IVEY BUSINESS JOURNAL

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Reprint# 9B09TD06

IVEY MANAGEMENT SERVICES July/August 2009

Ivey Business Journal
Reprints are published by Ivey Management Services a division of The Richard Ivey School of Business.
For subscription information, please contact:
Ivey Business Journal
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Toronto, Ontario M4T 2L7

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The rhetoric and reality of successful change management

By Dan Hill

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How does a leader obtain buy-in for a major change management initiative? Hardly by being rational, says this authority on the role of emotions in organizational behavior. Rather, he says, paint a compelling picture and construct a resonant message that will engage employees in making the change work. Leaders who read this article will learn the three steps that are necessary to make change management work.

"Always sell hope" is a business truism and one well grounded in human nature. As behavioural economics remind us, corporate leaders, employees and consumers all have an inherent bias toward optimism. We want to feel good about ourselves and our future prospects as a means of protecting our self-esteem and accruing allies through presenting an aura of inevitable success.

One such case involves the likelihood that a company will navigate change with success, including changes driven by a merger or acquisition. Want to see the optimism bias fully in action? Consider a survey of corporate managers recently involved in a merger activity. Only 37 percent of managers believe that mergers create value for buyers, while even fewer (21 percent) believe that mergers typically meet the acquirers' strategic goals. Then compare those findings to the fact that 58 percent of those same managers claimed that the particular merger they were part of created value and that 51 percent of their mergers met the strategic goals.

Clearly something is strange here, given the 21 percent gap between general versus individual success in creating value, and an even larger 30 percent gap between general versus individual success in meeting the strategic goals that a merger set out to accomplish. Welcome to the optimism bias, whereby people enjoy the illusion of control and won't admit that there are some things that they don't want to know. Rhetoric aside, the reality is that the surveyed managers' collective perceptions of how mergers generally fare was spot-on. Other research in this area indicates that only about 30 percent of corporate mergers and acquisitions actually work out well—a figure almost exactly the average between the 37 percent and 21 percent assessments cited above.

Given all the money and effort spent on mergers and acquisitions as the most dramatic example of corporate change in general, the crucial question then becomes: Why isn't the success rate higher? Or, in other words, what accounts for the all-too frequent failure to make change work? I believe that the answer lies in avoidance. Any number of factors could be pointed out—from finance to operations, legal and technology, among others. I put my money on the *human* capital factor for one reason and one reason alone -- the estimate that only 25 percent of employees, on average, accept change willingly. This statistic dovetails almost perfectly with the mere 30 percent success rate for general mergers and acquisitions.

What does that mean about that old cliché that "a company's employees are its most important asset." Don't believe it. More often than not, that old maxim isn't honored much in practice. I'm the son of a retired fortune 500 executive, the son-in-law of a former CEO of a fortune 500 company, and earlier in my career I worked directly for two other fortune 500 CEO's. All of them, no doubt, were and remain, smart men—especially in the domain of operations. That said, only one exemplified emotional intelligence on the job. Why does that matter? The explanation will, in effect, take up the rest of this article. However, the short answer is that successful corporate change involves changing both hearts and minds because human capital *is* at the heart of the equation.

Let's consider the importance of emotional intelligence in three practical steps any company can take to sell a merger. 1) Senior management could learn what it doesn't know through a series of face-to-face, town hall type meetings that will provide the opportunity for authentic feedback and dialogue. 2) As a result of that input, which will be delivered both verbally and non-verbally, which is to say both rationally and emotionally, company leaders could refine and enhance their vision for change to ensure that it will not only be on-message but also on-emotion in a way that will resonate with, and win over, employees. 3) Company leaders can then pro-actively disseminate the newly refined vision throughout company ranks by creating signature examples of success that will generate momentum and guard against inertia. Only by taking all three steps can companies realize the success.

The courage to participate in dialogue

Too often, senior management approaches change with a bunker mentality. Amid all the operational as well as the potential legal and financial details to be sorted out, a company's leadership may want to believe it doesn't have time to contemplate the emotional dynamics of change for the personnel involved. That's a conclusion easily reinforced by outside consultants likely to be associated with the process, consultants who don't know much about the corporate culture or the attitudes ad feelings among common employees. The end result is that senior management then risks initiating organizational change with emotional blinders or with a tone-deaf handicap as to how rank-and-file employees will receive the news of a merger, acquisition or reorganization. One initiative that will instead foster emotional alignment between senior management and employees is a decision to bring the people who are the natural influencers, or informal leaders within the company, into the planning process. The knowledge and greater intimacy of these individuals with the rank-and-file's attitudes, expectations and fears can prevent senior management from offering rationales that won't be viewed as credible, or processes for change that won't be viable.

At the same time, however, senior management can't depend on these informal leaders alone to make change work or lift the low odds that a merger or acquisition will be successful. A far better approach for leadership is to appreciate the value of emotional intelligence and cultivate it within them. As experts have noted, four qualities are required for emotional intelligence. The first one is emotional **literacy**, which involves understanding what the core emotions are and what they mean in terms of their script, i.e., what causes each emotion and how likely it is to affect behavior. Take anger, for example, which can occur because a person wants to be in control of their destiny but instead finds him or herself unable to make progress, or experiences confusion based on the direction the company is taking. When that happens, the tendency of an angry person is to retaliate by lashing out. Frustration or even white-hot anger is likely in a company undergoing change because many workers will feel change is being imposed upon them. Emotional literacy enables the savvy leader to recognize the importance of an emotion like anger in somebody else as well as him or herself.

Building on literacy, emotional intelligence then requires the second quality, **resiliency**. In other words, an emotionally literate leader is able to take in what might, at times, be tough news, emotionally speaking, and yet find the energy to persevere without avoiding or being knocked down by it. An emotionally adept leader can also make a robust, empathetic connection with others, which experts say is called **commitment** and is the third quality of emotional intelligence. Finally, being able to adjust to the underlying emotional currents of a given situation comprises the fourth quality of emotional intelligence, **adaptability**. All of these qualities will be tested in a forum such as the in-person, face-to-face meetings that I advocate in order for senior management to secure the emotional buy-in necessary for successful change.

Why, you might ask, is communicating the plans for change in person so essential? One answer is to bolster credibility while avoiding hypocrisy. No leader should ask employees to demonstrate the courage to face a suddenly changed, newly outlined future without having the courage to face those same employees directly. Sending out an e-mail blast is hardly enough. In moments of truth or stress, employees want to see a leader face-to-face. The desire of the rank and file to see the leader in difficult times allows them to judge for themselves the credibility of what they're hearing. Everyone is a natural facial coder, meaning that we all "read" the facial expressions of others. A weak social smile mixed with fear, for instance, will inform employees that senior management is running scared, whereas exuding a non-defensive confidence will foster a sense of ease among employees and make the transition easier.

Finally, town-hall-type meetings communicate the necessity of change and provide a forum for dialogue. All four of the keystone qualities of emotional intelligence should be on display in such a meeting, as an emotionally adept leader listens, understands and responds with remarks adapted to the occasion rather than offers boiler-plate, impersonal answers. Sounds obvious? Well it should be, but in my experience of working directly for two CEO's and hearing stories about how other leaders have handled the communication of change, I’m sad to report that ducking the challenge, and thereby foregoing the value of in-person dialogue, is more the norm than the exception.

Adapting the message and securing progress

If faithfully implemented, town hall meetings will yield the same benefit that campaigning does for a skilled politician. Only through intense interaction with one’s audience (in this case company employees) can a leader road-test and learn how to refine both the message and delivery, explaining not only the need for change but also the benefits of such change in emotional terms that employees will credibly *feel* as well as hear. Why is connecting emotionally so vital? The answer is that only the sensory and emotional brains that came into existence millions of years before the rational brain link to muscle activity and actually make something happen. In other words, rational messaging creates at best cognitive acceptance; however, motivating employees to counteract the 75 percent slump in productivity that usually accompanies major change requires a compelling emotional connection. Moreover, through intensive in-person interactions leaders may come to realize that aspects of the transformative plan for implementing change may not be realistic given the emotional feedback unearthed in the town hall meetings. Great leaders ensure that they have a mandate for change by pulling people into their vision of change rather than by pushing employees towards an unappealing future.

The final step in creating more effective change management is to demonstrate progress. Reaching and marking major milestones along the road to change are certainly vital, but the small but highly visible signs of transformation along that road are also important. Why is that the case? Remember that 50 percent of the brain is devoted to processing visuals. Thus, communication that doesn’t create images in employees’ heads won’t work. Neither will attempts at change that fail to silence the inevitable skeptics by demonstrating that change will work. Tangibility is vital. For change to work, leaders must show their faces, connect emotionally, and then illustrate their vision of the future. After all, as Thomas Edition observed: “Vision without execution is hallucination.”