

MANAGING HIDDEN ASPECTS OF CHANGE

By Jeanette Swist and Alan Ayers

Managing change can be compared to an iceberg. A small part is visible, but a much greater portion is hidden. Most companies are able to identify and make changes to the visible part of the iceberg (strategy, technology, organizational structure, policies, procedures and financial resources); many have difficulty with the hidden part. These hidden issues are about human relationships and include values, attitudes, perceptions, feelings and informal interactions. Unless these relationships are addressed effectively, change implementers are headed toward failure.

Let's look at a company actually undergoing major changes. The founder started a replacement parts distribution business in the late 1950's. Successful innovations resulted in prosperity. The company now generates over \$200 million in annual sales.

In 1991, his business acquired another company and became a formidable force in the industry. However, the acquisition meant closing a facility and moving key staff and other employees into a newly expanded building. Management moved to an upstairs addition creating an "us" versus "them" mentality between the new and old management and between management and employees.

The acquisition and subsequent growth forced structural changes. A new executive management team brought in new heads of marketing and finance from larger companies. Growth produced organizational complexity which forced managerial changes. These created new dilemmas—more steps in the decision making process, more loops in the communication chain, and new and more



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complex information systems.

Besides considering the problems found at the tip of the iceberg, the management team needed to address the issues beneath the surface to discover the motivating force of the company and the employees. Let's consider how the hidden issues surrounding human relationships manifested themselves in our profile company.

- **Values** are made up of the fundamental beliefs and unwritten rules that have evolved over time. In the example, there were at least three different sets of values - those of the original employees, those of the acquired company, and those of the new hires. The company had to define these different value sets, rationalize them, and create a single new value statement.

- **Attitudes** address the way everyone looks at the company or a process. If management isn't aware of the attitudes of employees or management, it will not understand what is needed to motivate change. Our profile company conducted an employee attitude survey after acquisition of the second company and formation of the new management team. A second survey two years later disclosed some issues not only remained unresolved, but become worse. The 1993 results emphasized employees felt left out of the change process even though they were directly

affected. This cultivated strong feelings of uncertainty about the future of the company and their own positions.

- **Perceptions**, both within management and between management and employees, affect the environment for change. When the company consolidated, management was so separated from employees they were considered ensconced in an "ivory tower." Employees reacted as if management was looking down on them.

- **Feelings** may be individual, interpersonal, interdepartmental, within management, and between management and employees. For example, the second employee attitude survey indicated the company had not done a good job explaining reasons for change. So employees felt when they were asked to do something different, they were doing more for less.

- **Informal Interactions** are often called informal organizations. They are made up of personal relationships and normal flows of daily communications. For example, the original company had an informal structure. When they acquired the second company, it was difficult to merge the original structure with the new organization. The company decided to implement a new integrated manufacturing system (visible); however, they are still struggling with physical consolidation of the distribution facility because of "us vs. them" created by the differences in the informal structure (hidden).

Human relationship issues won't go away. Many can be resolved quite easily by following through on the concepts of Total Quality Management related to team building and cross functional teams. However, these concepts are difficult to teach, more difficult to learn, and especially difficult to complete. They relate to recognizing differences in learning styles, individual skills and capabilities, and what each person brings to a team. As with the iceberg, only 20% of change management is related to the visible things—organization, technology, etc. The other 80% 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. **T&D**