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Organizations & People: The Essentials from Booz & Company

## Making Change Happen, and Making It Stick

**Five factors make the greatest difference in fostering the new behaviors needed for a transformation. All of them reflect the basic importance of people in implementing and embedding change.**

by Ashley Harshak, DeAnne Aguirre, and Anna Brown

Few organizations have escaped the need for major change in the past decade, as new technologies and global crises have reshaped entire industries. However, the fact that change has become more frequent does not make such changes any easier.

Change is, at its core, a people process, and people are creatures of habit, hardwired to resist adopting new mind-sets, practices, and behaviors. To achieve and sustain transformational change, companies must embed these mind-sets, practices, and behaviors at every level, and that is very hard to do — but it has never been more important.

Some organizations have managed to develop approaches to change management that address change comprehensively. A successful business transformation effort must capture the hearts and minds of people who need to operate differently to deliver the desired results. The good news is that it can be done.

### What Is Change Management?

Change management is both a capability and a set of interventions that deliver the people-oriented side of a change effort. Successful change management targets leaders but also engages people across the organization, while adjusting key enabling processes such as performance management. It helps employees make the transition to new behaviors, and it helps sustain the benefits of the new post-transformation enterprise.

Most business leaders have come to understand the importance of the people component in implementing and embedding change. According to a survey conducted by Booz & Company of 350 global executives charged with leading major transformation programs, senior leaders now recognize that people initiatives usually spell the difference between success and failure.

However, there was broad consensus among the respondents that this sort of change management is often undertaken too late and too lightly to be effective. To achieve a successful change effort, people issues need to be identified and incorporated in project management plans from the start and then revisited again and again throughout the implementation process to ensure the desired strategic outcome.

### The Five Success Factors

Each of the following five key success factors should be considered vital by those designing a change management program. These are the actions that can make change happen — and make it stick. All five should be evident in the program's implementation.

**1. Understand and spell out the impact of the change on people.** A prerequisite to any viable change program is a clear-eyed assessment of the impact it will have on various populations in the organization. This analysis identifies the type and scale of changes affecting each segment of employees (as defined by role or business, for example). This assessment also provides a basis for communicating with the team members about what the change means for them personally — the predominant concern of every employee in a business transformation.

A well-known global energy firm did exactly that when it produced a change impact analysis with a “heat map” illustrating the intensity of change for each group of employees, and a detailed description of the changes each role would need to deliver. As a result, the leadership team was able to focus and redirect the transformation program to address the challenges facing those in the roles most affected. Moreover, project teams identified areas of potential overlap and conflict in the impact of various initiatives. Finally, the analysis informed the plans and sequencing of the overall transformation program and became the basis for communications with managers. In cascade fashion, managers received the message from their supervisors and then delivered it to their teams.

**2. Build an emotional and rational case for change.** Many leaders excel at building the rational case for change, but they are less adept in appealing to people’s emotional core. Yet the employees’ emotions are where the momentum for real transformation ultimately lies. Change management communications need to be targeted to each segment of the workforce, and delivered in a two-way fashion that allows people to make sense of the change subjectively.

If you are asking people to adapt to a new reality, they need to understand the emotional case for the change so they can feel truly committed to the transformation. It can’t be presented as another “program of the month” that they will have to live through. Bringing the details of what will change — and what won’t — into the presentation allows leaders to paint a vivid picture of what the change means for employees personally, not only why it benefits the business.

**3. Ensure that the entire leadership team is a role model for the change.** Companies start their transformations from the top. Senior executives must be not only “on top” of the change program, but also “in front” of it, modeling the new behaviors they are asking their people to adopt and holding one another accountable for the initiative’s success. When executives talk about creating a performance culture, they must demonstrate through example what that means.

An aligned and committed leadership team is the foundation for any major corporate undertaking. When executives lead by example, the impact can be profound. One senior director found that it was only after he introduced ongoing performance discussions with his direct reports that his team started to hold similar sessions with their own direct reports. This requires consistent attention, but that level of engagement will make the difference between success and failure.

**4. Mobilize your people to “own” and accelerate the change.** The blunt truth is that most change initiatives are done “to” employees, not implemented “with” them or “by” them. Although executives are pushing behavior change from the top and expecting it to cascade through the formal structure, an informal culture left to instinct and chance will likely dig in its heels.

To counteract this undermining force, companies should leverage what Booz & Company Senior Partner Jon Katzenbach calls the informal organization — the network of peer-to-peer interactions. People need to be encouraged and motivated to change their behavior by those around them as much as they need incentives from the top.

This does not mean that companies should forgo a centrally driven program with a clear road map that lays out the formal elements of the new organization. But they must not overlook the informal organization either. Pride, commitment, and purpose reside here. If you use powerful emotional motivators, invite employees to contribute ideas and perspectives, and provide the kind of informal support and recognition that makes it easier to take ownership of new behaviors, you can accelerate and intensify the impact of the change initiative.

**5. Embed the change in the fabric of the organization.** Sponsors often declare victory too soon, diverting leadership, commitment, and focus from the ongoing effort. To embed the change and ensure that it sticks, you should acknowledge the lessons learned. You also should investigate how to engage and involve employees over the long term and how to institutionalize best practices to capture the full benefit of this change and any future changes.

The human resources function plays a critical role in this process. To enable lasting change, all HR systems, structures, processes, and incentives must be aligned and consistent with the goals of the transformation. You need to articulate clearly the various people-oriented elements of the future organization — not just its structure, but also employee value propositions and individual and team roles, as well as required competencies, skills, and behaviors. Things like performance management, learning and

development, workforce strategy, and retention programs are key enablers of the change program.

The challenge is to rethink not only how HR can help people support the change but also how it can contribute to embedding and sustaining the change. This requires HR to understand the business and its long-term requirements as both a strategic partner and a change agent.

### **Navigating Change Successfully**

A comprehensive approach to change management requires all five of these success factors. Together, they enable you to take the necessary steps for change. First, clearly define the business objectives the change is intended to deliver. Next, understand the current organization — its culture, its capabilities, and its experiences (both successful and unsuccessful) with change — and then conduct the change impact analysis and make a clear case for change, including the reasons why change in people’s behavior is needed. The main thrust of the change program follows with a series of tailored interventions that drive change through both formal and informal levers. This should not be a fixed or formulaic methodology but rather one that accelerates success by selecting the most efficient tools and techniques for the specific circumstances of the client organization.

At each step, all five of the success factors should be considered. Indeed, they provide a useful checklist. Have you spelled out the impact of the change on people? Have you built both an emotional and a rational case for change? Is your leadership team — all the members, yourself included — acting as a role model? Are your people “owning” and accelerating the change? And how deeply is the new behavior embedded in the fabric of the organization?

In today’s business environment, change is an imperative. A change management approach such as this can help companies enhance their overall transformation capability, increase the speed of implementation, and improve the probability of success.



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