

Shift

BE FLEXIBLE

*Embrace
Change*



Organizational CHURN

by Elizabeth Black

Is your organization one of the many organizations, worldwide, undergoing significant change? Have there been major leadership changes in your institution or a large-scale restructuring? Are you in a situation where new systems are being implemented? Has your firm been acquired or is it considering outsourcing major functions or jobs? If any of these scenarios sound familiar, welcome to the world of organizational churn. In organizations today, change is the new status quo. If you or your colleagues are waiting for things to settle down or “get back to normal,” you may be in for a shock—change in business is the “new normal.”

What Happens When Organizations Undergo Significant Churn?

Take a look at a common situation as described by Brenda, an office manager in a major multinational company located in the north central US.

“I remember the first day I knew something was up in our company,” Brenda recalls. “It was May, and we were almost through the second quarter of our fiscal year, and our business performance was anemic. We had not been able to attract many new customers, and our revenue had been flat for several months. In fact, the financial trends, over the past several years were not looking good, and our stock had just been downgraded.

“Each quarter, we had been asked to control spending and be as frugal as we could to increase the company’s profitability. I had already reduced our temporary help budget, asking my staff to work more hours. I had also delayed purchasing the new modular furniture we had budget approval for, and I was thinking about not replacing the three clerks we lost through resignations last month.

“On that fateful Monday in May, though, things seemed even grimmer. We learned how grim when we were all asked to dial in to a conference call organized by our Division President. On the call, he told us that the Board of Directors had given management the go-ahead to outsource all of our back office functions over the next year and that, while he hoped that attrition would take care

of most job realignment, he couldn’t guarantee that there would be no job losses.

“After that, I can’t remember much of what he said, although I’m sure he talked about how all of this outsourcing was going to work. All I could think about was my job, my family and all the people who were in my department and how many lives I would have to impact if I had to tell my team that their jobs were being eliminated. I remember going through the motions for the rest of the day and not sleeping well that night.”

What happened to Brenda is not an uncommon reaction when organizational changes are first announced to employees. No matter how well an organization thinks through its business decisions and how well orchestrated the announcements are, individuals will hear the news and interpret it in the context of themselves, their lives and the impact to their teams or colleagues. Brenda’s thoughts immediately went to WIIFM—“what’s in it for me?” or more correctly, “what’s the impact on me?” If organizations do not have a well-defined organizational change management plan, they run the risk of significant numbers of key employees either leaving the organization prematurely for “greener pastures,” or staying in their roles but “retiring on the job”—just going through the motions until the organization makes a career decision for them. What needs to happen is for the workforce to understand the need for change and quickly embrace the mechanisms for helping the company move toward the future state.

What Is Organizational Change Management and How Can It Help?

An effective organizational change management (OCM) strategy looks at both the “hard” and “soft” sides of change. The “hard” side of change— defining the business vision and business processes—is actually the easiest. It is far easier to determine the end or future state of the business and to understand what it will take to change the business processes than it is to handle the “soft” side of the organizational change. The “soft” side is helping the people adapt to the future and ensuring that the culture will support the organizational changes.

In the case of Brenda’s company, if major business processes such as the back office work performed by the IT function, human resources or accounting and finance are going to be outsourced to another company and possibly to an offshore provider, it is important for the OCM work to define how the work will be performed differently and the business benefits of doing so. Elements under consideration would be the desired end state, the business rationale for the change (e.g. process efficiencies, maximizing geographic time zones for production and cost savings). Additionally, perhaps these back office processes will be streamlined, and it would be important to describe how IT help desk support may change, or how HR support may be automated, or how financial reports may be completed overnight by workers in another time zone, allowing work to be completed during a true 24-hour day.

However, no matter how well the “hard” or objective side of change is defined, many organizational changes are unsuccessful due to the “soft” side or the human dimension of change. It has been said that people don’t mind change—they mind being changed. Organizations often do not fully explore the new skills and competencies employees will need to operate the new processes or work in the new environment. They also often underestimate the time it takes for people to understand and accept the new status quo. If communication is not open and continuous, the organizational gossip mill will become rampant, and anxieties generated by misinformation or lack of information can breed more discontent and fear. Employees can make or break a change, and an effective OCM plan considers how people’s roles will change, how people will need to be reskilled and how to communicate

using multiple communication channels, taking into consideration the employees’ points of view.

What Can Brenda Do In This Situation?

If Brenda is fortunate enough to work for a company that dedicates support to both the hard and soft sides of change, she will have help thinking through how the following elements will impact herself, her team and her colleagues:

Readiness For Change Questions

- What is the business reason for the organizational change?
- What are the expected business benefits of the change?
- How will the change impact the major business processes that our team performs, e.g., customer relationship management, travel administration, claims processing, financial administration etc.
- What obstacles can we anticipate?
- How can these obstacles be reduced or removed?
- What is the most effective way to communicate the required changes to all employees?
- What new systems, structures or training will be required to support the organizational change?

Brenda can also use her formal and informal influence to help her team understand and embrace the changes. While the formal

OCM plan may involve many employees, research has proven that an employee’s direct manager is the most influential person during the period when employees are the most change-challenged. If Brenda understands and can convey to her team and others whom she informally influences, the reasons the organization must change and how the changes will impact her team, the “believability quotient” will rise. Employees who trust Brenda will begin to see that reducing costs and getting more efficient in those business processes that do not directly

impact customers and thus revenue is necessary to the sustainability of the company. Since her company has also indicated that job loss would be dealt with via attrition, Brenda can also explain that it would be wise if her team looked at their current skills and what their career interests are to determine if they should take some training or reflect upon what new or different jobs they may be able to perform. For example, in some cases, administrators

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whose jobs may be moved to other employees or which may be performed offshore, may be interested in and capable of moving into roles such as market research analyst, contract administrator, project analyst or customer service representatives. Brenda can encourage her teammates to think about how they can adapt and help the company move toward its defined vision and business success.

What If Employees Just Can't Change?

Brenda isn't superwoman. Despite her interest in helping her team and others understand what it will take to be successful during organizational churn and change, she may find that some employees are simply resistant to organizational change or perhaps just to this organizational change. In these situations, Brenda may be powerless to influence these employees. Again, OCM research shows that in any organizational change, approximately 20% of the population will be change champions—the people who understand the need for the change and are willing to come onboard quickly to move toward the future state. There will be another roughly 20% who can't or won't subscribe to the change. Change resisters frequently feel that the goals of the organization or the underlying organizational values are not aligned with their personal values. If there is a great deal of incongruity in basic philosophy or values, employees will have a very difficult time embracing the organizational change and often they voluntarily choose to leave. That leaves approximately 60% of the population on the fence—deciding whether the future state is something they believe in and which will be good both for the company and themselves. Brenda's influence will have the greatest impact upon the “fence sitters” and she can use the change champions on her team to help her with this influence. Who on the team understands how the work will change and what behaviors are required to be successful in the future? Brenda would be wise to identify these change champions and provide opportunities for those individuals to meet and talk with others on the team, regardless of their position or current roles.

A Word About Personal Resiliency

Brenda came to realize that as change becomes a constant in organizations, it is really up to each person to develop enough personal resiliency to survive and thrive during organizational

churn. Resiliency is our ability to cope. To develop resiliency, Brenda herself, needs to make sure she understands how to get as much information about what will change as she can. When Brenda tuned out on the first conference call, her reaction was normal, especially if the announcement came as a shock. After she gains her composure though, she needs to listen and ask questions to gather as much information as she can. Information is power and can help Brenda evaluate all of her options.

Secondly, Brenda should take time and help others on her team to take time to reflect upon their needs and capabilities. If someone undergoing organizational change needs to have a flexible work schedule and the way the work will get done in the future requires standard hours or even off-standard work hours, she may want to look for a role that would not have this requirement. Training in new skills would also be part of what she might assess as she reflects upon her capabilities.

Finally, resiliency requires physical and mental coping abilities. Having someone to talk to about the challenges during tumultuous times is helpful. Physical exercise and even visualization and other stress management techniques can also help you cope with change.

Personal resiliency is becoming one of the most critical skills anyone in today's organizations can cultivate. After all, if change is a constant then Brenda, and each of us, will need to learn to be adaptable and flexible throughout our careers.

Brenda and her team survived their organizational change. In fact, many people on the team went on to play even broader roles in other departments. A few individuals analyzed their situations and chose to leave for other opportunities or to return to school for more training. In all, what Brenda and her team learned is that they could remain in control of their careers even through the upheaval of organizational change. They are now in a better position to deal with the next change—no matter what it is or when it comes.

Elizabeth Black is a former VP of Human Resources, an IAAP member and President of AdminForum, a firm specializing in professional development workshops for administrative support staff. For more information on AdminForum workshops, visit their site at www.admin-forum.com.