



# INTELLIGENT EMOTION

We hope that you will find this article useful if you are helping lead your organisation through change. It is written by Anthony Burrows of Intelligent Emotion who will be running a workshop on Day 2 of the HRD Summit.

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## WORKING WITH RESISTANCE TO CHANGE

Author: Anthony Burrows

### TRANSFORMATION, EMPLOYEE ENGAGEMENT AND RESISTANCE TO CHANGE

This is a case study of a European financial services institution that up until 2008, could pretty much do no wrong. It was an organization that was highly profitable in financial terms, where senior employees were regarded as pillars of the community and when people got a job there, their families were so proud they would throw a party.

Then along came the economic crash in 2008 and everything changed. This company would have gone out of business had it not been for a massive government bailout. While on the one hand, it was great news that the government rescued this organization and threw it a vital lifeline, it also meant that the company become primarily state-owned and therefore not in complete control of its own destiny.

Fast forward to 2012 when the company had generated an annual loss of several billion euros and had a sky high cost base. Staff morale had plummeted to an all-time low. Staff considered external newspapers and the radio to be the most effective communication channels for understanding what was happening, and the majority of people leaders were not leading their teams through change in an engaging and supportive way. One employee explained 'One thing that would make a big difference to me is if my manager knew my name and something about the experience I have. When changes happen they hide behind a crib sheet and are then nowhere to be seen'.

The immense pride people once felt about the company quickly turned to shame. Given the state of crisis the firm found itself in many difficult decisions were taken in order to try and get things back on an even keel. Sites were closed, headcount was halved from 24,000 employees, pay-rises and bonuses were frozen, Defined Benefit pension schemes were removed. The media were not on side and the company hit the headlines on a daily basis for all the wrong reasons.

It was during this dark and challenging time that a new Group Head of Internal Communications and Engagement (GHIC&E) was recruited into the business, reporting into the Group Chief People Officer (GCPO).

Often in organizations, especially when things go wrong, there can be a tendency for HR departments to try and boil the ocean: to do lots of different initiatives to try and achieve the desired outcome, telling themselves that more is more. In his experience, the GHIC&E found that this often had the opposite effect: leaders and employees don't want to be bombarded by lots of disparate HR initiatives that can feel out of step with business priorities. Far better to do a few things successfully and so it was decided to focus on two initiatives - *strategy alignment* and *employee engagement* - knowing that people leadership and great internal communication would need to underpin both.

First the GHIC&E wanted strategy alignment where employees understood where the organization was headed and were clear about the contribution they could make. Then he wanted to unlock employee engagement so that people's energy and motivation to deliver on the strategy could make a positive difference. He recognized that if both are right, it is possible to deliver strategy better and faster and to ultimately create sustainable competitive advantage. However, in 2012 most employees weren't really sure about where the business was going and didn't really care that much about it either. They had been through a lot and most were in shock and denial.

When the GHIC&E and GCPO took their plan to drive alignment and engagement through leadership and communication to the Executive Team, they met some initial resistance. Some execs thought that employees were clear about and had bought into the strategy already because an email had only recently come out about it; others said that engagement was only poor because of the negative public opinion towards the company and the damning tone of media coverage.

This was not a challenge they expected to hear but they weren't going to give up. As a result of this conversation, they instigated a short employee survey to measure people's understanding of the company strategy, to see how well they thought their performance was being managed and to get a sense of their engagement. This was just a quick and dirty survey purely to provide a data point to prove whether there was in fact a need to continue. It included statements which staff were asked to rate such as:

- I understand the strategic direction of this company
- I can see a clear link between the strategy and my personal objectives
- I value the time I spend with my leader discussing my performance.

This company hadn't done any employee surveys for over five years so fresh data was needed to convince some of the more sceptical C-suite leaders. The survey results were horrendous, which was a gift. No-one could argue with the painfully low scores and the shocking verbatim comments from employees. Overnight this gave the Group Head of Internal Communications and Engagement and the Chief People Officer full licence to execute their alignment and engagement plan.

So the first lesson about handling resistance to change is that data is always more powerful than just gut feeling and anecdotes when it comes to persuading executive teams to act.

As part of his plan to drive engagement, the company did the usual activities around choosing an engagement partner, running an annual survey and action planning on the results to drive improvements. For many companies that's all it is: 'transactional' engagement where you literally treat engagement as a process. The problem with this approach is that sooner or later people regard it as a task to be carried out mechanically, a box to be ticked, rather than having any intrinsic value. The GHIC&E wanted much more than that; he wanted this to become the type of company that achieved 'transformational' engagement, a company that applied the principles of engagement – listening to people, asking for their input - and applying these principles to how they do business every day, not just once or twice a year when they run a survey.

Companies that achieve this create a level of engagement that goes much deeper. One example of transformational engagement at this company was when they created a new set of brand values in 2013. They took the usual steps of running focus groups with staff and talking to customers. They took this insight into a room and together came up with a set of values. And at that point, they had a decision to make: they could have either gone out and communicated these to staff or they could take the opportunity to truly involve them.

They chose to involve them and ran an online 'jam' for 48 hours where they put the draft brand values online and asked staff to provide feedback – to comment on which ones resonated and which ones didn't, to give examples of how they lived them and to talk about barriers that got in the way of being able to live them.

As a result of the feedback during the jam, the company changed two of their five brand values. When they communicated this decision to staff, their staff were shocked that not only had they been asked for their input but that it had been demonstrably listened to. This did wonders for improving trust and it also meant the brand values had a greater ownership in the business as staff felt they had an opportunity to shape them.

So a second important lesson when handling organizational change is to involve people since this drives their commitment to owning the change. Too often companies rely on broadcasting emails, on intranet articles and team briefings to drive commitment and behaviour change, often citing time as a reason for taking these short cuts. At best, these communication channels will achieve awareness and understanding of the changes. But to achieve buy-in and commitment it is necessary to involve people meaningfully. Involvement isn't a process or a tick box exercise, it's a feeling and therefore needs to be handled authentically.

A further way the GHIC&E decided to drive transformational engagement was to help the company get better at the people side of business change. McKinsey's Global Survey (2014) reports that three-quarters of redesign efforts fail both to meet objectives and to improve company performance, a shocking statistic considering the time, effort and money being spent. Two key reasons why organizational change fails are poor leadership and poor

communication, both related to the people aspect of business change which is recognized as being critically important to ensuring change delivers the intended value.



Figure x.1: Components of change effort. © Intelligent Emotion.

Most organizations invest the majority of their change effort in the components of **change design** (getting the scope right, having the right business case) and **change implementation** (managing the delivery milestones and the risk logs). Few tend to prioritise **change psychology** – the bit that is about bringing people with you (Figure x.1). This tends to be thought about quite late on and is often under-represented. And yet remember the research findings that poor leadership and poor communication are they two biggest reasons why three quarters of business change fails to deliver its intended value, not to mention the psychological damage that can be done by handling the people side of change badly.

This is an area the GHIC&E cared passionately about having been on the receiving end of badly handled business change himself and having seen a number of his friends and colleagues undergo similarly depressing experiences. One of the biggest things he did to help this company get better at the people side of business change was to invest time and effort with the people leader population. Too often, companies forget that people leaders are employees in their own right. They ask them to communicate changes to their teams when they haven't any grounding or training in leading and managing change for their own teams, and haven't had time to consider what the changes mean for themselves and their role. Taken together, this often leads to resistance and poorly communicated change from those same individuals who the company relies on to motivate their teams and deliver change.

Upskilling workshops were offered to people leaders when they first became aware changes would be impacting their business areas and then follow-up workshops were run just before they had to announce changes to their teams. These occurred at all key locations and around 500 people leaders attended over a 12-month period. The objectives were simple: to help leaders lead themselves through the change, to help them lead their teams through the change and to take control together. The workshops revealed the considerable gap

between the leaders' perceptions of how they lead their teams through change and their teams' views. That certainly got their attention. Then the leaders were expecting to get straight into capability building. However, the GHIC&E and his team turned the tables and instead gave them a platform to say how they really felt about the changes that were planned – to air their frustrations, concerns, hopes - and to do so in a safe environment without fear of judgement or consequences. This moment of catharsis was powerful: asking people leaders how they felt about change was not part of the DNA of this particular organization.

The next part of the workshop was to help them see change differently and to hold different assumptions about it. Typical responses to organizational announcements about change are frustration, stress or some form of subtle or not so subtle resistance because the experience of going through change can be particularly challenging. The leaders were asked to think about previous changes they had experienced at work and what the result was. In nearly all cases, they were able to say that they had learnt something really valuable from the experience and that they had come out the other side in a better position, whether in the same organization or in another one.

It was at this point that the energy of the leaders began to shift, moving from passive or even aggressive to more assertive, and they started to take control. The remainder of the workshop provided them with hints and tips on how to manage their resilience so that they could stay in control and energized, and how best to communicate with the different types of people in their team and maintain or even improve levels of engagement.

These sessions were incredibly powerful as they helped the company implement a challenging change agenda more smoothly. But they were more than that: they were also an investment in developing people leaders. The GHIC&E's own experience had demonstrated that people leaders are the most trusted communication channel in any organization; that supporting them to lead themselves and their teams successfully through times of change resulted in less resistance.

A third important lesson then is to ensure the upskilling of organizational people leaders starts with them first and how they feel. Their own resistance, concerns and uncertainties need to be addressed before they can start to think about their team. And to make a sustainable difference, upskilling should not just be about building capability, it should also be about moving mindsets and behaviours.

Shortly after the GHIC&E joined the company, he was informed that employees had recently lost a key benefit as part of a number of measures to cut costs and make the business viable again. This benefit entitled them to a preferential rate of interest when they saved money. The GHIC&E learnt that employees had been informed of this loss of benefit by letter – a rather cold letter that offered little explanation for the change and even less empathy. As a result, a large number of employees had taken the decision to withdraw their savings and place them elsewhere. This in turn worsened the company's financial position. The GHIC&E was asked to run an internal marketing campaign to showcase to employees the great savings products the company had on offer in an attempt to persuade them to move their money back. This was a classic case of management misjudging their audience: employees

were feeling anger and resentment over the way they had been treated and were not amenable to this internal marketing campaign. The GHIC&E suggested that a different approach was needed and recommended inviting employees together in large groups, engaging them face to face to explain why their preferential savings rate had been removed and how it formed part of a broader suite of changes which also affected customers. He suggested the company needed to show empathy because the change was unpleasant and would have impacted their staff's financial wellbeing. He suggested they needed to acknowledge that their employees, working in the financial services sector, were financially savvy people and that the company would fully expect them to shop around and do their research. Then and only then, would it be appropriate to point out a number of intangible benefits employees could expect if they saved their money with the company. Above all, the GHIC&E suggested that the company's employees needed to be treated like adults.

He won the argument and the briefings went ahead. Sure enough, employees started to shift funds back in a way they definitely would not have done if they had been the recipients of an upbeat marketing campaign.

So a fourth important lesson is to appreciate your audience when communicating organizational change, particularly to recognize their level of understanding about the rationale of the change, how it will unfold and affect them and where they are along the 'change curve' (Kubler-Ross, 2009). Often when organizational leaders communicate new initiatives, they wonder why people aren't as excited as they are. Typically this is because these leaders have thought about it and worked with it for some time, progressively moving to the top right of the change curve ('acceptance' and 'commitment'). Conversely their employees, especially in turbulent times, are likely to be behind them on the change curve still in the early stages of shock, denial, anger or resignation. The gap here between employees and organizational leaders is large, making the latter look out of step with the heartbeat of the organization.

A final lesson is that when resistance does occur, it should not necessarily be regarded as negative. Resistance shouts out that something is wrong and therefore it's important to take time to find out what the issues are through careful exploration rather than by trying to automatically overcome it through repeatedly explaining the rationale and benefits.

And the outcome of involvement of the GHIC&E? He left the company after three and a quarter years and in that time, they had delivered one of the biggest two-year increases in employee engagement of any company based in Europe. The company also won three prestigious engagement awards in under a year. Customer opinion had started to turn around and the business went from posting a 3.6bn euro pre-tax loss in 2012 to a 1.1bn euro profit in 2015. It now has a positive energy about it, a bright future ahead and its ambition is to return to private ownership.

## CONCLUSION

'Resistance' can manifest itself in a number of ways: generic term covering a range of responses

Few organizations take the time and opportunity to develop their people leaders and managers in change: inadequate support and development of people leaders as well as employees

Involvement and engagement of employees

Communication is two way, not just broadcasting messages

#### KEY QUESTIONS

How does your organization typically view and respond to resistance to change?

How does this resistance manifest itself?

Whose perspective is used when determining resistance to change?

What are the typical reasons for your organization's staff resisting change initiatives?

What are the successful ways in which you and your organization have responded to resistance?

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