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PAPER

CONSULTING WINDOWPAINS: ADDRESSING THE CHALLENGES OF EXECUTING CHANGE

By Jeannette Swist, CMC, SPHR

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When I was asked to speak on the topic of "managing change" at a national conference, it provided me with more than an opportunity to present. As a consultant, I utilized this opportunity to conduct research, design a survey, write results, develop a case study and publish.

Organizations call upon consultants to provide services and lend an external perspective. However, did you know "two thirds of all TQM initiatives and over half of the major change programs result in failure?" (*Fortune*, February 7, 1994.) I wanted to focus on why such initiatives failed and what aspects lead to successful change. As consultants, it is imperative that we examine the challenges faced in implementing organizational changes. Most of the failures in this survey population resulted from inconsistencies in management style, culture, misperceptions about attitudes and lack of communication. Organizations have difficulties in implementing lasting improvements because they focus on the technical side and short-term issues. There is a tendency to disregard the human side and the larger system perspective. The purpose of this article is to address these challenges and provide you with a window on workplace perspectives.

I surveyed 300 companies on the subject of change in the workplace and its effect on culture, attitudes and perceptions. Of the 300 questionnaires mailed, I received a 27 percent response rate. One of the questions I included on the survey asked the respondent to draw a picture of their organization as a mode of transportation. Of the responses received, 54 percent drew pictures. The drawings served two purposes: (1) provided the individuals with a catharsis and (2) provided us a window on the workplace with snapshots of corporate culture, attitudes and perceptions. The typical organizational profile consisted of:

Type of Industry

50 percent Manufacturing
22 percent Retail/Wholesale
28 percent Other

Number of Employees

40 percent Less than 1,000 Employees
60 percent More than 1,000 Employees

TITLE

27 percent President/Vice Presidents
21 percent Directors
33 percent Managers
19 percent Professionals

Change is an organizational reality. If it weren't for change, planning would be without problems because tomorrow would be no different from today. There would be no uncertainty. Many of today's managers face constant change, bordering on chaos. Ninety-four percent of survey respondents said their companies have experienced the recent implementation of change.

Are your clients ready for change? The *Readiness for Change* formula indicates that the components needed for making change must be stronger than the resistance:

$$\text{CHANGE} = [\text{Dissatisfaction} + \text{Vision} + \text{Method} \times \text{Belief}] > \text{RESISTANCE}$$

To get a better handle on this formula, you might reflect on your client's situation by asking yourself two questions: (1) what specific characteristics tend to keep things in place and fuel resistance to changing behavior and (2) what are the common traits that have been used in adopting new changes successfully?

However, as ready as we may think our clients are to make a change, the ability to adapt to change doesn't come easily for people or companies. For example, many organizations have employees who have been with their company for many years or it may be the only company an individual has ever worked for. The belief in lifetime employment and/or status quo is still deeply ingrained in many individuals. How do organizations communicate the need to change when it may be a foreign concept to their workforce? It's important to remember that any change is painful, and it causes stress, confusion and anxiety in people and often results in lost productivity. In general, people tend to resist any new way of acting or thinking because it makes them feel uncomfortable. For instance, being asked to handle work differently or to take on different responsibilities often implies that the way we are now working is wrong and deserving of blame. Resistance to change by individuals in organizations is natural and is an essential element in understanding the change process. We will be covering this topic in more detail.

What Was the Impetus for Change?

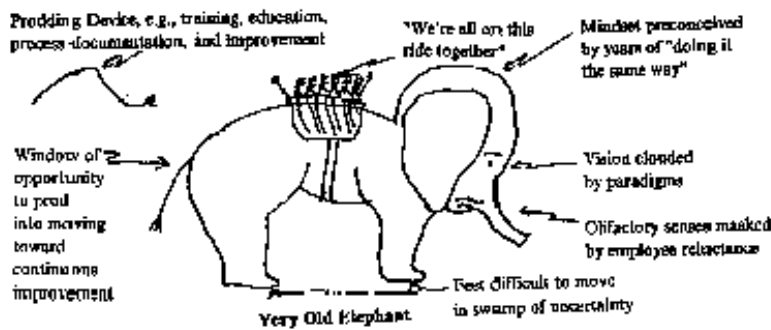
In the survey, we asked, "What was the impetus for change?" The impetus for change across the board is prompted by, most important, impending competition, second, by structure (i.e., flat, lean organizations, management philosophy, flow of work) and third, by technology (i.e., advances, new equipment, job design). People, culture or tasks were also listed among all the possible responses, but were not ranked among the top three issues forcing change.

Where Did the Impetus for Change Originate?

When we asked the question, "Where did the impetus for change originate?" The survey results indicated that the impetus for change originated both internally (within the organization: from top management and employees) and externally (outside the organization: from suppliers, customers and competition). As we know, organizations make planned changes to attempt a redesign of their organizations in a way that will help it adapt to changes in the external market or to prepare the entire organization to adapt to significant changes in the organization's goals and direction. When we reviewed the drawings, the following two clearly represented organizations responding to internal and external forces.

Drawing: Internal Impetus for Change

Type of Industry: Retail
Number of Employees: Less than 1,000
Title: President

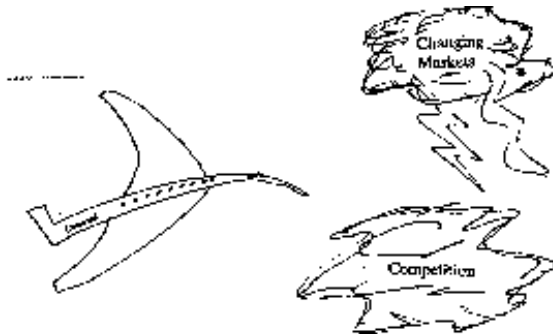


Drawing: External Impetus for Change

Type of Industry: Manufacturing

Number of Employees: More than 1,000

Title: Internal Consultant



What Organizational Change Efforts Have Been Implemented?

- 82 percent QM/Continuous Improvement/Self-Managed Teams
- 40 percent ISO 9000
- 35 percent Benchmarking
- 34 percent Outsourcing
- 13 percent No implementation to date or planned

(Due to multiple responses, totals do not equal 100 percent)

How Well Are the Implemented Changes Working?

More than 45 percent of the respondents said they were "uncertain" over how well the implemented changes were working. Many of the programs listed above are intended to be measured. Perhaps the large percentage reporting "uncertain" are not measuring the process or results? Or, do these percentages of "uncertainty" show us organizational sources of resistance to change?

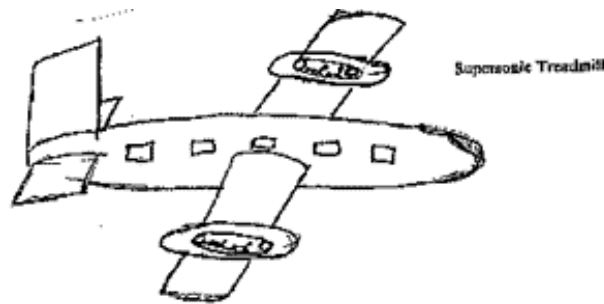
Resistance to Change—Organizational Sources

- Organization structure resists change; structure is designed to maintain stability through job descriptions, evaluation and reward systems.
- Group norms act as a brake on an individual's attempt to change behavior.
- Efforts to change tasks of individuals or groups fail to take into account interdependencies among people, structure, tasks and the information system.

- Change poses a threat to the specialized expertise that individuals/groups have developed.
- Redistribution of decision-making authority threatens an individual's power relationships with others.
- Individuals/groups will resist changes they believe threaten future resource allocations (rewards, equipment, etc.)

Drawing: Organization Resistance to Change

Type of Industry: Manufacturing
Number of Employees: Less than 1,000
Title: Manager



Is this drawing an example of organizational behaviors supporting the "old culture" while executive management is attempting to advance in a supersonic direction?

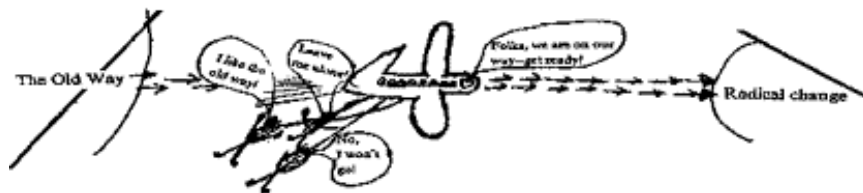
Resistance to Change—Employee Sources

People develop habits, behaviors and relationships based on needs. Restructuring, reengineering, TQM programs typically involve breaking habits and even relationships to form new behaviors. Resistance results because the "tried and true" is jeopardized and there is little employee confidence that the new programs will result in both behaviors and relationships that will work better.

If an organization focuses on the technical side and ignores the human side, the organization will experience individual resistance to change. An individual is likely to resist change for four reasons: uncertainty, concern over personal loss, belief that the change is not in their own best interest and not in the best interest of the organization. For example, the introduction of an SPC (statistical process control) program means people will have to learn new methods. Some individuals fear that they will be unable to do so. In turn they may develop a negative attitude and behavior toward the technique. We all resist change when we fear the loss of something: status, money, friendships, personal convenience, benefits, etc. The next drawing reflects employee resistance to change.

Drawing: Employee Resistance to Change

Type of Industry: Other
Number of Employees: More than 1,000
Title: Professional



In the drawing, "Employee Resistance to Change," the pilot may have vision, but has the vision been communicated? Are the employees bailing out of the company or are they staying and undermining the changes? Does the organization have a process for working through change issues together? These two drawings acknowledge our interdependencies, but in a non-interactive environment. To create successful change, organizations must build on constructive interactions.

Creating Receptivity to Change

Generating receptivity to change requires that employees understand the pressures, both external and

internal that make change necessary. Employees can be very resourceful in acting on their fear of the unknown and may even sabotage the change effort by their unwillingness to commit to the change effort. Employee fear may take the form of cynicism, especially if the organization has attempted changes before that were unsuccessful. How do we overcome this resistance?

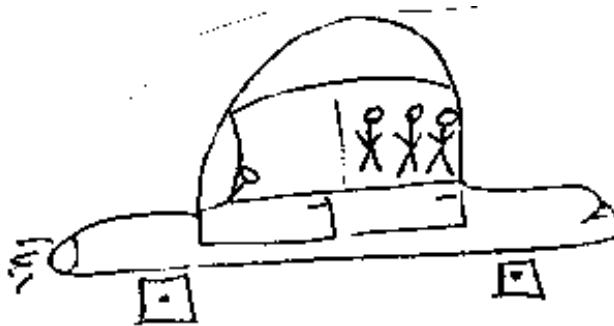
1. First there must be awareness that an existing situation (crisis or status quo) is becoming unsatisfactory.
2. The situation and the awareness must be significant enough to produce the motivation to do something about the problem. Tell the employees what is affecting the organizational change-- competition, regulatory issues, etc. Let them know that top management is involved in supporting and in implementing the change efforts. Share with the employees any operating, behavioral and/or organizational performance data to convince individuals to change.
3. Once a path or strategy is devised, the change process begins. This is often a rocky road. For a change effort to succeed, both management and employees must be willing to put difficult, uncomfortable issues out in the open. It may be necessary to bring in an outside expert to act as a resource and a facilitator. Outside experts often play a major role in analyzing a company's existing structures and facilitating communication on issues and attitudes that managers find difficult to identify or would prefer to ignore. It is important to maintain ongoing communication with employees.

The survey respondents did all the right things in dealing with employee resistance to change by providing education/communication, facilitation/support and involving employees in participation and collaborative efforts. However, we also received some interesting comments, such as "we basically said - here is what we've changed, now let's get on with it." Other comments we received include: "still struggling" and "we consolidated and reorganized." On the surface, it appears from the responses received that companies are doing all the right things, but those same respondents also indicate needs for improvement in the following: communication, employee involvement, training and "walking the talk."

A *Wall Street Journal* article citing a survey of 164 chief executive officers indicated that they recognized that communication helps create more employee commitment to change, but 86 percent said other demands prevented them from devoting more time to communicating!

Drawing: Communication

Type of Industry: Manufacturing
Number of Employees: Less than 1,000
Title: Manager



Who's driving this vehicle? Why did those individuals choose to be passengers? Has the destination been communicated to the passengers or have they been taken hostage? The lights are on, there is a steering wheel, but will a vehicle with square wheels ever move forward?

Missions, Values and Visions

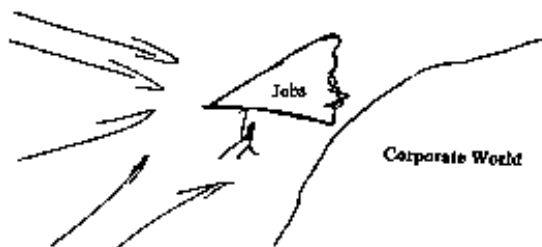
The survey results indicated an overwhelming affirmation that organizations have a mission statement with a clear purpose and identity. Respondents indicated their organizational values and vision were identifiable in the mission statement and that employees shared a sense of identity with the mission, philosophy, purpose and policies. Many of the mission statements we read today espouse the right words-- customer service, high quality, attention to detail through empowered teams and partnerships with suppliers and customers. But, when we look at such things as performance measurements, we find there is a significant disparity between what the mission says and what is really happening in the trenches.

How Well Are Change Efforts Working?

We asked our survey respondents how well changes are working within their organizations. Forty-six percent were uncertain as to how well the changes are working. Forty-four percent report implemented changes are working at a good level. A final 10 percent said the resulting changes were poor. With such a high level of uncertainty reported, we must ask the questions: Do companies know where they are going? Do individuals within a company environment take a hard look at what is going on? Does someone ask questions? Or, are companies indeed succumbing to management fads? If you don't know where you're headed, any road will get you there concept? In other words, quality circles are followed by TQM, matrix management, reengineering, etc. Perhaps management needs an introduction to anticipatory problem-solving approaches. Management should anticipate and build into the evaluation plan effective measurements and results of the change effort.

Drawing: Hanging in There—Uncertainty

Type of Industry: Manufacturer
Number of Employees: More than 1,000
Title: Team Leader



Employee Morale

How does the workforce maintain a good level of morale in the face of constant change? When we made the statement, "The morale within our organization is good," we received the following responses: 40 percent say morale is good, 32 percent said not good and 28 percent said they are uncertain over the state of morale within their organization. We see a high level (60 percent) of "not so good and uncertainty" over the issue of employee morale. An organization is a system and changes in one part of the system affect events in other parts of the structure. Has the organization identified barriers to success? If barriers exist that are not identified and worked out, a vicious cycle of friction develops. Apparently, the vicious cycle exists as seen by 60 percent of responding organizations reporting that indeed there is ongoing friction between departments and teams.

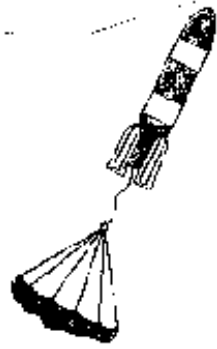
Ongoing Friction or Pro-active Problem-Solving?

There is a tendency for people to be fearful of impending change, increasing the level of individual political behavior occurring. This behavior usually takes the form of withholding information or not communicating with others. Individuals start emphasizing playing up their own role or department/team versus collaborating efforts with others in the organization.

When it comes to the question of whether teams are pro-active in anticipating problems: 38 percent of survey respondents said they are not pro-active, 37 percent said they were indeed pro-active, while 25 percent say they are uncertain as to whether their organization practices pro-active problem anticipation. In the environment of constant and evolving change, who can afford not to be pro-active in anticipating problems with approaches and decision-making strategies? The following drawing reflects the paradox present.

Drawing: Ongoing Friction or Anticipatory Problem-Solving?

Type of Industry: Unknown
Number of Employees: More than 1,000
Title: Manager/Engineer



In this paper, we've looked in-depth at the challenges of execution in the change process, through survey results and organizational drawings. Many of us have used the analogy of an iceberg to describe processes where a small part is visible and a much greater portion is hidden. This analogy also holds true for managing change. Most companies are able to identify and make changes to the visible part of the change iceberg. Our respondents and their organizations are doing all the right things with strategy, technology, policies/procedures, financial resources and organizational structure. Many companies have difficulty considering the hidden part of the iceberg. These hidden issues are about human relationships and include values, attitudes, perceptions, feelings and informal interactions. The high uncertainty reflected in the respondents' answers and in the drawings shows how much hasn't been dealt with below the surface of the iceberg. As with the iceberg, only 20 percent of change management is related to the visible things while the other 80 percent is related to how well you understand the people involved, how they interact and how well they can see and strive for management's vision. In conclusion, the survey respondents would improve the following factors based on their experience with change efforts:

"What Things Would You Improve to Make the Change Efforts More Successful?"

Implementation

- ACTA, NON VERBA (deeds, not words).
- Walk the talk.
- Create senior management team that walks the talk.
- Higher profile executive endorsement/involvement.
- Recognize that implementation takes longer than analysis.
- Complete implementation and commitment.
- Move faster with more conviction.
- Actual encouragement of risk taking.
- Acknowledge failure and move on without repercussions.
- Evaluate steps along the way and don't be afraid to take midstream corrective action.
- Don't be too cautious.

Communication

- More communication of strategy.
- Better definition of responsibilities and accountabilities.
- Communication between departments.
- More communication of strategy.

- Increase conferences between remote plants and headquarters.
- Better communication of reasons for change.
- Greater sharing of information by internal and external customers.
- Get clear message to middle management that change is required.
- Get staff to share inter-department's ideas/concerns to facilitate better internal customer service.
- Assurances of what jobs/people will be around in the future.

Training

- Educate employees on how to accept change.
- More team instruction for middle level people.
- Up-front training in team skills.
- More timely follow-up/retraining after implementation

Employee Involvement

- Empower employees and encourage responsibility without risk of failure/loss of job.
- Participation by employees.
- Invite participation—to a point.

Structure

- More effort to reduce functional silos.
- Don't downsize without structural change.
- Resist "Peter" principle of promotion.
- Give human resources department teeth, not just "lip service."
- Greater visibility of top management to non-management personnel.
- Policies and goals that support mission.
- Lots of planning, up-front.
- Top management must get into the market and develop a vision for growth.
- Create a company mission.

Task

- Process documentation.
- Cost/benefit analysis.
- Incentive program.

This paper is intended as general information and is not a substitute for legal or other professional advice.

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