

Organizational Effectiveness

Responding to Change With Agility: The Leader's Role



RIGHT VIEWPOINT™

Change, of course, is constant. But it's also a business necessity. In response to complex and fast-moving marketplace realities, companies increasingly have no choice but to make sometimes drastic changes, ranging from reductions in force to restructurings. At the same time, organizations must also address other changes, such as the appointment of new top leaders, the introduction of advanced technology, or revamped product lines.

Yet, many companies underestimate the importance of managing change effectively. By doing so, however, they inevitably undermine the goals the change initiative was intended to achieve. In fact, failure to implement effective change management strategies can have costly results, including reduced engagement, retention, productivity and performance. Ultimately, an inability to introduce change not only hurts the bottom line, but can put the very future of the organization at risk.

As a result, companies face an imperative – introducing systems for managing change that help the entire workforce participate in and adapt to the new priorities. That means creating an agile process addressing organizational change not as a one-time occurrence, but an on-going reality, encompassing all types of change. In fact, effective change management should be part of a larger strategic workforce management approach focusing on improving overall performance to drive desired business results.

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Based on the results of a major global study of engagement, Right Management analyzed the relationship between change management, organizational performance and key business metrics, as well as the drivers of successful change strategies. Our findings revealed that effective change management must be spearheaded by senior leaders and include several crucial elements, including an awareness of the different roles and capabilities at all levels of the organization, effective people systems and processes, and an appropriate structure. And, top leaders must have a way to define and measure success and periodically assess progress.

CHANGE MANAGEMENT: KEY TO BUSINESS SUCCESS

Our study pinpointed a clear relationship between effective change management and a variety of metrics critical to organizational performance. In fact, we found that a company's financial performance is strongly related to successful change management. In top-performing companies, 60% of employees responded that "change is handled effectively in my organization" compared to 16% of employees in below-average performers.

As important, effective change management directly corresponds to employee engagement – a vital element in a company's productivity and performance. Where employees reported that change was not handled well in their organizations, they were overwhelmingly likely to be disengaged. But where employees reported that leadership managed change effectively, 60% were engaged. Also, organizations that did not manage change well were four times more likely to lose talent and were less able to attract new talent.

Yet, despite the distinct link between effective change management and company performance, we found that many organizations fall short when it comes to managing change. That's especially true for senior leaders' performance. Only 43% of employees globally agreed or strongly agreed the organization was able to handle change effectively.

Research revealed that 94% of employees who report that change was not handled well in their organizations are disengaged.

READY, GET SET...CHANGE!

In fact, it's up to top leaders to spearhead a process for fostering effective behavior throughout the organization – a system that ensures individuals at each level have the appropriate capabilities and the right organizational structures are in place.

The first step is introducing organizational readiness assessments evaluating structural issues and the specific behaviors and characteristics individuals need to adapt easily to changing circumstances. With the right assessment tool, employees can develop an understanding of their strengths and weaknesses in how they respond to change. Managers can also use the results to provide guidance to their team and develop a common language for group discussions.

In addition, leaders need to ensure that each organizational level learns how to respond to and manage change in ways that take into account their roles and the amount of control they exert over the process:

- **Senior leaders** need to initiate, guide and champion change, ensuring engagement among the rest of the organization by keeping employees informed about the change process, following through on actions and modeling appropriate responses to change.
- **Middle managers** must facilitate change and help their employees understand the reasons for the change and adapt to it.
- **Employees**, who have no control over the change decision, may need help creating strategies to overcome natural resistance to change through assessments, workshops and team meetings. Employees also need to understand the reasons for the change, their role, and ways to contribute to the process.

Leaders must ensure that employees have clear roles and accountabilities, as well as the authority to make necessary changes in their work. For that reason, organizations should conduct a high-level overview of jobs considered to be critical to building agility, re-evaluating job descriptions, if necessary. Senior leaders also must introduce appropriate systems for communication, performance management, recruitment and selection, and remuneration. And, organizations need methods for measuring success. Best is to define goals at the outset and the metrics for assessing successful achievement of those objectives, and to create mechanisms for receiving feedback, such as employee surveys.

A METHODOLOGY FOR BUILDING AN EFFECTIVE CHANGE MANAGEMENT PROCESS

Right Management's strategy for creating a change-ready culture encompasses the entire organization: executives who drive change; middle management, who help employees directly; and employees, who are responsible for implementing the change. It includes four phases:

- **Discovery.** Evaluate the climate of change readiness.
- **Aligning and engaging leaders/managers.** Provide skills development programs and workshops, on-line assessments, and action learning activities geared towards teaching methods for the successful communication and execution of change.
- **Aligning and engaging individuals.** Programs, workshops and assessments should be aimed at helping individuals understand barriers to success and effective behaviors.
- **Evaluation and review.** Measurement and analysis of results.

Organizations that can't adapt to change risk failing to achieve business objectives due to decreased levels of productivity, poor engagement and increased attrition. By adopting an effective change management system that turns the business into a change-ready powerhouse, companies can get the most out of their new initiatives – and enhance their ability to compete in today's dynamic marketplace.

CASE STUDY

BUSINESS CHALLENGE

How do we sustain productivity during a global reinvention?

SOLUTION

During a time of dramatic reorganization, effective change management is essential to creating a sustained level of performance. Consider the challenge faced by a global industry leader in office furniture. With plans to streamline the company into two departments, Logistics/Transportation and Finance, the organization wanted to provide change tools for leaders and employees to maintain productivity, motivation and morale, while continuing the company's commitment to its stated values and excellent customer service. After Right Management implemented two change management workshops, one for employees and one for managers, pre and post-workshop surveys showed dramatic increases in change readiness for all levels of staff. Most importantly, the end goal of sustaining productivity was achieved.

About the Author

Dr. Deborah Schroeder-Saulnier is Senior Vice President for Right Management's Global Solutions Team with responsibility for overseeing the firm's Leader Development, Organizational Effectiveness and Employee Engagement solutions portfolio – focused on aligning talent management strategy with business strategy.

About Right Management

Right Management (www.right.com) is the talent and career management expert within Manpower, the global leader in employment services. Right Management helps clients win in the changing world of work by designing and executing workforce solutions that align talent strategy with business strategy. Our expertise spans Talent Assessment, Leader Development, Organizational Effectiveness, Employee Engagement, and Workforce Transition and Outplacement. With offices in over 50 countries, Right Management partners with companies of all sizes. More than 80% of Fortune 500 companies are currently working with us to help them grow talent, reduce costs and accelerate performance.

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