

Conditions for the Successful Management of BIG Change

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There was a time when much of an organization's future could be planned by examining the past and making minor adjustments around what had worked to date. This is no longer the case. Historic perceptions of certainty, predictability and permanence are no longer consistent with the complexities that present themselves to businesses today. The leaps in technology and information explosion that characterize our modern business world have virtually eliminated stability and made change the norm.

A solution to a problem today is exactly that; a solution for the moment and not one that will necessarily persist as a solution, or even be one that can be applied to future problems. What that leaves us facing in today's work environment is a need to recognize that "better sameness" usually will not cut the mustard. Without question, we must focus on continuous improvement; but the shift from an industrial to an information society, as well as an increasingly global market (and throw a recession in the mix) has created competitive pressures, which have accelerated the rate of change in the environment. We have to respond by demonstrating agility and adaptability beyond anything we've known in the past. And this can sometimes necessitate transformational change in our businesses.

Transformational change has many other labels (such as radical change, second-order change, frame-breaking change, large-scale change), but in essence, they all mean the same thing: BIG change. It's the kind of change that has an impact on the entire organization (versus one or two departments or people); it is change that typically alters the very nature of product or service offerings in the business (maybe through innovation, divestitures or acquisitions); it might change the character and overall

performance of the company; and it can create havoc among those in the organization who are responsible for the successful execution of planned change.

There are many hurdles (many of them unplanned) that emerge during a change initiative in any business. Some examples include funding, technology, competitive retaliation, production glitches, marketing fiascos, and problems around altered sales support. No matter what the department or process that needs to adjust due to the change initiative, the single biggest obstacle to change in any business is people.

Research on organizational change shows strong support for a cautionary finding: that typically, people will change only when they believe they have no choice. The implications of this finding are significant. In order to avoid the high failure rate of large-scale change (which is higher than 60 percent), we need to create circumstances that will foster some energy and commitment from those in the organization upon whom we must depend to ensure that change is successful.

There are a number of key requisites for successful change that merit our attention as business owners, each having to do with the management of people. While the list of conditions for change discussed below is not complete, it does represent some fundamental sources of successful change across a number of themes.

A Vision for Change

While it might seem obvious, successful change is dependent on a shared vision. The word "shared" is key to effective outcomes, since a single individual does not execute change. Before launching into the implementation of your change project ask yourself some critical questions:

What is the desired outcome of this change? Do key decision makers in the business (both family and non-family) perceive that desired outcome as optimal? Has this outcome been clearly communicated? Have people had an opportunity to "weigh in" on the change process? Do employees clearly see the benefits of successful change to the business and also to themselves? ("What's in it for me" is a fair question).

A clearly articulated vision creates opportunities for managers in a business to develop a road map for change that represents an optimal route to the favored outcome. The absence of a vision can result in road maps that are developed based on assumptions. The result is smart people productively making their way down beautifully paved roads, but to multiple destinations. This unfortunate (and costly) outcome can be avoided by attending to the development of a clear vision in conjunction with (and communicated with) those people who are equipped with the right information to implement change successfully.

A Sense of Urgency

In order to effect change of any significance, we need to mobilize human energy throughout the organization. Without that, the inertial pressures that exist in almost any company will support the status quo. The urgency for change might be driven externally (by customers, competitors, economic conditions) or internally (by product innovations, a culture of best-in-class, aggressive growth targets), or some combination of both. Regardless of the driving force(s) for change, and the intensity with which you might experience it, energy and enthusiasm must be created early, and be broad enough to affect everyone in the business. Linking the change initiative to strategic issues as well as core values and beliefs in the company will help to emphasize a real need for change while reassuring stakeholders that long-valued principles are not being sacrificed in the name of progress.

Strong Leadership

Change requires leaders who are capable of inspiring and mobilizing people, who are strong cheerleaders and conductors at the same time. Change leadership is dependent on the right vision, on creating the right energy and empowering others to "own" the change process. And while leadership at the top is critical, without a broader

base of support throughout the company, change of any significance will not succeed. In larger organizations, often an executive team is assembled to orchestrate and champion the change, as part of the leadership principle. Ideally, leaders at all levels in the business will demonstrate the skills and attributes that change agents require to execute the plan effectively.

Success of any change effort is highly dependent on the careful selection of change champions within the business. The chances of a successful outcome are greatly enhanced when you put your "A" players in charge. Your message then, is "this is a very important initiative, our best resources have been allocated to this effort, we intend for it to succeed." In addition, in a family business, it is essential that each family member involved in the company see themselves as a "change champion." No matter what their position in the business, others in the organization will look to family employees as barometers of the level of commitment from the family to any change initiative.

A Supportive Culture

We can think of culture as the "personality" of the business – the company DNA that shapes behavior, attitudes and values. Culture creates a sense of identity for people in the business, and it plays a critical role in effecting successful change. It can also be the most significant impediment to change efforts.

How can we create a culture that relishes change? One that can reject the status quo as insufficient, can embrace new ideas without overwhelming dread? It's not easy, and leaders of change constantly struggle with this challenge. It can be particularly challenging in a family business where organizational culture is seen as closely tied to the core values of the family or founding leader. Change can be strongly resisted by family, or long-time loyal employees, if they perceive change as a form of disloyalty to a venerated leader. A shared vision around the objectives and benefits of the change, that clarifies how the change is in keeping with the core values of the organization, and that engages all in the process and implementation of change will foster a culture of association.

In addition, ongoing communication is critical to establishing a culture of trust. Successful communication must be two ways – it cannot always be top-down. When

leaders solicit input from others, they send a message that says: "I value your insights," "you are an important part of this process." What emerges from transparency and sharing of ideas is that belief that successful outcomes emerge from collegiality, from collaboration.

Another important cultural attribute in any business is one that fosters flexibility and adaptability. This means there must be some tolerance for failure. And while formal planning has many virtues, people cannot be held hostage by a plan to the point where they will not consider necessary revisions. The planning and implementation of change is an iterative process, and change is well served

by a culture that can demonstrate agility.

Change is hard. And since people are the biggest obstacle to change, navigating our way through transitions becomes complex and messy. There is no one formula that can be followed to ensure a successful outcome and behavioral patterns are neither easily disrupted nor reconfigured. While the conditions for change that have been presented in this article do not represent a panacea for successful change, they will hopefully provide some insight for decision makers with respect to the interdependent levers of change.

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