Conference KeyNotes

The Rallying Cry for Organizational Change: Personal Responsibility at Every Level

Insights from 2014 Change Management Conference

As a community of business leaders, The Conference Board convenes senior executives to share cutting-edge ideas and best practices. This *Conference KeyNotes* summarizes the discussions held by approximately 170 senior executives who attended the *Change Management Conference* in New York in June 2014. The views expressed are those of the presenters and participants at the conference.

Key Issues Page 2

- Become a change management ninja
- Train for agility and adapting to uncertainty
- Monitor and measure aspects of change management

Benchmarks Page 6

- At least three-quarters of participants spend more than half their time on change management initiatives
- Change management is delivered ad-hoc at a little more than half of participants' organizations
- Some participating organizations view change as a project while others view it as the new business reality.

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KEY ISSUES

Business is changing at a faster pace than ever and the level of change is more complicated. Navigating the speed, uncertainty, and complexity of change can be overwhelming for both organizations as a whole and for employees. Since change is likely to be continuous, companies should make change management a competency rather than an add-on. They can start by knowing the best practices for executing change and training employees how to adapt to it.

Become a Change Management Ninja

Methods matter when it comes to change management because it's both a science and an art. The challenge lies in knowing how to implement it without overwhelming employees while also keeping them engaged and productive. One way to start is to avoid using the phrase "change management" and instead treat the transformation as the way you will manage the business going forward rather than an add-on or an event.

Change methods and tactics

- Understand generational differences. Millenials will adapt better to change since they have grown up with it. Older generations will be more likely to resist, so find ways to get them on board.

- Focus on the future and new reality rather than the current state. Accelerate progress by painting a picture of the future state.

- Think about what skills employees will need to get the organization from its current state to the future one. Necessary skills may include critical and strategic thinking, creativity, innovation, collaboration, networking, and learning agility.

- Create a strategy and set milestones for getting from the current state to the future one. Choose five priorities and allocate the best people for each.

- Recognize that you can't do everything you used to while also implementing change, so force tradeoffs. Ask: "What do we need to invest in to implement strategy? Which things can we stop doing?" One medical device company helped its executives understand the tradeoffs through a spending exercise in which they moved around a designated number of poker chips.

- Help stakeholders through the change process by finding out what initiatives they are currently working on and what they plan to achieve in the future. During the conversation, ask questions and listen more than you talk. Tie their agenda to the change agenda, and then ask them to help you with the transition.

- Tell employees they should expect to dedicate 20 to 30 percent of their time to the change.

- If you get pushback from team members or subordinates about making the change, demonstrate its value by not implementing it. When the resisters see others having positive results after making the change, they will be more likely to get on board.

- Publicize and celebrate early wins—even the small ones—and short-term milestones to keep the momentum. These go a long way to building credibility for the new system, enthusiasm, and employee engagement. One microchip company did this and employees were so enthusiastic about the transformation project that they asked "How can I help?"

Communicating to and engaging employees during change

- When people face uncertainty, they tend to feel fear, which hinders decision making. Therefore, during change and uncertainty, companies need to help employees feel a sense of control so they remain engaged and perform at their best.

- Clearly articulate the case for change, what you are changing, what the target state looks like, how the change fits into serving the members/customers, and how it ties into the company's mission. Stress that if the company doesn't adapt it will lose its position in the market.

- The human brain is wired to respond 80 times faster to an emotional appeal than to one that's based on numbers and statistics, according to a presenter. Therefore, when telling employees why the company needs to change, present it as a cause they can mobilize around, such as helping customers. Use storytelling to appeal to employees on a personal level.

- Traditional top-down communications methods are no longer sufficient. Make communications conversational and engaging by holding town halls, online chats, and quarterly conversations about customers and financials. During these, reinforce the new strategy, top priorities, and progress against them. Also communicate the change with customers.

- Create an engagement guide to help employees know what to expect during the transformation. Include timelines, benchmarks, and opportunities for employee feedback. Use storytelling to show what expected behaviors will look like.

- Make sure front-line workers understand the rationale behind the change, the strategy for executing it, and how they contribute to it. Train managers to engage employees and help them understand the current state, the future state, and how they will help the company get from one to the other. They will accept change more readily when they fully understand the change strategy and how their role fits into it.

- People are much more willing to take action when they come to their own conclusions, so give employees the same information you give leaders and let them say "We must change."

Train for Agility and Adapting to Uncertainty

Teach employees how to deal with continuous, faster, amplified, more complex, and larger-scale change, because transformation will be the norm as companies strive to stay relevant. Arm employees with techniques to help them feel more in control and that will manage their fear levels, especially since customers will expect everything to go smoothly while the change is in progress.

- Successful change means that everyone is a change agent, not just the leaders. Therefore, make change management a competency.

- People who thrive in rapidly changing environments have learning agility. They are able to learn quickly under high stress.

- Learning agility can be gained through experience and simulation training. Have employees create scenarios for how they will deal with unanticipated events and practice day-in-the-life simulations. Also, move employees to new roles within the organization where they have little knowledge, so they can use what they know to adapt.

Traits That Will Help Employees Adapt to Change

Participants brainstormed the characteristics that best describe someone who will thrive in a constantly changing, VUCA (volatile, uncertain, complex, and ambiguous) work environment. They include:

- Quick decision maker
- Quick learner
- Flexible
- Has multiple skills
- Collaborative
- Views ambiguity and uncertainty as an opportunity
- Culturally adaptive
- Comfortable with change

- Handles stress well
- High-energy/passionate
- Knows how to say 'No"
- Mentally tough
- Entrepreneurial
- Anticipates the unanticipated
- Not afraid to fail
- Self-aware
- Self-motivated

- Other traits that can be developed include critical thinking, collaboration, adaptability, resilience, the ability to look at change as an opportunity, a willingness to disrupt and innovate, and influencing without authority.

- Effective learning techniques include short and simple learning modules, self-discovery, and progression in the learning design.

- Coaching can help teams, individuals, and organizations work through change. Train HR personnel in coaching strategies, such as asking the right questions at the right time.

- Use neuroscience methodologies that connect to personal well-being. If you can embed neuroscience into the coaching process, you will appeal to everyone, even skeptics.

Monitor and Measure Aspects of Change Management

Companies can determine the success of their change management programs by using data that is readily available (also known as small data). They can pinpoint which employees might have trouble adapting to change by mining existing HR data or conducting a survey. And they can determine the success of a new process by looking at employee adoption and usage.

Measuring resistance to change

- Companies can make change easier by determining who will be most resistant and then taking measures to help those employees navigate it. A consultancy predicted who would most likely struggle with an upcoming change by gathering information based on 15 factors that could affect a person's change tolerance, such as tenure (generally, the longer the tenure, the less change a person will have experienced) and role mapping (the more roles a person has had, the more change they will have experienced). It weighted each factor and then scored each individual. The people with the lowest scores would be the most resistant to the change.

- Companies can use a similar process to determine which offices will have the highest concentration of people who will be resistant to change and then provide extra support. This is important because if too many people cannot adopt the new processes or systems, there could be a business continuity issue.

Measuring ROI of change

- Effective change depends on employee adoption and usage. "Adoption" means employees start doing the job in a new way and "usage" refers to how effective they are at doing the job differently.

- Another way to look at the ROI of change: the difference between the results the company will receive if a significant number of employees adopt and use the change and the results the company gets if employees don't adopt and use it. For example, if employees adopt and use a new wellness program, the ROI could be a decrease in health insurance costs or health risks among employees.

- To start thinking about the ROI of change, ask: What are our objectives? What is the relative benefit/contribution of each? How dependent is each objective on people? If nobody adopts and uses the change, what percentage of the benefit of the objective will be achieved?

BENCHMARKS

Conference participants were polled prior to the conference on the following questions. Questions from the previous two years are included for comparison purposes.

Question 1

2014

What percentage of time do you spend in your current role on change management initiatives and direction setting?

Category	Value
0-25%	8.86%
26-50%	21.52
51-75%	26.58
76-100%	43.04
Other, please specify	0

2013

What percentage of time do you spend in your current role on change management initiatives and direction setting?

Category	Value
0-25%	6.3%
26-50%	20.6
51-75%	25.4
76-100%	46.0
Other, please specify	1.6

2012

What percentage of time do you spend in your current role on change management initiatives and direction setting?

Category	Value
0-25%	7%
26-50%	14
51-75%	17
76-100%	27
Other, please specify	1
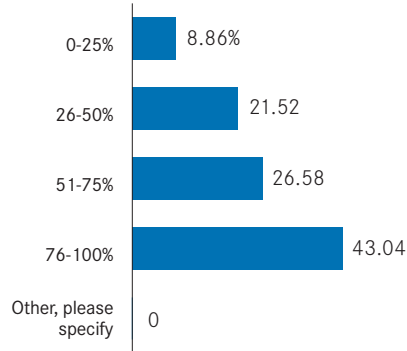
BENCHMARKS (continued)

Question 2

■ Strongly disagree   ■ Disagree   ■ Agree   ■ Strongly agree   ☐ Don't know /doesn't apply

2014
To what extent do you agree with each of the following statements?

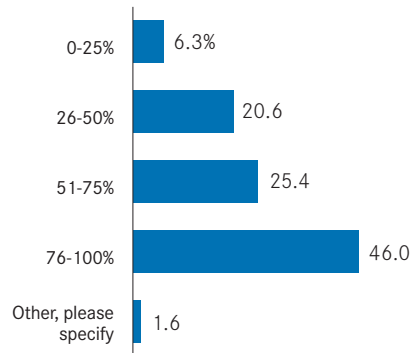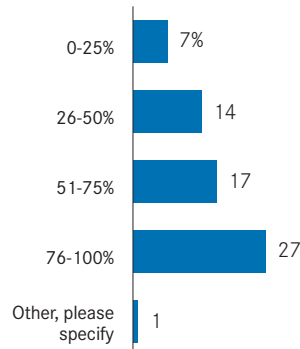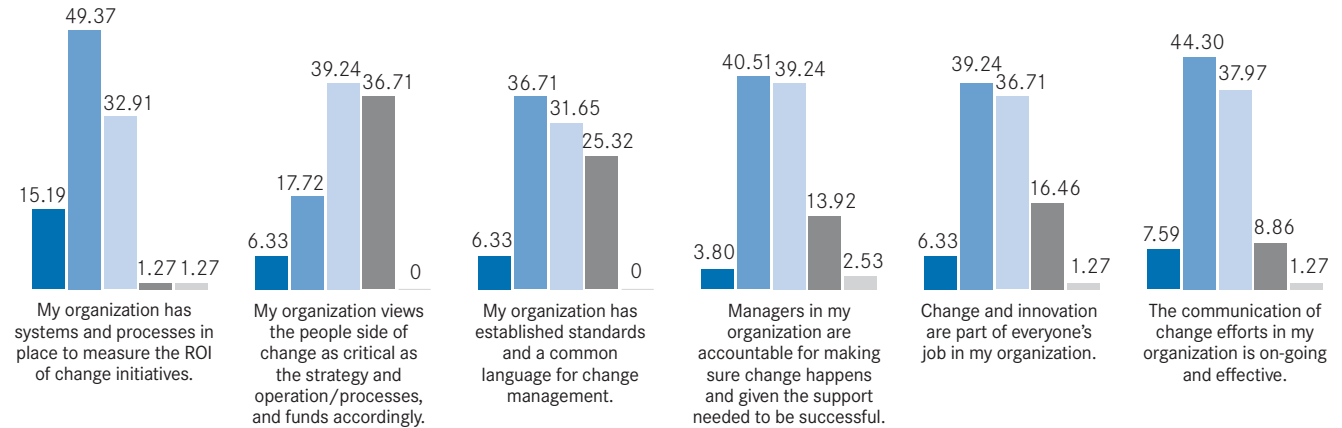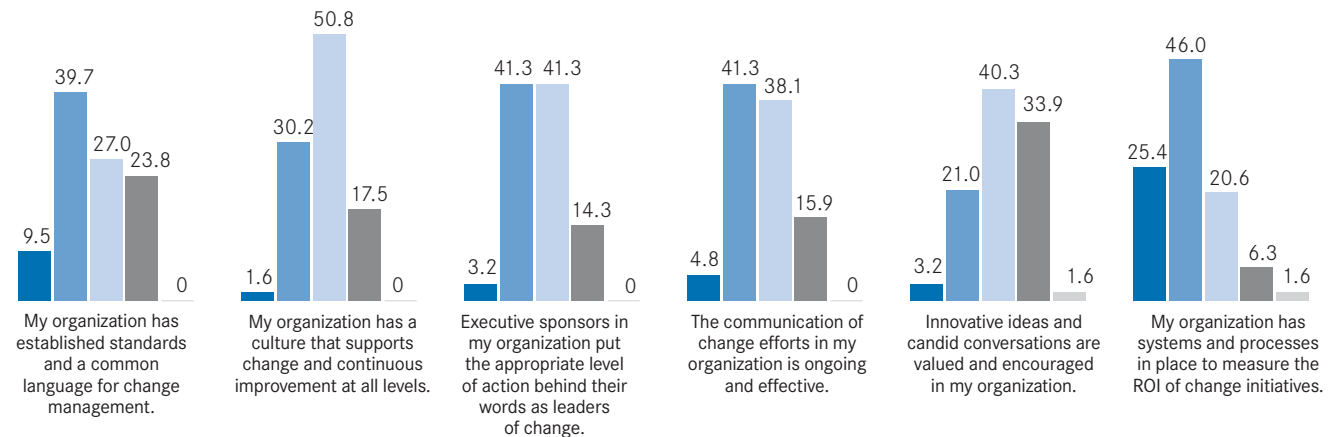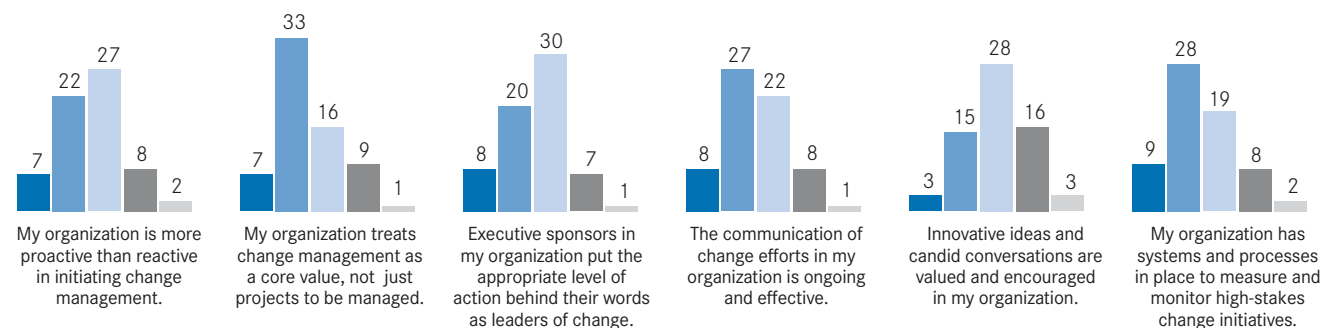|	Strongly disagree	Disagree	Agree	Strongly agree	Don't know/doesn't apply
My organization has systems and processes in place to measure the ROI of change initiatives.	15.19	49.37	32.91	1.27	1.27
My organization views the people side of change as critical as the strategy and operation/processes, and funds accordingly.	6.33	17.72	39.24	36.71	0
My organization has established standards and a common language for change management.	6.33	36.71	31.65	25.32	0
Managers in my organization are accountable for making sure change happens and given the support needed to be successful.	3.80	40.51	39.24	13.92	2.53
Change and innovation are part of everyone's job in my organization.	6.33	39.24	36.71	16.46	1.27
The communication of change efforts in my organization is on-going and effective.	7.59	44.30	37.97	8.86	1.27

2013
To what extent do you agree with each of the following statements?

	Strongly disagree	Disagree	Agree	Strongly agree	Don't know/doesn't apply
My organization has established standards and a common language for change management.	9.5	39.7	27.0	23.8	0
My organization has a culture that supports change and continuous improvement at all levels.	1.6	30.2	50.8	17.5	0
Executive sponsors in my organization put the appropriate level of action behind their words as leaders of change.	3.2	41.3	41.3	14.3	0
The communication of change efforts in my organization is ongoing and effective.	4.8	41.3	38.1	15.9	0
Innovative ideas and candid conversations are valued and encouraged in my organization.	3.2	21.0	40.3	33.9	1.6
My organization has systems and processes in place to measure the ROI of change initiatives.	25.4	46.0	20.6	6.3	1.6

2012
To what extent do you agree with each of the following statements?

	Strongly disagree	Disagree	Agree	Strongly agree	Don't know/doesn't apply
My organization is more proactive than reactive in initiating change management.	7	22	27	8	2
My organization treats change management as a core value, not just projects to be managed.	7	33	16	9	1
Executive sponsors in my organization put the appropriate level of action behind their words as leaders of change.	8	20	30	7	1
The communication of change efforts in my organization is ongoing and effective.	8	27	22	8	1
Innovative ideas and candid conversations are valued and encouraged in my organization.	3	15	28	16	3
My organization has systems and processes in place to measure and monitor high-stakes change initiatives.	9	28	19	8	2

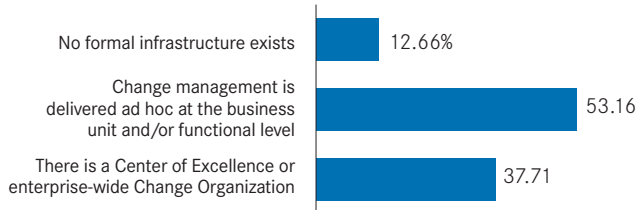# BENCHMARKS (continued)

Question 3

2014

How would you describe your organization's change management infrastructure?

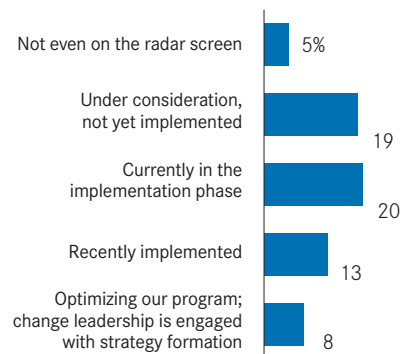|	
No formal infrastructure exists	12.66%
Change management is delivered ad hoc at the business unit and/or functional level	53.16
There is a Center of Excellence or enterprise-wide Change Organization	37.71

2013

How would you describe your organization's change management infrastructure?

No formal infrastructure exists	22.6%
Change management is delivered ad hoc at the business unit and/or functional level	46.0
There is a Center of Excellence or enterprise-wide Change Organization	41.3

2012

How would you rate your organization's internal change management capability?

Not even on the radar screen	5%
Under consideration, not yet implemented	19
Currently in the implementation phase	20
Recently implemented	13
Optimizing our program; change leadership is engaged with strategy formation	8

BENCHMARKS (continued)

Question 4

2014

How would you describe your organization's definition of change management today'

Response	Value
Change is a project or portfolio of projects to be managed.	41.56%
Change management is employee engagement and continuous improvement.	22.08
Change is the new business reality and part of everyone's role and responsibility.	36.36

2013

How would you describe your organization's experience with simulations and gaming techniques to build awareness and drive behavioral change?

Response	Value
We have experimented with simulations and gaming techniques.	25.4%
Simulations and gaming techniques are part of our communication and learning strategy.	9.5
We have not experimented with simulations and gaming techniques.	65.1
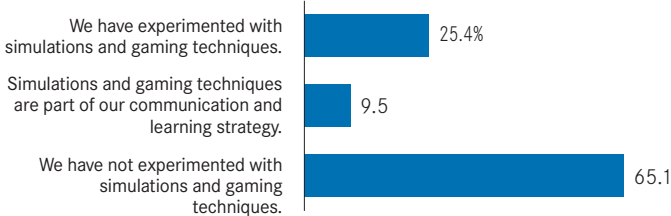
2012

How would you describe your organization's experience with enterprise social technology?

Response	Value
We are implementing ad-hoc pilots, using social media technology.	25%
We have a formal social technology strategy for the organization.	19
We have not implemented social technology in our organization.	21

Question 5

2014
Please indicate all locations where your organization has offices.
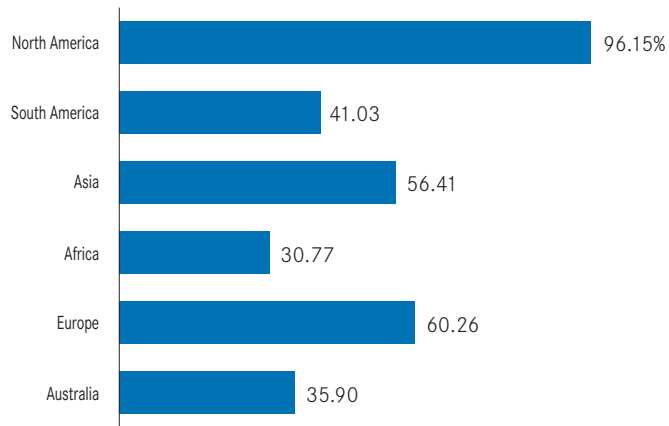
Location	Value
North America	96.15%
South America	41.03
Asia	56.41
Africa	30.77
Europe	60.26
Australia	35.90

2013
Please indicate all locations where your organization has offices.

Location	Value
North America	98.4%
South America	41.03
Asia	46.0
Africa	34.9
Europe	50.8
Australia	36.5

2012
Please indicate all locations where your organization has offices.

Location	Value
North America	64%
South America	30
Asia	38
Africa	22
Europe	42
Australia	27
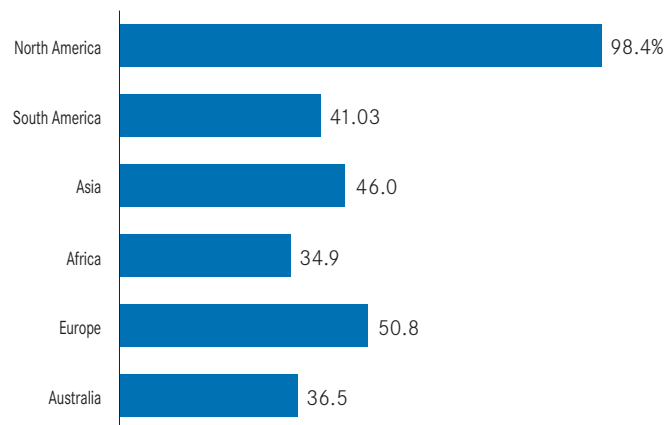
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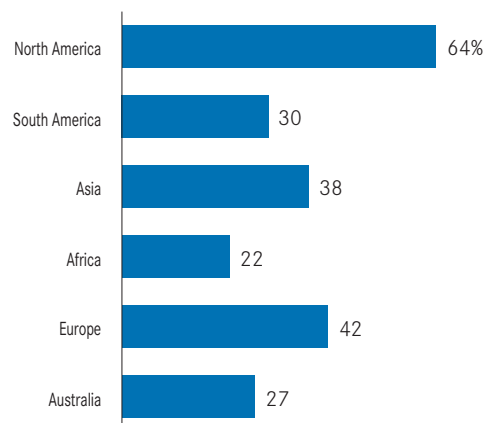
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Research Report 1543, March 2014.

Understanding Business Cycles: The Indicators Approach to Forecasting Agility,
Research Report 1519, June 2013.

Councils

Council for Division HR Leaders

Council for Mid-Market Human Resources Executives

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Council of Talent Management Executives

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