

COMPREHENDING CHANGE 3.0

RUNNING IN PLACE...

Why organizational change is still stuck in neutral and how to move forward



Edelman Change and
Employee Engagement

It all boils down to one simple question for CEOs and leaders of organizational change:

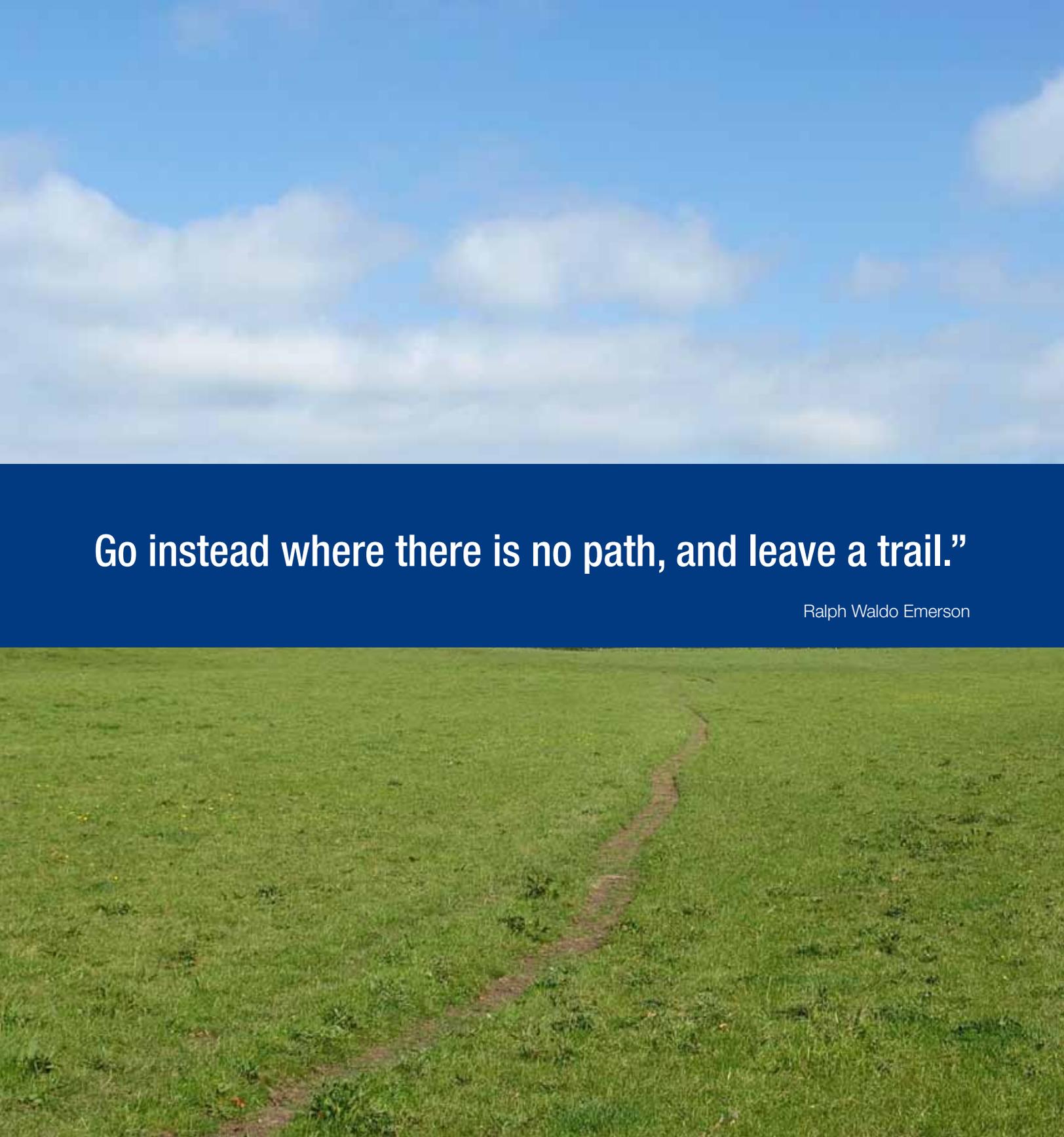
How smart do you want your employees to be?

By directing communications to be contextual, provocative, frequent, fluid, multi-directional and relevant, people throughout an organization are intellectually and emotionally equipped to successfully address the circumstances surrounding change – thus empowering them to move from observer to contributor, and from perceiving themselves as part of the blame to seeing themselves as the solution.

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“Do not go where the path may lead.

A landscape photograph showing a vast green field under a blue sky with scattered white clouds. A narrow, winding dirt path leads from the foreground into the distance. The image is split horizontally, with the top half showing the sky and the bottom half showing the field.

Go instead where there is no path, and leave a trail.”

Ralph Waldo Emerson



Welcome Change 3.0.

Change 3.0 builds on the lessons learned from the first two generations of change and recognizes that unless employees see, believe and experience the totality of their business reality and assimilate it into their individual reality, it doesn't matter if an organization's strategy and processes are improved. Simply put, the company will not achieve the change it wants or needs.

Change 3.0 recognizes that the basis for successful change resides at the outset of an initiative. Successful change is a direct function of how the change is defined and plotted initially, and it requires the involvement of key people up and down the company hierarchy to provide insight, focus, content, context, cadence and definitions of success. It reflects and helps shape the prevailing employee worldview to accomplish strategic objectives, using a variety of tools that work in harmony.

Change 3.0 is about Employee Engagement (not leadership directive and management implementation).



Spinning our wheels...or simply a bump on the road?

What did the 2000s (the “oh’s” or “aughts,” if you prefer) teach us about organizational change? How did we get smarter? Where did we progress...or remain stagnant?

What do we need to bear in mind entering the next 10 years?

First, some brief history: in 1999, on the cusp of a new millennium, the paper “Ten Tumultuous Years: Examining a Decade of Change”^{*} generated attention for its examination of change management through the lens of strategic internal communications, along with the implications of change for leaders and communicators alike. The paper reflected a premise that was only beginning to take shape—specifically, that the ability to wisely manage change is an essential ingredient in avoiding marginalization and maintaining competitiveness.

^{*}Published August 1999; Counselors Academy, Public Relations Society of America and Gary F. Grates; Counselors Academy Monograph, #9468.

This was a significant realization at the time. As a follow-up to that, this paper explores our collective progress since then, which has quite frankly been mixed, and provides a roadmap for moving forward.

On a positive note, there is no doubt we have embarked on a remarkable journey of self-discovery as leaders, managers, employees and consumers. This journey has combined our superior understanding of how organizations work and how people think with the game-changing explosiveness of emerging technology to put us on the doorstep of a new generation of organizational change—what we call **Change 3.0** (see box). On an intellectual level, the role of communications in preventing marginalization and bolstering competitiveness—almost revolutionary concepts 10 years ago—are now generally understood.

For the more literal-minded, a well-spring of statistics bears out these concepts. A recent study noted that companies with effective communicators achieved 47 percent higher total returns to shareholders over the last five years compared to firms judged to have less effective communications. Further, the best-performing organizations are three times more likely to train their managers to deal openly with resistance to change.

The Progression of Change (circa 1990 - 2010)





On the downside, the progress we've made as leaders and communicators in terms of understanding the nuances of change hasn't consistently translated into practical organizational benefit—not because the concepts don't work in the “real world,” but because organizations haven't been sufficiently forceful or mindful of adapting these breakthrough learnings in order to manage their own change initiatives. When major change initiatives commence, companies and their leaders tend to instinctively revert back to Change 1.0 or elements of Change 2.0. Too often, we go where the well-worn path already leads, rather than carving out our own paths and leaving a trail for others.

That new trail—the one we must collectively forge—marks the essence of Change 3.0, which demands that we take a more holistic view of change and the communications that support it.

Change 3.0: engagement trumps “process” and “strategy”

With **Change 1.0**, leaders placed “change” in a box, separating it from the very business it was meant to improve. When launching a change initiative, the focus was on communicating process, forming process improvement teams and presenting workflow charts. This certainly kept everyone busy, but none of these efforts actually connected with the workforce, or addressed how the business could ultimately improve. Communications was essentially a check list, created after all of the heavy strategic lifting had been done by senior management and their management consultants.

We evolved to **Change 2.0** in the late 1990s, largely as a result of organizations’ justifiable frustration at re-engineering’s consistent lack of success. In this frustration, leaders turned their attentions to business strategy and direction. How do we define our business? Who are our competitors? What discernable value do we offer our customers?

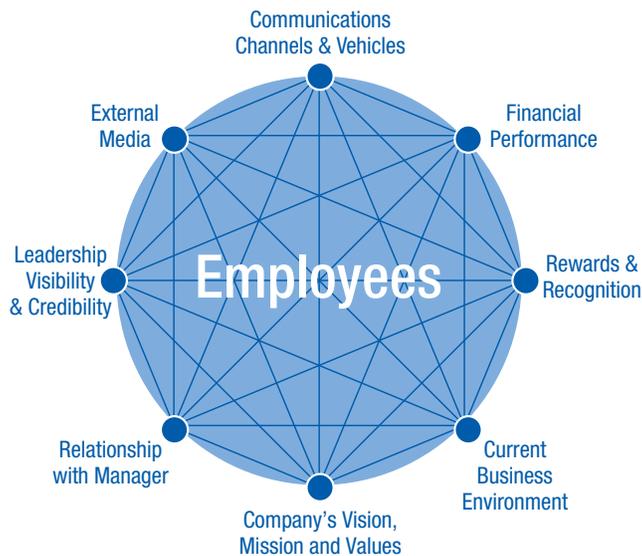
This sort of self-analysis was enlightened and clearly a step in the right direction. Unfortunately, few organizations were able to translate the answers into a sustainable model for change. Communications evolved beyond the checklist, but most often resulted in a flurry of messaging—themes, tag lines and slogans plastered on walls, screen savers and coffee mugs. This represented a greater attempt at defining change in some rudimentary way. But again, more often than not, the sloganeering failed to connect with employees.

To be fair, organizations that “got it” began viewing change communications from a far more strategic perspective. However, this was rare. Even today, the same survey referenced earlier notes that only 14 percent of surveyed organizations explain the terms of their changing employee value proposition to their employees.

This is the exciting part. We’ve progressed to a stage where there’s more universal recognition that communications is a strategic function and that change only works when it is aligned with employee understanding, actions, rewards and recognition. It’s about perspective and behavior, which is neither a process nor a destination. It’s about engagement, rather than sheer information dissemination.

Alas, this is where organizations tend to get stuck, running in place when they should be propelling forward.

The Employee Worldview



Rationale:

- Clarify employee and manager point-of-view on the business, leadership, competitive environment, workplace experience and communication
- Establish qualitative and quantitative benchmarks for employee engagement, channel and manager communication effectiveness

Standard Summary:

- Leadership perceptions of communication and support needs
- Employee views on:
 - Credible information sources
 - Understanding of business and strategy
 - Information they lack

Employee Profiles:

- Composite description of employee worldview (by segment) both today and in the future
- Includes quotes, goals and communications needs by segment

How do we recognize Change 3.0?

Technology is both transforming and transformative. It changes almost daily and enables and encourages employees to make their voices heard. In fact, they demand to be heard. This is in large part because the nature of the workforce is also transforming. In 2010, so-called Millennials actually out-number Baby Boomers in the workplace.

Over the last decade, we've learned that when it comes to organizational change, employees across the spectrum are likely to experience fear about their futures, anxiety about their roles and capabilities, skepticism based on prior unfulfilled promises of positive change and concern about the fate of their colleagues. Even more telling is that people are often more fearful of the people managing change, rather than the change itself. People don't trust that the right decisions, constructs and analyses are being made on their behalf.

Many of these considerations are largely overlooked in a Change 2.0 mindset, but they provide the foundation for Change 3.0.

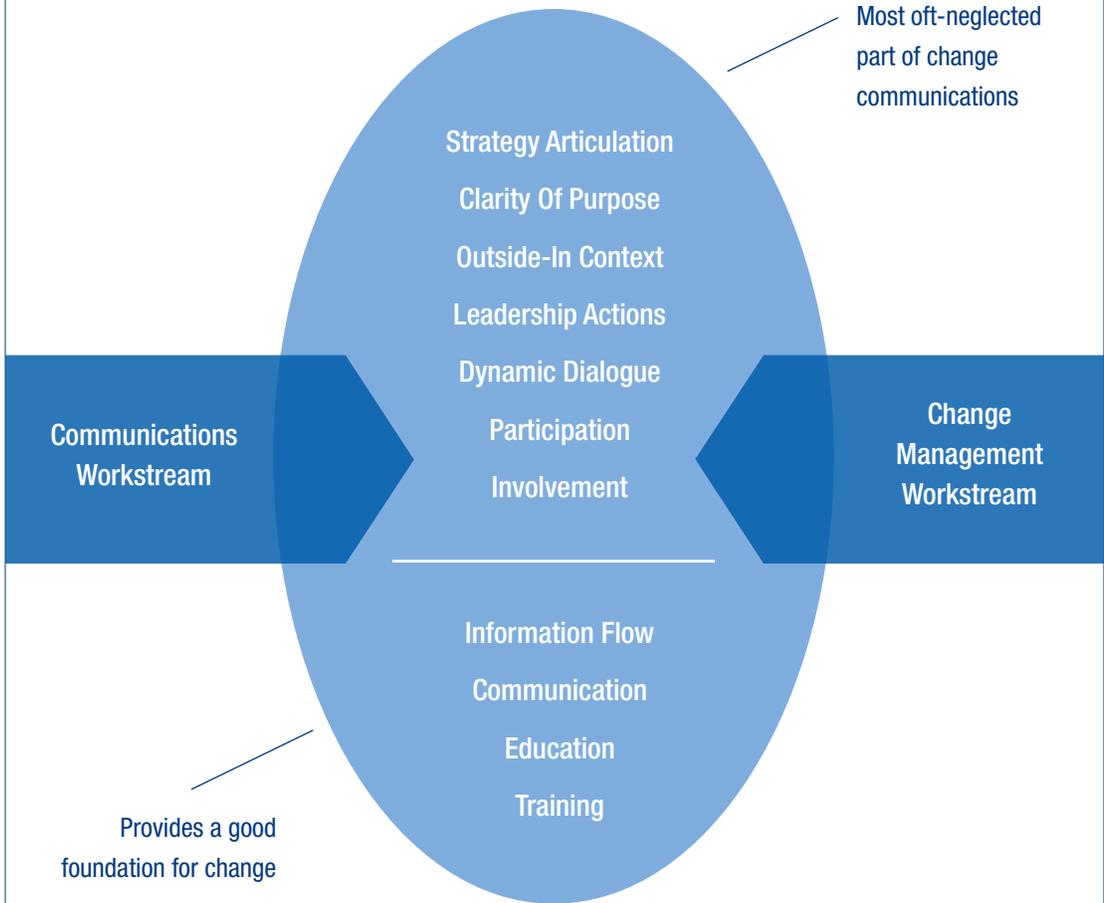
In Change 3.0, leaders and communicators facilitate employee access to technology, and help give voice to their fears, concerns, anxieties and skepticism. They build frameworks unique to their organizations so they can listen to what employees are saying and engage them in constructive dialogue in order to connect company strategies to employee understanding and motivation.

Change 3.0 leaders demystify change. They remove it from the realm of "secret sauce" whose recipe must not be discussed and open the cookbook for all to see (one of the many reasons social media are so essential today). In fact, building on the analogy, they engage employees to improve the recipe—after all, they're closer to the people (stakeholders) who will actually be asked to eat the meal!

Further, Change 3.0 leaders view employees as a public constituency capable of decision-making, opinion-shaping and influencing whether the organization succeeds. We must fight for their attention, just as we would a customer or any other stakeholder. We need to provide insight into the thinking and purpose behind the decision-making.

Unifying Change Management and Communications

Leadership and Employee Engagement



Change 3.0, then, means that leaders are challenged to seek new ways to engage employees during the journey of organizational change. In order to engage employees—particularly talent—and make change a “real” thing, we must optimize new technologies and embrace greater openness to involve our people through emotional as well as intellectual appeals. In the past decade, we have learned that we cannot effectively sustain interest by focusing on only the rational reasons behind change. The emotional reasons are equally important.

This highly emotional response requires us to rethink how we interact, manage and communicate with our people, and even more importantly, how we engage them throughout the journey.

It means little reliance on messages, slogans and posters and greater reliance on ongoing conversations and consistent information exchange. It means less emphasis on town hall meetings, speeches, videos and newsletters and greater emphasis on what happens in between those events. It means recognizing that the cadence and even phrasing of information should be fluid, evolving as the organization’s environment dictates—which can only be gauged by paying constant attention to how people are reacting and behaving.

It also means viewing communications, perhaps for the first time, as the mechanism that perpetuates engagement throughout the organization and change effort.

It further means accepting—not glossing over—the confusion, criticism and concerns that are inevitable elements of any change effort. Change isn’t easy, and it isn’t smooth. Employees often go “off script” in a way that leaders would rather not hear. But, in the end, people accept change more easily if they feel they’re being dealt with honestly and if they’re being engaged. In reality, every criticism or concern represents an opportunity for engagement and learning.

In essence, the evolution of communications means that many of the processes and tools of Change 1.0 and Change 2.0 remain valid—but as tactical extensions of the smarter, more subtle strategic imperatives of Change 3.0. Change efforts can no longer be run as static programs when continuous communications and interactions are required with all constituencies—employees, critics, customers and collaborators—in order to make change work.



Making change work

While all change initiatives must have a clear goal or purpose, the underlying and long-term results should be seen in one important area—decision-making.

Today's workforce—comprised of more Millennials than Baby Boomers—demands transparency, openness, involvement and context to accept decisions.

Change efforts should begin teaching and developing new abilities and skills to facilitate sound decision-making, risk-taking, information assessment, channel knowledge and relationship-building. These efforts should engage employees and help them effectively operate from positions of confidence, not fear.

The Four Dimensions of Change Communications

Our collective experience in dissecting and comprehending the elements of successful business change reveals four dimensions of communications. Each dimension must be built into any change effort with the sum total moving people along a continuum of learning and ownership.

Informing

Socialization and Discussion

Thinking

Connectivity

Informing

Communications must populate the entire organization—from leaders to managers to all employees—with the language, data and messages to shape understanding, strengthen comprehension and encourage interest. Informing is a journey, not an event. The flow of information should be ongoing, reflecting and describing the company's evolving reality.

Leadership plays a crucial role here, of course. Leaders set the direction, tone, accountabilities and consequences for an organization through their words as well as actions.

To effect change, leaders must first develop the “narrative.” That is, they must “tell a story” that defines the specifics of the change effort against the backdrop of the business: its history, prospects, challenges and advantages. What exactly needs to be addressed and why?

Further, leadership should establish a standard for how employees will interact with each other—defining and demonstrating how the company will provide information, listen, respond and engage people.

When done well, a narrative provides context and dimension from which employees can find their way. Narrative provides the path. Similarly, a communications standard installs the necessary system for interaction and flow of information (see example on opposite page).

Socialization and Discussion

Organizations, especially leaders and managers, must create opportunities for discussion and debate throughout the organization at all levels. This last point is key: organizations that debate and explore issues only at the senior-most levels typically fail to achieve their change goals because the balance of employees never embrace those goals or become engaged in the process of achieving them.

It's this socialization and discussion process that keeps ideas and learning fresh and relevant.

Managers can play a particularly important role here. The most powerful tool for a manager in a change effort is to ask a question. Insightful questions that challenge assumptions and the status quo generate the dialogue and answers that help shape the future. To do so, it's critical that leaders and managers comprehend how different groups within the organization “see” change (see pg. 20).

What's Your Company's "Communications Standard?"

A generic version of an actual communications standard appears below:

XYZ Corporation's sustained success is due in large part to the active engagement of all employees at every level in understanding and contributing to the design, development and implementation of various strategies, products, services, and innovation to grow our business.

A critical aspect of engagement is effective communications throughout the enterprise. Effective communications not only drives engagement it also builds trust and confidence contributing to organizational agility and performance clarity.

To that end, leadership and management are committed to an open, transparent workplace to ensure every individual has the capability to be well informed about the business' key dimensions:

- Leadership priorities
- Business strategy
- Competitive challenges
- Market opportunities
- Brand/product
- Financial performance
- Operational performance
- Policies relating to the environment, diversity, safety

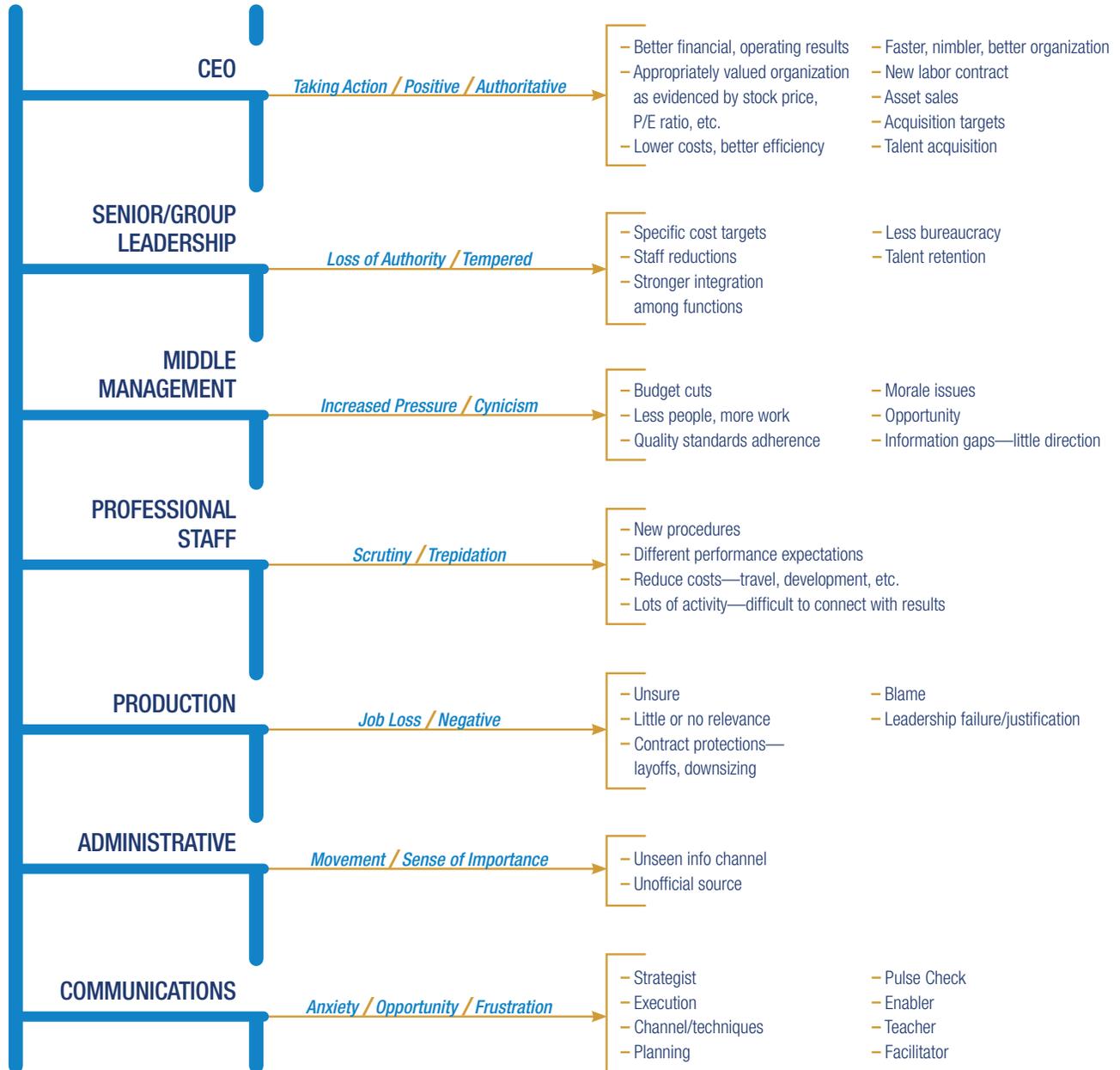
The XYZ promise:

Following are specific activities you can expect relating to internal communications:

1. Annual state of the business report
2. CEO and/or senior management bi-weekly message
3. CEO quarterly business performance update
4. Local manager quarterly business performance update
5. Robust, interactive portal housing information on company policies, functions, competitive/industry news, personnel, news releases/announcements, executive speeches, etc
6. CEO and/or local site leader led town hall meetings (minimum of 4 times per year)
7. Annual CSR report on the company's investments, progress
8. Annual employee survey and report out/action plan
9. Work environment promoting open discussion and constructive debate
10. Twenty-four hour response to questions or comments posed to any level of management

WHAT DO YOU SEE?

Perspectives of Major Change Efforts and the Impact on Communications: Understanding Individual Motivations and Expectations



Thinking

Naturally, the essence of a company's ongoing dialogue must be articulated, as well as the nature of the change being sought as a result of that dialogue. This is where communications plays a strong role—both as facilitator and interpreter of the dialogue. Communicators, in essence, represent the nervous system of the change effort, prompting action and connecting disparate events and experiences.

Communicators need to frame the elements of change in order to engage employees in the change effort and to create the basis for discussion. Communicators also play an essential role in pushing leaders and managers to be specific about the change they're pursuing and the tangible goals they believe the company must achieve as a result. The result of any change communications effort should be discussion, dialogue and debate.

Connectivity

Almost by definition, companies—and people—tend to work in silos. Companies revert to old habits, and people seek out like people and interact with those to whom they have the easiest access, which are usually other employees with the same job description.

Communicators, with the buy-in of leaders, are uniquely positioned to tear down bureaucracies and re-align organizations in a manner that supports change efforts and ongoing dialogue. From a structural point of view, this means emphasizing connectivity and keeping people connected to each other, the business (such as its products, developments, investments and decisions), the marketplace and customers' competitive threats.

Connectivity—and the systems and structures that support it—is where the “rubber meets the road” in any change effort. Connectivity is the means to relationship-building, which is required for change to flourish.

Practical application of Change 3.0

We've spoken at length about the elements—both dramatic and subtle—of a Change 3.0 mindset and the lessons it offers. It's all for naught if these lessons don't translate into practical actions. In the end, Change 3.0 should serve as a new construct for our organizational communications efforts. Above all, Change 3.0 calls on communicators, as well as the other leaders they serve, to first view change-management communications from a more sophisticated, strategic perspective.

Consider a theoretical, but typical, real-world scenario: "Acme, Inc." is embarking on a major change initiative—let's say a fundamental shift in its product development and marketing efforts.

If Acme's internal communicators are like those in many companies, they'll primarily embrace elements of Change 1.0 and Change 2.0 and propose a series of tactics including newsletters, blogs, new messaging, town hall meetings and the like.

Perhaps these activities are necessary or perhaps they're not. However, a Change 3.0 approach makes clear that these choices are premature.

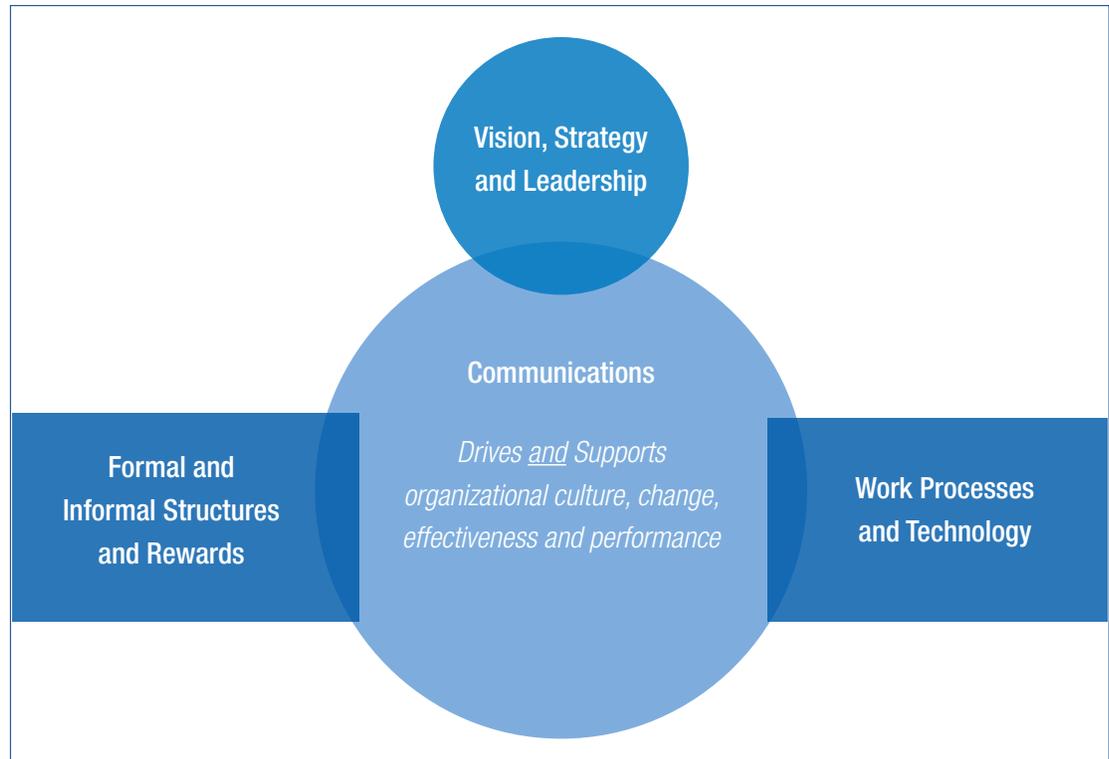
Change 3.0 communicators lay claim to leadership rather than functionary positions. They begin by defining and articulating the fundamental change at hand: what are we trying to accomplish now that's different from what we tried to accomplish before? This ensures universal understanding.

From there, they tackle the big strategic questions facing the organization: is our workforce prepared for this change? Where are the knowledge gaps? Do we have the right skill sets in place? What mindsets and attitudes require transformation? How do we make these changes understandable and palatable—and how do we need to treat different audiences differently, given each group's unique knowledge, fears and motivations? How do we need to change management practices, both for practical reasons as well as to set the right example?

All of this should take place before any talk of newsletters or town halls.

This approach renders moot the cheerleading aspects of communications, which are often hallmarks of Change 2.0 but frequently pursued without substantive backing.

What does the future look like?



Reflecting back on the past decade, it's instructive to consider how the nuances of change management will continue to evolve in the decade ahead.

It is our belief that change will increasingly become “business as usual.” Embracing and effecting change will become a part of the operating norm for companies, and increasingly leaders will view communicators as enablers facilitating dialogue rather than disseminators of information. The sort of information sharing and dialogue generation we’re only just embarking on will become a core part of how companies—successful ones, at least—conduct their business. Communications will be seen as driving and supporting change, rather than reacting and responding to it.

This will especially be true as Millennials ascend to positions of greater responsibility. With their greater reliance on and comfort with technology and social networking, constructive dialogue and debate will become as commonplace as town hall meetings and memos are today.

10 “Must Dos” for Change 3.0 Leaders

Whether you are the CEO, Chief Strategist or Chief Communications Officer, there are certain lessons that should be respected as you embark on a major organizational change effort.

Here they are:

- 1 Focus on education vs. promotion**

Change should be viewed through the lens of learning and development—moving people attitudinally and behaviorally from where they are to a new place. Themes, slogans, and events minimize the importance and treat change as superficial. Avoid them.
- 2 Are you ready to lead from 50,000 feet or at ground zero?**

Without your commitment to and involvement in the change, there will be no results.
- 3 Be proactive in addressing critics, confusion and concerns head-on**

People don't fear change as much as inconsistency and uncertainty. Be clear about the goal and even clearer about the metrics.
- 4 Ignore your instincts**

Realize that what you think about things isn't what anyone else thinks...find out the reality and act on it.
- 5 Are you ready to see the world through the eyes of your management and workforce?**

Marketplace and competitive facts, data and figures are all important in making a case for change. But the most important characteristic for a change leader is empathy or the ability to comprehend how your key stakeholders view the world.

6 **Remember the most powerful tool a leader or manager has in effecting change is a question**

Rarely does anyone have the “answers” nor should they. Change is an iterative process. Effective leadership is provoking the right questions for people so they can find the right pathways.

7 **Never confuse messages or events with discussion and experience**

Change begins with a new conversation, is driven by discussion and is accomplished through experience. Messages, events and other one-way tools obstruct discussion, block debate and hinder experience. Effective change leadership and change communications is about connecting messages to conversations and events to experience by filling in the action between. What happens before and after a Town Hall meeting? Leadership message? Major decision? Manager briefing?

8 **Change is not a linear journey**

Your employees may already be further along than the organization; or the leadership is further ahead in its thinking and aspirational goals. Either way, change is iterative. Listen, be emphatic and move deliberately with speed.

9 **Mark the route to chart progress**

Be specific with milestones - recognize and acknowledge achievement.

10 **Make sure there is a “there” there**

Avoid hyperbole at all costs, and focus on future and aspirational goals. Be specific in terms of numbers and benefits.



Edelman Change and Employee Engagement is the global organizational (internal) change communications consulting group of Edelman, the largest independent public relations firm in the world and the third largest overall. The mission of Edelman Change and Employee Engagement is to advise and assist organizations on strengthening the ability to implement corporate strategy and initiatives through management and employee engagement and effective communications in order to build brands and achieve business goals.

The group provides distinctive expertise in organizational effectiveness, culture transformation, strategy implementation and accessibility, CEO transition and positioning, internal branding, post-merger integration, labor-management relations, internal communications programming and research/measurement.

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