide the diagnostic data needed to manage the suite of change coming at us and also give us confidence that we're focusing on the right issues.

OD focuses on the ‘end game’ but change can start anywhere – for instance by working on issues relating to strategy, leadership development, or improving operational effectiveness. It’s about working with the positive energy within the organisation, dealing with real issues, knowing where to connect, working across the whole system, looking for the change levers. It’s about deliberately involving people in identifying the collective desired outcomes and then trying to create the conditions to work towards those outcomes. By focusing on the ‘end game’ and maximising involvement, OD is as much about institutionalising change as initiating it.

2. Secure the engagement of people

By securing the engagement of people likely to be affected by the change and tapping into the energy available for the change agenda, change will have a higher chance of success. Since OD always starts from the ‘end game’, at the beginning of any change initiative we need to ask:

- “ Who are the key individuals/groups on whom the successful implementation of the change project depends?
- “ Who else holds data that we, the top or the change team do not have?
- “ Whose perspectives do we need to solicit to make sure we have a more robust way of thinking about this change?

Having identified those groups of people, we then need to enrol them in actively taking part in the change process.

3. Use high-leverage change methodologies

The term ‘high leverage’ change methodology was coined by Holman and Devane (1999) to mean methodologies that ‘create high energy and yield extraordinary, sustainable results’ or ‘create the highest possible value for the effort invested’. They, together with the work of Bunker and Alban (1996) and of Margaret Wheatley (1999), have crystallised for us the characteristics of this type of methodology, which have been proved to reduce implementation time by half over more directive methods. They are highly people-focused and emergent in nature and their features include the following:

– **Dialogue-based** – involves collectively exploring, surfacing and testing each others’ assumptions since change challenges people’s personal ‘world view’ or paradigm. Changing people’s paradigms requires more than ‘tell and sell’; it requires a structured dialogue and inquiry, therefore it is important to use dialogue to invite participation, particularly to unleash seven types of freedom: freedom to have voice, to be heard, to dream, to be passionate, to co-construct, to participate and to contribute (from appreciative inquiry). The role of change leaders is to suggest their own view as a means of inviting people to co-construct the new.

– **Whole-system-based** – people will support the change more if they have the opportunity to share data/understanding of the need to change, analyse current reality, identify what

needs to change, generate ideas on how to change, and map out a possible implementation plan. Therefore it is important to bring together from the outset all those who will need to own and support the successful implementation of the change to achieve joint ownership of the solutions. And an agreed approach to implementation will be important.

– **Engages multiple perspectives** – in change, one should expect that people hold different meanings and interpretations of what’s going on, so to produce the greatest benefits, it is important to use processes that actively seek out the greatest diversity that exists, and give different stakeholders the opportunity to influence each other. This can strengthen the debate, unleash creativity, and help find common ground in the midst of diversity.

– **Encourages the various bits of the system to connect with itself** – using group dynamics such as large-scale gatherings to increase the number, variety and strength of connections within the system will help to increase the fuel to drive change and increase the synergies. So instead of change leaders attempting to influence the system, processes should be created to enable the system itself to influence. By maximising the group interface, no group is given the opportunity to stay rigid. As a result, a collective view will emerge as to how best to create the desired future.

– **Manages emotion** – managing emotion is another focus of OD. This is especially crucial during a downturn, since negative emotions and change fatigue tend to flow through the organisation. When these emotions are not managed properly, no matter how strategic the change, its outcome will be at risk. People have a huge life urge to shape their own destinies; if they understand why and where change is needed, they can work out the implementation and are more likely to support the change than if they are simply told what will happen. It is therefore important to involve key individuals in the diagnostic process and invite them to put forward their voices about how to plan for implementation. In that way diagnosis and intervention are rolled together to speed up the change, and ideas and emotions are harnessed positively to help change succeed.

– **Manages the covert aspects of change** – Bob Marshak in his book *Covert Processes at Work* (2006) states clearly that any attempt to manage change as a rational process alone will not work: out of six dimensions of change he identifies, five are covert. Therefore any change practitioner needs to work beyond the level of reason (the rational and analytic logics) but also at the levels of organisational politics (individual and group interests), inspirations (values-based and visionary aspirations), emotions (affective and reactive feelings), mindsets (guiding beliefs and assumptions), and psychodynamics (anxiety-based and unconscious defences).

These other five dimensions of change, Marshak argues, often dictate the outcome of any change exercise.

– **Focuses on multiple levels of system intervention** – to bring about successful change, OD interventions usually focus on a minimum of three levels of intervention, for example intrapersonal, inter-group and total system. These multiple levels of intervention are a trademark of effective OD change support.

– **Focuses on the transition process rather than just the change outcome** – according to Bridges (2003), it is not the change outcome that trips people up, it is the transition journey that does the damage. OD change processes therefore focus on people's transition experiences and are concerned to deliver change in such a way as to ensure there is a 'safe arrival' experience.

Conclusion

OD is fundamentally about human dynamics. We believe the benefits of an OD approach in fast-changing times are significant. We know that participatory processes led by key stakeholders will mobilise the system and unleash energy. We know that any methodology that focuses on *distributive leadership, engagement, participation, multiplying imagination, modelling and empowering* will secure implementation outcomes faster than change methodologies that are mainly expert-led, formula-led, or assume a system/machine paradigm (Holman and Devane 1999). When any change

process puts people's engagement at the heart of it, using high-leverage change methodologies, connecting different bits of the organisation together, working through multiple perspectives, and keeping the *whole system* together, we know the change effort will stick.

So in times like these, people should not fear experimenting. After all, the golden rule to follow is: if after trying something three times it does not work, stop and try something else! Perhaps if all of us improve in our 'human dynamics' savvy, and make sure that we have some OD practitioners in our HR community who can help leaders to focus not just on the technical solutions (content of the change) but on the degree of cultural acceptance of the solutions, then change will not need to be cajoled or coerced, but can simply be unleashed!

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