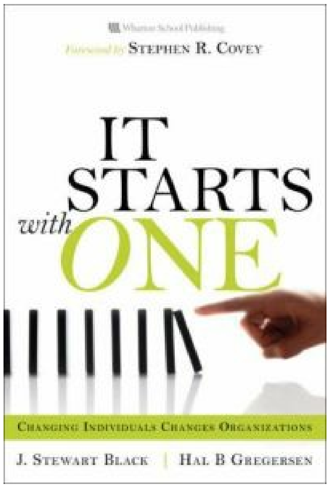

Book It Starts with One

Changing Individuals Changes Organizations

J. Stewart Black and Hal B. Gregersen
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First Edition:2002
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Recommendation

The Greek philosopher Heraclitus taught that nothing is permanent except change. But, in business, even attempts to change aren't permanent – in fact, corporate transformations are usually either temporary or doomed at the outset. Executives order organizational shifts, assuming that their employees will institute them immediately as instructed and that fruitful transformation will thus ensue promptly. Unfortunately, that seldom happens because human beings, including your staffers, strongly resist giving up comfortable patterns. They will hew to familiar paths unless you or your "change champions" intercept them, one by one, explain J. Stewart Black and Hal B. Gregersen. Their book on organizational transformation makes it clear that companies cannot alter the status quo unless leaders can convince employees to adjust their mindsets and processes first. The authors outline an approach to corporate change rooted in this concept. While their plan is not exactly quick and easy, it is methodical and logical. *BooksInShort* recommends their book to executives and managers who want to direct and control organizational change by working with their employees instead of dictating to them. Why? Because, say Black and Gregersen, one way works and the other way doesn't.

Take-Aways

- Change is a universal reality in business, but it is hard to achieve.
- Stagnant businesses cannot stay competitive.
- Many executives mistakenly believe that if they issue a change directive, a transformation will magically occur.
- Three barriers impede organizational change: "failure to see," "failure to move" and "failure to finish."
- Employees – and companies – persist in utilizing trusted but flawed "mental maps" that quickly go out of date.
- To bring about meaningful alterations, focus only on core issues.
- In the beginning of any reform program, employees need constant encouragement to alter their actions and behaviors.
- At first, they will struggle with new processes and that can ruin your change program.
- They must viscerally experience the contrast between the old ways and the new ways, and they must understand that their actions matter.
- Appoint "change champions" to encourage employees during the renewal process.

Summary

True Transformation Starts with Individuals

If your company does not evolve and stay fresh, your competitors will leave it in the dust. But even though change is a life-and-death business issue, most management books discuss it in exactly the wrong way. They characterize reform as an organizational phenomenon, not as a personal one. They make it a matter of command-and-control. Press the right buttons, and your organization will automatically reset and renew itself. Sorry, it's not that easy.

> "Change is extraordinarily difficult, and most attempts to initiate and sustain it fail."

According to research, most improvement initiatives fail. This happens largely because organizations cannot generate meaningful transformations unless the people within them alter their behaviors and actions first. If your workers are not willing to grow, your new directives won't work. To build their willingness, try to understand their point of view, communicate with them and praise their efforts along the way. Of course, organizational updating is never easy. It requires a large investment of money, time and effort.

Why Few Change Programs Really Reshape Anything

Often, transformational initiatives that begin with great hopes fail to work because their implementation processes are too complex and comprehensive. To lead a real revolution, keep your processes simple. Don't try to alter everything at once. Instead, set a realistic goal. Focus on the most crucial factors you want to adjust. Succeed with those alterations and the rest will fall into place. The "fundamentals of change" unfold in four stages:

1. The old methods work great and people use them skillfully.
2. Although the old procedures were the right tactics in the past, they will not work so well in the future. Over time, they have become the wrong way to do things.
3. Start using new behaviors and methods. At first, you will carry them out poorly and that will make you want to return to the old ways.
4. When you stick with the new approaches, sooner or later you will begin to do things well again – but in a fresh way. That is the nature of change.

Barriers to Change

People instinctively prefer to avoid the unfamiliar and to employ processes that have worked well before, sometimes even if those methods will not work in the future. People use old "mental maps" to guide their future actions. These mental maps often produce a "brain barrier" that makes imposing innovative processes exceedingly difficult. This brain barrier has three components:

"Barrier Number One: Failure to See"

Despite looming competitive threats, your managers and employees may not perceive that they are deadlocked. For example, Motorola ruled the cell phone world at the start of the 1990s. Consumers clamored for its analog StarTac phone, until its competitors introduced digital phones. Motorola's bosses weren't worried. They believed that their digital rivals, like Nokia, would not make the heavy investments in infrastructure required to generate a meaningful impact in their market. Motorola's leaders were mistaken. Six years after Nokia entered the global market for mobile phones, it took first place. Motorola's brass responded by making more analog phones.

> "Unlocking individual change starts and ends with the mental maps people carry in their heads – how they see the organization and their world at work."

Why didn't Motorola's executives understand the magnitude of the digital threat? Instead of accepting the new reality, they were "blinded by the light" of their routine. Their mental map – declaring that people always will prefer analog phones – did not register the new digital competition. Motorola's leaders could not see anything but their no-longer viable past. Like people, companies do not like to relinquish their mental maps, even if they are wrong. And the longer a company has used a mental map profitably, the harder it is to surrender it.

> "Leaders must confront their people and sometimes themselves with key contrasts between the past, present and future versions of the world."

Breaking through this barrier requires "contrast and confrontation." Contrast means viewing matters in comparison to each other. Confrontation – not the aggressive physical type – involves the full immersion of all the senses. To help employees abandon their old mental modes, give them new "high contrast" and "high confrontation" data. Managers often get this wrong. They present too much new information and workers don't know where to focus, so they concentrate on the most familiar data. This just reinforces their old mental maps. Or, managers assume that because they – as leaders – understand the need for taking a new path, so do their staff members.

> "Companies tend to err in the direction of sharing change progress with too few people."

With change, "seeing is not believing...experience is believing," but only experience that involves multiple senses. To deliver such high confrontation data, focus on the most salient aspects of the need for an upgrade, not on every detail. Build your argument around the "core 20% of what is different." Graphically illustrate the contrasts between old and new, for example, analog versus digital. Involve the pivotal people you must influence – your change agents – as directly as possible. If your senior managers doubt that the change program really affects customers' attitudes, take them to a retail outlet so they experience the results first hand. "Alter the mental terrain" of those you depend on to execute change so they immediately, viscerally understand why it is necessary. When people confront information with all five senses, they experience it as completely as possible.

"Barrier No. 2: Failure to Move"

Even when employees finally agree that progress is necessary, often they still do not act. They remain stuck in the grip of powerful inertia, unhappy about leaving their comfortable, old mental maps. Even though their outdated procedures will not reap future benefits, they know how to use them really well – they've had years of practice. People understand that, at first, they won't be able to perform new procedures and processes at the same competency level. They will become novices again and make mistakes. Your change declaration may inadvertently include this message: "Follow me and you will do the right thing and you will do it poorly!" No one wants to pursue an effort presented like that. First, you must persuade your employees that you and the company will help them move beyond any initial stumbles and reclaim their current competence. Use these three steps to instill that belief:

1. **“Destination”** – Set a clear target. People will not aim for fuzzy goals. Teach your employees targeted behaviors for situations you anticipate. Be as concrete as possible. For example, if an airline wants to refocus on customer service, it must retrain its gate attendants to be solicitous of passengers’ needs.
2. **“Resources”** – Workers can’t execute changes that require skills they don’t have. Teach them new methods they can use professionally. If your call center staffers now must help clients navigate your new Web site, help them master it first.
3. **“Rewards” –** Employees need motivational incentives to attain new goals.

> “Often one of the greatest obstacles to great future growth is getting employees (including senior executives) to let go of growth drivers from the past.”

To motivate your employees, you must know what matters to them. Use the “ARCTIC Framework of Individual Analysis” to assess their priorities in these areas:

- **“Achievement”** – The need to do well and compete favorably.
- **“Relations”** – The need to be recognized as special and to be part of a group.
- **“Conceptual/Thinking”** – The need to solve problems and to work things out.
- **“Improvement”** – The need to grow personally and to try new tactics or skills.
- **“Control”** – The need to feel on top of things and to exert influence.

“Barrier No. 3: Failure to Finish”

Many managers think that once staff members understand the need for improvements and take the first progressive steps, they are home free. This is shortsighted. Often, people who begin to work on corporate change never complete the mission; instead, they hit the fail-to-finish barricade. Today’s employees are skeptical of new initiatives. They don’t relate personally to changes in strategy and direction, or understand how remote, top-down plans and directives apply to them. Senior executives may get very excited about a fresh initiative, but in the eyes of the average employee, it’s just one more program touting the “latest best-selling idea,” which may or may not work. Therefore, workers’ initial modernization steps are often halting and short-lived.

> “Change champions are needed exactly where the rubber meets the road.”

Employees often tire of consciously shifting the way they work and stop trying soon after they start. They don’t think their individual actions affect the overall organization. They don’t know if the corporate effort is paying off, or if their colleagues are working as hard as they are to alter their behaviors and methods. Indeed, without information telling them otherwise, most employees automatically assume that a new initiative isn’t working. Their attitude is, “If things were going well, we would hear about it. So things must be going poorly.” This line of thinking has a ruinous impact on their motivation.

> “As difficult as change is inside the company, often it is even more difficult when it requires changing external parties such as customers and suppliers.”

To keep employees on track, appoint “change champions” to help reinforce positive behaviors and assure people that their efforts really matter. These representatives must operate from the trenches, ready to praise employees who shift their behaviors. Daily reinforcement is crucial to keep your initiative moving. Champions must focus on “desired efforts, not results.” They play a crucial role in the earliest stages of a program when people who are learning new skills are upset that they no longer feel on top of their jobs. Champions encourage employees to stick with their new processes until they regain their sense of competence and accomplishment.

> “Organizations don’t change. People change.” [– Jack Zenger, *The Extraordinary Leader*]

Promulgate information regularly to tell employees that their efforts are working, and that the company is indeed changing for the better. Create a progress chart so people can see how they are doing. This journey is initially frustrating, so help your employees stay on the right path.

Change Agents

Lower-level employees are not the only ones who might stand in the way of change. Sometimes senior executives have a difficult time letting go of old strategies that once worked well. For example, the Kellogg Company’s leaders always saw its dominance of the cold cereal market as the best indicator of its strength. This was a good mental map for four decades, but in the late 1980s Americans’ breakfast habits shifted. People bought from other cereal companies or just grabbed a bite on the run, but Kellogg’s did not introduce a new breakfast snack from 1964’s Pop-Tarts pastries to 1992’s NutriGrain granola bars. Kellogg’s executives could not see beyond their overpowering mental map, which said cold cereal was everyone’s ideal breakfast. Even as operations grew in some 30 nations, their 1990s mental map still revolved around cold cereal.

> “Unless the change is embedded in individuals, it cannot show up in the larger organization in a way that consistently affects behavior and results.” [– Stephen R. Covey, *The Seven Habits of Highly Effective People*]

It took a new CEO, Carlos Gutierrez, to open everyone’s eyes. He updated his executives’ mental map to depict cold cereal as just one breakfast option. Gutierrez taught his people that what they ate every morning in Battle Creek, Michigan, was not what everyone else was eating, in Michigan or around the world. In effect, he drew them a new mental map. Perhaps they could now envision people in Japan eating rice, fish and miso soup for breakfast, while folks in India had *Khichri*, a blend of lentils, rice and spices. He persuaded Kellogg’s leaders that it could no longer bet all of its chips on cold cereal. Gutierrez changed the company’s direction, opened a “food and nutrition research center,” bought the Keebler cookie company and broadened the corporation’s product mix. When he left in 2004 to become U.S. Secretary of Commerce, American cold cereal sales accounted for less than 50% of Kellogg’s booming business, which had expanded to 180 countries.

> “If you do not see the need to change, you will not change.”

Many companies make big adjustments only when they endure a crisis or when they must react to some new event, such as losing their competitive dominance. In both instances, the transitions can be disastrously costly. The least costly, most efficient approach is “anticipatory change,” derived from leading events instead of following them. But, no matter what kind of conversion your firm needs, nothing will happen unless and until your employees change first, one by one.

About the Authors

J. Stewart Black and **Hal B. Gregersen** teach at INSEAD, Europe's largest M.B.A. organization. Gregersen, co-author of nine other books, was a Fulbright Fellow at the Turku School of Economics.