

## Creating a Climate for Change

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Most of today's organizations, regardless of sector, are facing unpredictable futures of unprecedented change. An inescapable reality is that the nature, scope and duration of the changes that we have been seeing over the past two decades are unlike anything we have had to face before. As a result, we must come to terms with unique organizational and personal challenges.

Many organizations are working hard to develop strategies to respond to these challenges. We are learning a great deal from their efforts. Some organizations have learned how to make conditions of constant change work for them, both on an organizational and a personal level. In short, they have learned how to create healthy change.

Organizations typically base their approach to bring about change on two basic human emotions: fear and hope. A fear-based approach tends to start the change process more quickly, appears to generate more energy and work activity, and may even increase productivity, especially in the short run. However, this early momentum is almost never sustained, and fades as quickly as it began. By contrast, a hope-based approach provides the people who make up the organization with the tools and support they need to create their own change. While it is true that this kind of approach takes longer and requires more "up front" investment by the organization, experience shows that it greatly enhances a sense of ownership by employees in the process. As a result, the overall change is more easily sustained.

Over the past 15 years, we have had the opportunity to study the change initiatives of a wide variety of organizations. Some clear patterns have emerged. 'Change-friendly' organizations work hard at creating

a climate for change in which employees genuinely feel that they are a part of the process, that their contributions are valued and, more important, that they are valued as people. These organizations treat employees as people worthy of a significant investment and partners in creating healthy change.

We have had many opportunities to ask employees a fundamental question:

"What do you need in order to ensure that the changes you are facing turn out well for both you and your organization?" The responses we get fall into four key categories:

1. Communication – Can we talk?
2. Support – Do we really care?
3. Structure – Are we in this together?
4. The Future – Can we create it together?

Let's examine each of these areas more closely...

### **Communication – Can we talk?**

Communication is an important part of creating change. Good communication doesn't just happen automatically – it requires attention, energy and respect for others. Taking time to improve communication during times of significant change is not a luxury, as some organizations seem to treat it; it is key to engaging people in the change process.

*Effective communication is about how information is shared, how input is sought, and how decisions are made.*

Key indicators of effective communication include:

### *More information about issues and process*

- during times of significant change, people's need for information increases in relation to both the 'what' and the 'how'.
- managers may feel that they are sharing more information than ever, but typically employees assume that they are actually receiving less.

### *"Sooner, more often, and on demand"*

- provide opportunities for people to access information when they need it.

### *A variety of forms and channels*

- increase the number of access points and media, not volume of information.
- build upon existing communications channels.
- the information source is critical; if the source is not reliable or trusted, then the information will not be perceived that way either.
- redundancy is okay; sometimes it is necessary to get the message heard above the daily 'noise'.

### *More opportunity for input and discussion*

- open up methods for two-way communication, and regularly ask for input.
- create an environment where it is safe to express feelings and concerns. Surface the issues which are not easily discussed, the 'undiscussables', and deal with them openly and honestly.
- use individual communication, as well as large and small group settings.

### *Clear guidelines for influencing decisions*

- make sure people know when and how decisions are made, and how to ensure their input is heard by the right people at the right time.

### *Opportunities for ongoing dialogue*

- establish mechanisms to capture concerns, ideas, and suggestions on an ongoing basis, and follow through on making these issues the subject of future dialogue within the organization.

## **Insights**

How can you improve communications in times of turbulent change? The following are some insights gleaned from our work with 'change friendly' organizations, experienced leaders and change specialists:

One leading change consultant points out that there is no such thing as not communicating. Everything we say and do is going to be interpreted, even (and, sometimes, *especially*) our silence. Find ways to communicate both what you know and what you don't know in a timely way. It is always better to make yourself the source; otherwise, people will get their information from the rumour mill.

A number of experts in the area stress the importance of using language that is easily understood. Avoiding jargon is important, but so is not making assumptions about what people already know or do not know, or how they feel about something. There are no short-cuts to full, honest, two-way communication.

Here is a story that reinforces the importance of simply being "available". The President of a large organization convinced the managers and employees assigned to a 'change task force' of the importance of their work by participating in all of their initial meetings. Once people got used to him being there as a fellow participant, the group made rapid progress, and a number of issues were dealt with that might otherwise have taken much longer to act upon. When people with authority are physically present and accessible, it sends a strong message to everyone about the importance of both the change process and the people who are participating in it.

Researchers and consultants at Massachusetts Institute of Technology's Sloan School of Management are trying out new ways to improve the quality of 'dialogue' within organizations. They define dialogue as a specific approach to communication that helps people come together to talk about critical organizational issues. Unlike most conversations, dialogue takes away the pressure to make decisions, develop plans or produce specific immediate 'outcomes.'

Instead, it creates an opportunity for people to talk openly and improve their collective understanding of issues. Given time, insight and action will usually flow quite naturally from dialogue, but the key is to let it emerge from the collective understanding, and ownership, of the group.

In one 'test site', dialogue was used to facilitate a major transformation of a regional health care system in Colorado. In the beginning, the only thing that the

directors of 6 hospitals and numerous other health service agencies had in common was that they did not want to work together. Two years later, many of these same organizations formed an integrated regional board to oversee most of their collective work, and made tough decisions about a wide range of significant changes affecting every one of the partner organizations.

## Practical Steps

Here are some other practical steps organizations have taken to improve communication:

- The head of a local health unit wrote daily messages to employees on a flip-chart in the foyer. These messages provided timely updates, and encouraged employees.
- The management team of another organization, with the help of a facilitator, invested time in discussing the quality of their own communication, and how they could improve it. They learned how they had willingly – albeit unintentionally – made certain important organizational issues ‘undiscussable.’ This insight enabled them to change the way they communicated with each other so that their conversations were more open, honest and productive.
- Another organization wanted to increase the amount of encouraging information provided to employees, and find a simple, safe mechanism to allow employees to raise difficult questions and issues. They accomplished both by posting large murals in the kitchen – one was a tree, on which people could hang notes (leaves) briefly summarizing positive developments; the other was a ‘parking lot’, where people could ‘park’ any comment or question anonymously. Firstly, this made everyone more aware of both the successes and challenges facing the organization. It also provided invaluable feedback from ‘the front lines.’ The information was regularly reviewed by a representative group of employees charged with making sure that these issues were addressed appropriately.
- A large community college made very effective use of e-mail and shared electronic workspaces. They posted summaries of meeting reports, budgets, and other relevant information, and encouraged employees to comment, raise questions, and make suggestions on-line. Employees comments

could be sent confidentially to other individuals, if necessary, or posted publicly in forums that everyone was free to access when and if they chose.

## Support – Do we really care?

Organizations need to demonstrate in very practical ways that they care for their employees and support them– not just as employees, but also as people with intrinsic value. As the nature of work evolves, and organizations re-structure, people need support both to perform their current jobs and prepare for ‘new’ ones either within or outside the organization.

*Effective support is about equipping employees for the challenges of the future, both organizational and personal.*

Key indicators of effective support include:

*Realistic human resource plans, fully accessible and regularly updated*

- keep employees informed about the impact of change on the organization, and what this will mean for them.
- people would rather know the truth as soon as possible, than be left with their own worst fears.

*A focus on helping people create their new jobs*

- help employees prepare for internal or external jobs to show that they are valued and important as people, not just as ‘cogs in a machine’ or ‘hired hands’.

*Adequate professional development support*

- provide employees with professional development opportunities when they are needed, the so-called ‘just in time’ training approach.
- be flexible with professional development policies, allowing access to finances even if the training may not be relevant to their current work. Remember, the goal is to support people, not just the jobs they perform.

*Opportunities to explore a variety of options*

- be creative and innovative about how employees learn and develop. Provide opportunities for creative learning experiences like job shadowing, cross training, internships and ‘ex-ternships’.

*Clear guidelines for 'transitioning' into whatever jobs people are headed for next, and clear information about available supports and how to access them*

- whether employees are staying or leaving, be clear about the support the organization can offer them, including any special financial compensation arrangements.

*Follow-through assistance*

- be sure you can provide what you say you can. Nothing will undermine efforts to demonstrate support faster than empty promises.

## **Insights**

Some key ideas captured along the way...

Organizations need to help employees develop a good understanding of not only their individual assets but also the skills and capacities that are important in today's workplace. This understanding equips people with a personal development plan that will enhance work within and outside the organization. The ability to take risks, tolerate ambiguity, negotiate, mediate, and be compatible with technology are skills which will become more valued.

A leading researcher has studied the impact of major shifts in skill-set requirements as a result of technological changes. She found that such changes are typically fraught with problems, including cost overruns, long-term loss of productivity, and serious workforce morale issues. In a few words, 'People hate change when their hearts aren't in it'. Employees resist 'owning' these new ventures, even when they understand the urgency of keeping up with new technology. To make matters worse, organizations often fail to provide the necessary support that people require to master the new skills. To take on work that is significantly different from their 'old jobs', people need special support including training, encouragement, improved supervision, and self-managing teams.

Charles Handy, a leading thinker on organizational change, is reported to have told his children that the most important thing they could do to prepare for the world of work was to begin building their customer list right away. In other words, when there is a good chance

you will not have a traditional job at some point in the future, you had better be ready to market your various skills to a ready-made clientele of people who know and value what you are equipped to do. This makes sense even for those who work in secure jobs inside stable organizations. It is an approach to developing and marketing your abilities called 'intrapreneuring'. Some career development specialists suggest this as an important strategy for maintaining long-term employment. People need to learn how to become 'intrapreneurs' and their organizations can teach them.

## **Practical Steps**

Again, here are the practical steps which some organizations have taken to improve support for their people:

- A fast-growing post-secondary institution was forced by government decision to relocate to another city. Everyone knew from the outset that not all employees would make the move. Management wanted to show their sincere concern for all employees, not only to enlist employee support for the transition process, but also to mark their appreciation for everyone's contribution in the early years. To this end, they developed a comprehensive menu of transition supports for employees. These included different types and levels of support for those willing to move, those willing to work up to or through the transition period, and those who decided to seek new employment sooner. The result – everyone knew exactly what they could expect from their employer, and could decide what made the most sense for them before committing to do 'their part' in supporting the move.
- Recently, in the midst of a major restructuring, a large college allowed employees to use professional development funds for whatever training they felt was most useful to them, not just for training related to their work at the college. They also sponsored workshops on 'work transition' led by external facilitators. These sessions were open to all employees, and were well attended. College management wanted to send a clear message that employees were valued contributors, and that the college was committed to helping them develop themselves for whatever future they chose.



- One small voluntary organization, having lost its primary source of funding, realized it would have to close their doors. Rather than keeping programs running until the very end of their funded period, management wrapped up their services one month early and invested the remaining time and dollars in the professional development of their employees. They reasoned that having another month of programming would have a far less positive impact than having a group of people equipped to carry on the good work they were uniquely capable of doing.
- With limited dollars, another organization found creative ways to provide professional development support to employees. They actively encouraged people to create, and take advantage of, job shadowing opportunities whenever possible. Employees regularly arranged 'brown bag' lunches where they shared insights, asked questions, or learned new skills, in any area of interest they felt was important to their continued development. At this same organization, employees who had been laid off were offered ongoing access to computers, phone, fax, networks, equipment and other resources for as long as they found it useful. They could use these supports while job hunting, seeking out contract work, or to stay involved with their colleagues and the work that mattered most to them, on a voluntary basis.

### **Structure: Are we in this together?**

Traditional organizational structures still often reflect a 'command and control' philosophy, with authority, freedom, and usually money, concentrated at the top. Today's more adaptive organizations, on the other hand, are characterized by more open, flexible, 'flatter' structures, and environments in which authority, accountability and ownership are part of how everyone works. Making the shift to such structures means addressing important questions about formal and informal structures, employees/management relations, and the key issues of job attachment and security. Handled appropriately, the result will most likely be a group of people committed to common goals, and to the organization itself. Handled poorly, the result will likely be an alienated and detached work force.

*Structuring effectively for change is about creating a sense of 'connectedness' – where people are committed to the 'work', the organization, and each other.*

Key indicators of effective structure include:

#### *Reduced bureaucracy*

- make structures serve people, not the other way around – and that goes for not just authority structures, reporting relationships and decision-making processes, but also organizational policies, procedures, rules and practices.
- subject every element of your structure to a simple question: 'Is the purpose of this primarily to assist (or empower) people in their work, or to monitor (or control) how they do it?', and move toward more of the former

#### *Teams organized around, and responsible for, complete processes*

- assign teams broad areas of work, with well-defined expectations, and let them design the processes for achieving their outcomes collectively.

#### *Broad sharing of authority and resources*

- give teams sufficient authority, support and resources to carry out their work with little or no intervention or monitoring from outside or above.

#### *Clear guidelines for supporting 'success'*

- be specific about standards, performance measures and ground rules for success, and apply these rigorously.
- expect people to take responsibility for defining success as it relates to their work, and hold them accountable for achieving the goals they set. They will be far more likely to strive toward achieving such goals, despite formidable odds.

#### *Open processes related to job attachment and security*

- when restructuring or downsizing is required, tell employees as soon as possible how these decisions will be made and implemented, and what input they can have in the process.
- give people what they want most: the complete truth. People are not looking for miracles, false hope or empty reassurances.

### *A commitment to 'servant leadership'*

- make empowerment a core value in your organization, and demonstrate your commitment to it by selecting supervisors and managers who see their role as that of enabling others to succeed.

### **Insights**

Here are some thoughts on structure gathered along the way:

You often hear organizational leaders lamenting the fact that employees seem unwilling to take on additional responsibility when times get tough. The reason for this may be quite simple. The greater the sense of ownership people have, the higher the level of responsibility they will be willing to assume. That being the case, if organizations want employees to *act* like owners, they have to *treat* them like owners – as full partners in organizational change. Organizations must eliminate barriers that prevent true partnerships, and must work collaboratively towards common ends.

Dee Hock, founder of Visa International, once remarked, “Command and control structures produce slow, stupid, and highly vulnerable organizations. Empowering structures produce fast, smart, and highly adaptive organizations. Only the latter survive in times of turbulent change”.

An important step is often missed when launching new initiatives, and making major changes – a step you might call ‘negotiating the terms of success.’ In essence, it is important that everyone involved in an undertaking be clear about the evaluation of the venture, including the standards to be used, the time frame, and the support and resources they can expect to have. This process takes time, but the payoff in terms of collective ownership and commitment makes it well worth the investment.

An experienced senior HR director remarked that it has been his experience that organizations often create structures that produce serious unintended negative consequences. He cited a common policy-setting mistake that he called ‘policies as parenting.’ Typically, this happens when managers are afraid that performance shortfalls may result in serious organizational problems, which is not wrong in its intent. Implemented poorly, however, may result in employees interpreting the

establishment of such policies as a ‘vote of non-confidence’ by their employer. As a result, they may even become *less* vigilant about their own performance. Unfortunately, this may increase the chances of the very performance failure the policy was intended to prevent.

### **Practical Steps**

Here are some practical steps several organizations are taking to create “enabling”, versus “controlling”, structures:

- A large unionized organization, faced with mounting financial pressures that would almost certainly lead to significant job cuts, approached the union and invited it to work collaboratively to identify and assess various responses to the situation. They knew from the outset that some of the more creative options might require voluntary suspension of parts of the collective agreement. The two sides first agreed to negotiate in advance the sections of the agreement that were open for discussion. They carefully outlined the collaborative process whereby they would consider various ‘solutions’ to the agency’s problem. With no one feeling forced into a corner, they eventually agreed to an innovative response that saved the largest number of jobs possible in exchange for important, and mutually supported, compromises.
- Another large human services agency dealt with major funding cuts this way. They quickly realized that job security had become a serious concern of employees almost overnight. People feared major layoffs, and had become very unsure of who would be ‘worth keeping’ in the restructured organization. Rather than give everyone a blanket reassurance, management acted quickly to affirm each person’s unique place and status in the agency. They helped individuals identify the key factors that would determine their long-term ‘attachment value’ to the organization. Everyone appreciated knowing exactly where they stood, and what action they could take. Some took the initiative to broaden their skills. Others actively sought out ways to provide timely support to critical projects and new opportunities. In the end, their efforts not only saved jobs, but it also enabled the agency to diversify – and grow – despite facing funding cuts that were crippling other organizations in their sector.

- We can also learn from less successful change initiatives. A long-established company recently implemented a relatively small downsizing that had an extremely negative impact. Company leaders learned an important lesson too late: processes are as important as decisions. Hoping to spare employees the trauma of an open process, the management team carried out its deliberations almost totally in isolation. When they announced their decision to implement a small number of cuts, employees were devastated, angry and distrustful. A huge gap developed between management and front-line employees, and the situation remains tense. By contrast, another company facing a similar situation implemented much deeper cuts in a way that seemed to bring people together. What made the difference was their open process – everyone knew what was happening at every step, thanks to ongoing dialogue and joint problem solving. Management was better prepared to make good decisions, employees understood more fully the rationale for the actions taken, and people focused their energies on supporting each other, especially the employees whose jobs were directly affected.
- Finally, we can learn from a group known as ‘Flock.’ A large community-based nonprofit organization had reached a plateau in its efforts to implement significant changes to its mission and practices. A number of systematic efforts to study the impasse, and move the process forward, had produced little movement. Almost as an afterthought, a decision was made to invite a representative group of management and employees to a single-session of voluntary dialogue about the nature and impact of recent changes in the organization. After a brief presentation on the nature of change, they shared their experiences of living through a number of changes that had taken place over the past few years. They gave examples of which ‘worked’ better from an employee perspective. They spoke openly about their frustrations, and the barriers they had faced at these times.
- At the end of the meeting, the facilitator thanked them, reminded them that they had committed themselves to a single meeting, and asked them what they thought should be done next. They asked for a chance to meet again, and quickly chose the topic; ‘Communication with Management.’

Over time, this ‘core’ group invited others into the dialogue. They helped organize ‘story sessions’ to give other employees the chance to talk about healthy change. In the end, the group helped launch a number of important change initiatives and succeeded in initiating the kind of changes that the strategic efforts of management (and consultants) had failed to produce.

### **The Future – Can we create it together?**

Planning for the future of an organization is a role traditionally restricted to management. If an organization is to truly create a sustainable future, however, every employee needs to be a part of the process. These changes will serve the organization well in the midst of whatever challenges and uncertainties it may continue to face.

*Creating a sustainable future together is about engaging as many people as possible as co-creators – indeed, as co-owners of the organization.*

Key indicators of planning for the future together include:

#### *Clearly defined planning processes*

- make explicit the organization’s assumptions about how planning should happen, its processes for doing it, and the roles that people are expected to perform.
- be especially clear about standards, schedules, decision-making mechanisms and implementation guidelines.

#### *A focus on both vision and current reality*

- be realistic about vision – attempt the challenging, not the impossible.
- be honest about current reality – seek, and speak, the truth.

#### *Acknowledging uncertainty, complexity and diversity*

- explore alternative scenarios for the future, including both your ‘ideal’ and your worst nightmare, and examine the implications of each one.
- spend as much time investigating the unknowns as the knowns, and identify what action you need to take to prepare for the unexpected.

### *Clear guidelines for innovation, renewal and change*

- take time to establish a shared vision, and negotiate clear ‘boundaries’ for action. Create opportunities for as many people as possible to create the organization’s future.
- define any ‘untouchables’ and ‘non-negotiables’ at the outset. At the same time, identify and resolve any ‘undiscussables.’

### *Freedom to fail, and learn*

- encourage people to take risks in the name of learning. Be sure to disseminate the lessons learned as widely as possible, and thereby encourage more experimentation.

### *Appropriate implementation expectations and support*

- let people know when they need to be ready to move into action, how long they will have to demonstrate success, and what supports and resources they can expect to have along the way.

## **Insights**

Here are some thoughts on ‘creating the future’ gathered along the way...

In a recent speech on the subject of change, Fritjof Capra (author of *The Turning Point*, and *The Web of Life*) pointed out that: “people don’t fear change, victims fear change.”

Dee Hock, another speaker at the same conference, remarked, “People don’t resist change, they resist *being* changed”. We would all rather be part of creating the future we want than be forced to live out a future that someone else chose for us.

In a recent interview, an experienced leader with a long history of successful innovation was asked to share the most important lesson he had learned about creating successful change. His response – “Fail often to succeed sooner.” He went on to describe how he has turned that quote into an informal motto for his whole organization, and encourages employees to share openly what they learn through their failures.

A middle manager in a medium-sized organization spoke emotionally about the impact of making a simple

yet profound shift in management’s attitude toward their employees. What was the shift? Management moved from using fear to force employees to change, to instilling hope by asking people to envision the changes that they wanted to create in the organization. They could then work to realize those changes together.

## **Practical Steps**

Here are some practical steps organizations are taking to engage their people in creating the future...

- At one community college, every department and work group was encouraged to explore creative new revenue generating opportunities. In the beginning, success was defined primarily in terms of short-term financial returns. They realized that this would likely limit efforts to explore some promising long-term opportunities. Over time, they broadened the thrust of their change efforts to include initiatives in such areas as building capacity, demonstrating feasibility, investigating new markets, and learning. Allowing for more time helped the organization discover what one change specialist calls ‘long fuse, big bang’ initiatives which could contribute significantly to the school’s ‘bottom line’ for years to come.
- Less encouraging, is the story of a small team of people seconded from their ‘home’ department to work under the umbrella of another department as part of a major change initiative. Their new organizational ‘home’ employed more centralized, management-led approaches to planning and organizing, and informed the team that they were also expected to conform to the new system. Under the new regime, this creative, committed, and highly productive working group became dispirited and cynical. When they resisted giving up the freedoms which had enabled them to be successful, they were told they were not ‘team players.’
- One company faced mounting morale problems in the aftermath of a highly critical organizational review. Management/employee relations were at an all time low, and people openly questioned each others’ motives and commitment. With the help of a consultant, a number of key issues were identified, and task forces were created with representatives from all facets of the organization. Management team members participated, but did not lead these



working groups. Participants learned how to plan, problem solve, and resolve conflicts creatively.

- A key source of tension between management and employees had been the company's grievance process. Employees wanted fairer treatment. Management, on the other hand, just wanted a means of making grievances 'go away' quickly and painlessly. Neither side felt the other was listening. A breakthrough occurred when someone suggested that they shift their focus from handling grievances to *preventing* them. After considerable initial scepticism, the group eventually created a completely new set of policies and procedures that everyone supported. Together they 'sold' them to their colleagues throughout the agency. As a result, the number of grievances dropped dramatically and joint management/employee working groups became the norm for tackling other company challenges.

## **A Final Word**

None of the ideas presented in this paper will ever decrease the amount – or unpredictability – of organizational change. Indeed, that should never be our goal for that would be to ignore reality.

What our experience has taught us, however, is that what matters most is how we respond to the inevitable forces of change that will continue to buffet our organizations. We must, therefore, build capacity for change. As one colleague summarized this challenge, we must increase our 'change-ability.'

An essential step toward that end is to create a climate that is conducive to healthy change – change that works for both the organization and its people. In the end, that's the only sustainable kind of change.

The choice is ours, and we need to be constantly learning how to make this a reality.

As the American philosopher, Eric Hoffer, so eloquently said,

“In times of drastic change, it is the learners who inherit the future. The 'knowers' usually find themselves equipped to live in a world that no longer exists.”