

# Making Change Work



**UNC**  
KENAN-FLAGLER  
BUSINESS SCHOOL

**By: Tony Laffoley**  
**Program Director**  
**UNC Executive Development**

## Introduction

**A** few years ago I had a front row seat and played a significant role in the merger of two very different global companies. Based on that experience, I can assure you that the well-known phrase “change is inevitable” does not truly apply to implementing significant organizational change—as is evidenced by the number of organizations that receive failing grades when it comes to this effort. Change management expert John Kotter estimates that 70 percent of all change initiatives fail. Human resource (HR) and talent managers must be able to manage change and help employees manage change. This paper is based on the premise that we can only change ourselves, and the most we can hope to do for others is to show them the way ahead, to be a role model, and to provide encouragement and incentives to change.

This white paper will:

- Review several studies that examine change initiatives and suggest why many of them fail.
- Examine a few change initiative models that when used may improve the chances of success.
- Propose steps HR and talent management professionals (hereafter referred to as “HR professionals” for the sake of brevity) can take to improve the success rate of change initiatives in their organizations, drawn from personal experiences learned while leading change initiatives on a business merger and software implementations.
- Provide examples of successful corporate change initiatives.

## What Studies Reveal about Change Initiatives and Why They Fail

**A** 2008 IBM global study on change initiatives which surveyed 1,500 change management executives from 15 countries found that nearly 60 percent of change projects did not fully meet their expectations. People and corporate culture were identified by the respondents as major obstacles to implementing change, with nearly 60 percent of respondents saying changing people’s mindsets and attitudes

was the biggest challenge. Forty-nine percent of respondents said that corporate culture was the next biggest challenge.

The study found that there was a significant difference in change initiative success rates among high-performing “change masters,” average-performing “change managers,” and low-performing “change novices.” Change masters reported an 80 percent success rate in change initiatives, twice the 40 percent success rate of change managers. Change novices reported only an 8 percent success rate. Not surprisingly, the study concluded that the ability to manage change must be a core competency for all employees in organizations today (IBM staff, 2008).

A recent Capgemini study echoes IBM’s conclusion, finding that in these volatile times, change management should be a core competency in most organizations, yet its survey of Norwegian business leaders found that 45 percent of all companies currently do not excel at change management. So what does managing change effectively entail? The study found three areas in which organizations should strive to improve when implementing change initiatives:

1. Organizations must have a clear vision of the change initiative’s desired outcome and foster a positive organizational culture that supports change initiatives.
2. Change initiative strategies must be better aligned with underlying organizational needs.
3. Organizations should make a better effort to link change initiatives with economic results (Capgemini Consulting staff, 2012).

David Leonard and Claude Coltea from Gallup assert that 70 percent of all change initiatives fail because change agents overlook the role front-line managers play in the success of the initiative and that HR professionals fail to develop in front-line managers the exact actions they need to take to make the changes happen (Leonard and Coltea, 2013). The main take away from Leonard and Coltea is the need to invest the time and the resources to achieve front-line manager support to a level where they drive the change as if they themselves made the decision.

For example, during the merger I was involved with, our organization benefited from the formation of a change agent network that consisted of 50 front-line and middle managers from all over the world. HR drove this team’s formation initially, and then

backed off to allow the collective wisdom and instinct of those change agents to identify the issues of concern to their constituents. As the corporate HR representative, I was able to make sure top management addressed the issues when possible, and at a minimum, provided a thorough response to each concern raised, validating the change agent network's credibility to their local constituents. HR professionals must recognize that HR cannot prescribe what the front-line managers should do. HR can devise the structure of the network, gather the data that emerges from that network, and commit to respond authentically.

Although change initiatives should include a clear process and action plan, the human factor must not be overlooked, as found in the IBM study. Many people tend to resist change, regardless of the "structure" in place to help make it happen, so business leaders must expect resistance to occur, no matter how positive they believe the change ultimately will be. To anticipate this resistance, business leaders, with their identified change agents, should identify each stakeholder group with enough influence to affect the likelihood of the change initiative's success, and then create a plan that will offer the support required for the change initiative to succeed.

It is important to add that not everyone needs to be persuaded to make the change. Some of those who are not passively carried along will choose to rebel and eventually will opt out. We saw this frequently with some early voluntary retirements after the merger and again with job reallocations during software implementations. The important thing is to make sure that those affected make informed decisions based on realistic expectations. If employees understand the change and its impact on them and they choose to opt out, so be it.

Other reasons why change initiatives fail include:

- The lack of a clearly communicated strategy to stakeholders (such as employees and customers) (Richtermeyer, 2010).
- The lack of support and buy-in by key organizational leaders. Even if the change initiative is small in scope, senior leaders must be aware of it, understand why it is important to the organization as a whole, and "own" it as if the decision is in the best interests of their own employees (Richtermeyer, 2010).
- Senior leaders' failure to understand the change initiative's relevance and the failure to measure the change initiative's progress. Baseline data should be collected before the change initiative is launched and progress should be

measured during and after the change initiative to assess whether objectives have been met (Richtermeyer, 2010).

- The lack of sufficient technology to implement and sustain the change initiative (Richtermeyer, 2010).
- A lack of positive and transparent reinforcement (see shaded box).
- A lack of understanding of how the change will actually impact employees. For example, touting a new IT system as “user friendly” to employees ahead of the system launch only to find out post-launch that the system was perceived as not “user friendly.”

### The Importance of Positive Reinforcement

In my experience with the merger, the use of appropriate rewards and recognition made a difference. Before the merger, the only recognition employees received was for length of service. In the newly formed company, an array of awards was created for exceptional effort and achievement over the short term and long term. Our change agents quickly realized that awards should be tailored to different regional and national expectations. Company-branded merchandise, for example, may be unpopular in Germany but loved in Brazil. Individual trophies were popular in the U.S., but team awards worked better in most of our Asian countries. It was a centrally authorized program with the sole purpose of recognizing the desired behaviors of the new company culture, and how that recognition occurred was owned by the experts in the field, the change agents.

Failed change management initiatives can reduce employee productivity and morale and increase employee turnover. HR professionals can play a vital role in ensuring that change management initiatives succeed by getting onboard early in the planning process. HR can ensure that all employees—from front-line to senior leadership levels—have the skills and abilities needed to handle and embrace the necessary changes, can help communicate the change initiative strategy to employees, and can make sure that employee reward and recognition is properly aligned.

## Change Initiative Models

**T**here are many change initiative models that can help when implementing a change initiative. John Kotter’s model, introduced in his book *Leading Change* (Harvard Business Press), proposes eight steps organizations should follow for successful change initiatives.

## 8 Steps for Successful Change Initiatives

- 1. Establish a sense of urgency.** The lead change agent must help others see the need for the change and convince them of the need for immediate action.
- 2. Create a guiding coalition.** The guiding coalition should be comprised of people in the organization with enough power to lead the change. In the next steps, the group must create a clear vision, communicate it, eliminate obstacles, and generate short-term wins to encourage long-term success. The qualities of an effective coalition include having the right organizational positions, expertise, credibility among peers and direct reports, and leadership abilities.
- 3. Develop a change vision.** A change vision articulates how the future will be different from the past. It motivates people to take action and shows them what actions they must take to achieve the change.
- 4. Communicate the change vision for organizational buy-in.** It is critical that employees who will be affected by the change initiative understand and accept the change initiative's vision. This is where communication is so critical, yet, according to Kotter, this is where most organizations stumble the most—by not communicating enough. Communication delivery methods should include emails, meetings, and presentations about the change. The vision should be communicated at every opportunity—and the vision should be simple, vivid, repeatable, and inviting.
- 5. Empower broad-based action.** Barriers should be removed to allow people to do this best. Barriers might include physical ones, like insufficient technology that inhibits the change or structural ones like the need to re-align employee incentives or performance management systems to encourage the change. Barriers may even include people, such as managers who are resistant to or actively working against the change initiative.
- 6. Generate short-term wins.** Short-term wins (six to 18 months after the start of the change initiative) motivate people to keep going. These wins must be visible and unambiguous so people can see the change.
- 7. Don't let up.** Consolidate the gains and produce more change. Do not declare victory too early.
- 8. Make it stick.** Anchor the changes into the organizational culture for sustained change.

(Source: Kotter International staff, n.d.)

Looking at Kotter’s model, one thing missing, or at least not called out explicitly, is the importance of listening to employees and being curious first. Management expert Ken Blanchard’s model reflects similar ideas to Kotter’s and acknowledges this need. Blanchard emphasizes the importance of achieving buy-in for the change initiative among all employees, which will require addressing some predictable employee concerns. Employees will want information about the change, so HR should be prepared to address what the change will involve, why it is necessary, and how fast the changes will go into effect. Employees will also want to know what will happen to them personally as a result of the changes, so HR professionals should be prepared to answer questions like “What is in it for me?” and “What new skills will I have to learn?”

Questions about the change initiative implementation will arise among employees next. Those leading the change should be prepared to respond to employee questions about what they need to do and when and how structures and systems change. Employees will also want to know if the change initiative is making a difference, and this is when ongoing assessments should be conducted and reported. Employees will want to know if their efforts are making a difference. And finally, collaboration questions will arise. Once employees see the difference the changes make, they will want to share with others and get them onboard. The result of taking the time to respond to these employee questions and concerns will result in buy-in (Blanchard, 2010).

Blanchard’s model also emphasizes the importance of selecting and aligning the leadership team for the change initiative. Blanchard expands on Kotter’s coalition by selecting not only for power and influence, but for diversity. He encourages selecting a wide range of people for the team, including change advocates, skeptics, formal leaders, and informal leaders. Team responsibilities include explaining to affected employees the business case for the change (including why and what change is needed), developing and communicating a clear vision for the change, developing a detailed plan for the change initiative, and piloting the program before launching to a wider audience.

There are a number of other change initiative models, most of which share common themes identified by Kotter and Blanchard. Most models recommend that change initiatives have an established baseline for future measurement, a clear, well-communicated vision, buy-in from employees and senior leaders, and a systematic process (which includes assessment) in place. The IBM study, in fact, noted that change initiatives that have a consistent and structural change management approach had a 52 percent success rate, as compared to a 36 percent success rate for those who

improvise (IBM staff, 2008). Excellent communication is also a common theme among change initiative models; the IBM survey noted that 72 percent of project leaders said that two-way communication was critical for success, and 70 percent of project leaders said honesty and timely communication were important.

All of these models are valuable to know, particularly for the commonalities they share. It can be confusing, however, for HR professionals when trying to decide which model would be most effective in their organizations or for a particular change initiative. The following steps borrow from these models (and more), creating a straightforward amalgam model that may help HR professionals ensure a successful change initiative in their organizations.

## Steps HR Can Take to Improve the Success Rate of a Change Initiative

### Step 1: Obtain executive sponsorship.

A change initiative, no matter its scope, needs a senior-level champion to support and lead the change. HR should identify the right person or people to champion the change initiative. The champion(s) should not only be at a high level in the organization, but also should have credibility among employees. While other change models recommend the formation of a committee (it is especially important for each stakeholder group to feel represented at the executive level in the decision making process), it is fine if a single person serves as the executive sponsor.

The executive sponsor or sponsors must “walk the talk,” and fully—and vocally—support the change initiative, not only for those directly affected, but for the organization as a whole. Other leaders must walk the talk as well. For example, when employees approach a leader about the reasons for the change, an “I don’t like it either but we’ve got to because corporate says so” response undermines efforts to achieve employee buy-in. A response from the leader such as “I understand that you don’t like it, and here is the reason why it helps the company as a whole and why I endorse it” can do wonders for reducing resistance. This goes for every local executive throughout the organization. To support the leaders in this effort, let them know who to contact to obtain answers and provide the information they will need to answer the most common “whys.” It is imperative that the business leaders own the change.

## Company Spotlight: Texas Children's Hospital

Texas Children's Hospital in Houston began an extensive expansion in 2006 which included the addition of four new buildings, new service lines, and new programs. The expansion included increasing the employee population from 6,600 to 9,000 and transitioning from a paper to an electronic medical records system. The timetable for all of these changes was four years.



The new electronic medical records system would provide immediate access to patient records throughout the organization with the goal to improve patient care and safety. The first implementation phase was launched in two large business units. To make the transition, a change initiative process was created.

The first step in the process was to create a change management team. The team worked closely with the project implementation team and senior leaders to devise activities that would lower employee resistance and build commitment for the initiative. Activities included the creation of a change agent network and conducting dress rehearsal activities.

Senior leaders selected the employees who became change agents. They served as "on-the-ground" peer champions for the change management team. They shared ongoing information, reminders, and tips about the initiative with their peers. Change agents networked with each other by holding periodic meetings and conference calls throughout the initiative. The dress rehearsal activities were actually real-life simulations to help users practice with the new system before it went live and to create buy-in. These activities also helped identify any potential issues that might not otherwise have been seen before going live.

The change initiative was measured to gauge commitment throughout the process. Four surveys were administered to end users. The first survey was administered six to eight weeks before going live to obtain a baseline measurement. Another survey was administered just two weeks before going live. A third survey was administered 30 days after going live, and a final survey was administered 90 days after going live. The data derived from these surveys indicated the benefits of using effective change management practices, including the importance of end-user engagement, leadership buy-in, and dedicated on-going support.  
*(Continued...)*

### Company Spotlight: Texas Children’s Hospital (...continued)

The change initiative involved two business units. The first business unit had strong executive buy-in and involvement, and the second one had support, but it was less visible to employees in the unit. The first business unit had a 53 percent participation rate in the simulations, versus the second business unit’s participation rate of 32 percent. The survey analyses also showed that employees who participated in the simulations were better prepared when the system went live than those who did not.

Source: Elam and Christensen, n.d.

## 2. Identify the right change agents.

Change agents are your difference makers and should be chosen carefully. Think of them as a bridge—they will be responsible for engaging the stakeholders, which will involve a lot of two-way communication (as much inquiry as advocacy), communicating the change initiative vision, providing feedback up the management chain, and modeling the new behaviors and processes. Effective change agents should have the respect and trust of the stakeholder groups they are to engage. They may have formal or informal power. Many times a trusted assistant, for example, is a more effective change agent through their informal power and influence than an alternative with formal (position) power.

## 3. Conduct a stakeholder analysis.

A stakeholder is someone who will be affected by the change and will likely include employees, customers, suppliers, and partners. Change agents should segment their stakeholder groups and assess the engagement level that will be required of each group to reach the “tipping point” of support that will give the change the best chance to succeed. The analysis can categorize the stakeholders into the following required engagement levels; aware, understand, buy in, or commit (see Figure 1 on the next page). HR can help change agents by facilitating the process, but it is important that change agents own the decisions.

Figure 1: Example of a Stakeholder Analysis Chart

Region/Location:										
Stakeholder Group (list members if less than 20)	#	Engagement Level		Impact (Low, Med, High)	What			Who do they trust, will listen to?	When to engage?	How to engage (vehicles to use)?
		Current (A, U, B, C)	Required (A, U, B, C)		Perceived concerns about the change?	Negatives to communicate	Positives to communicate			

A = Aware      B = Buy-in  
 U = Understand      C = Commit & Act

Source: Cappemini

#### 4. Develop a communication plan.

A communication plan is critical to a change initiative’s success, and change agents, with the help of HR, must develop one before the initiative is launched. The plan should address what the change initiative is (the vision), who will be involved (deliverers and to which stakeholders), when it will occur (the initiative’s timeline from start to finish), how it will be implemented (the vehicles that will be used to carry out the change initiatives), and a validation check (whether the message was received and understood, if the quality and tone of the message was on target, and the reactions of the message from those who received it).

The communication plan should include a variety of delivery vehicles to ensure that it is received. Employees absorb information at different times and in different ways, so build repetition into the process. It is common for employees who have survived previous, failed change initiatives to adopt a “keep my head down until it passes” attitude. For these employees, it is important to demonstrate early successes in the

change program. Once they believe the change initiative has a chance to succeed, they will become more receptive to the information.

Communication is most effective when it is open, transparent, and delivered early. During the stakeholder analysis, identify what the changes will mean to stakeholders, focusing on how it will affect them in particular. What will stakeholders like? What will they not like? If the change involves a new computer system, for example, will it be more user friendly for some users? How do you find out? Ask. Invite stakeholder representatives to learn more about the initiative and ask them for their feedback. It is important to answer these questions individually for each stakeholder group and develop a separate communication plan to address the unique needs of each group. Even though the change initiative may be similar for everyone, each stakeholder group will have a different perspective.

I learned this firsthand during the global implementation of an enterprise software system. Take, for example, the United Kingdom (U.K.) and Tanzania. We learned early that employee reception to the new system in the U.K. would be met with cynicism, whereas the employee reception in Tanzania was met with excitement to be receiving such a sophisticated piece of technology. In this case, the communication plan for the U.K. employees included accentuating the positives in the system. The communication plan in Tanzania included tempering expectations. The exact same system was implemented in both countries, but with very different messages for each location, with the same goal in mind—to set realistic expectations.

It is important to have early, open conversations with change agents to obtain their feedback and buy-in. Through inquiry, HR professionals can learn what change agents think will be the biggest reason people may resist the change. They should then ask them why and invite them to offer their solutions to address the issue. Encourage change agents to do the same, to ensure their perspectives align with those of the stakeholder group they represent.

People are often resistant to change, so it is important to address that resistance before any actual change occurs. HR professionals can help create an organizational culture that welcomes change and reduces resistance by communicating information early. The information should be explicit, clearly identifying the changes that people will not like; this kind of honesty will not only earn respect and build credibility, it will also give stakeholders time to mentally prepare for the change. The earlier the better for them to get over any initial emotional reaction that can impede their ability to focus on what needs to be done to make the change a success.

## Company Spotlight: ESPN



At sports broadcasting giant ESPN, change is not a stranger. The company is constantly adding new businesses, streamlining others, shifting resources and people into other areas, and implementing process improvements, said Tonya Cornelius, vice president of learning and organizational development at ESPN, during a radio interview for Enclaria, LLC. Change is something they do well. Until recently, however, there was no uniform change management process. Cornelius felt it was important to better equip leaders to lead and manage change, and to that end, developed a change management process for use at all organizational levels.

In developing the process, Cornelius researched all the existing change management models. She wanted a process that would embrace all the elements found in those models but which also fit ESPN's organizational culture. The approach needed to be streamlined, simplified, and it needed to resonate with ESPN leaders. With those needs in mind, she developed a four-step process tailor-made for ESPN. The phases reflect ESPN's sport-minded attitude and allows leaders to immediately connect with each step while avoiding jargon.

- |  |   |
|--|---|
| <ol style="list-style-type: none"> <li>3. Pre-game</li> <li>4. Huddle</li> </ol> | <ol style="list-style-type: none"> <li>1. Snap</li> <li>2. Score</li> </ol> |
|--|---|

The pre-game phase is the conversation phase, the phase where people realize they could improve a process or identify new business opportunities that may require time to prepare. During this phase, key players are identified, a stakeholder analysis is conducted, and the vision is articulated. The huddle phase is where change agents are identified, players involved in the change are managed, and the needed behavioral changes are identified. The snap phase is when the execution process begins, and the score phase—the longest phase, according to Cornelius—is when the change is actively managed, measured, completed, and embedded into the culture.

The roll-out of the process has been deliberately slow. It was launched during an annual senior leadership conference, during which ESPN leaders tackled actual business situations using the change management process, thereby allowing them to see how it could be used. Since the roll-out, the initiative has been offered as a service that leaders can request through ESPN's organizational development team. It is voluntary, project-based, and currently led by organizational development team members with the goal of getting ESPN leaders to own it. Although the process has been in place for just one year, Cornelius notes that she is seeing more consistency in thinking about change as a process, more intentionality among leaders.

Source: Stagl, 2013.

## 5. Pilot the change initiative.

A pilot program conducted before the launch of a change initiative will give HR professionals the opportunity to tweak any issues that arise and can potentially negate pockets of particularly stubborn resistance. For example, before the roll out of a new global learning management system, we engaged a particularly critical stakeholder group (critical for good reason based on past experience with a clunky website that made access to the learning difficult) in a pilot rollout, asking for their help to find any issues in the system before we launched globally. They were more than happy to help. A pilot group comprised of change-adverse stakeholders can be a great choice, because they will be sure to ferret out any potential issues, and once those issues are addressed, they may surprise you by becoming the most vocal champions when the actual initiative is launched.

## Conclusion

**C**hange initiatives too often fail because not enough attention is paid to managing “the people” side of change. Many people naturally resist change—but that does not mean they won’t support it. HR professionals can help employees cope with and embrace change initiatives by establishing ownership for how the change will be managed, creating a clear vision, having open and early communication, and creating genuinely curious and robust feedback mechanisms.

# About UNC Executive Development

Our approach to program design and delivery draws upon the power of real-world, applicable experiences from our faculty and staff, integrated with the knowledge our client partners share about the challenges they face.

We call this approach [The Power of Experience](#). We combine traditional with experiential and unique learning to ensure that all individuals gain relevant new skills that they can easily implement within their own organizations. Through action learning and business simulation activities, we challenge participants to think, reflect and make decisions differently.

Tony Laffoley, author of this white paper, is a Program Director at UNC Executive Development. He has 10+ years of experience designing, developing, and implementing best-in-class organization effectiveness solutions and leadership development programs and has, in part, drawn from his previous work experience at other organizations for this paper.

## Our Approach: The Partnership

Our team customizes each leadership program through a highly collaborative process that involves our clients, program directors, faculty and program managers. We are dedicated to following-up with our clients and individual participants to ensure that their learning experiences have been meaningful and impactful. This integrated approach consistently drives strong outcomes.

## Our Approach: The Results

Our executive education programs are designed with results in mind, and we are focused on successfully meeting our clients' business and academic expectations. Below are a few examples of the results our client partners have achieved:

- Leadership refocused with new strategy and cohesive vision
- Strategic plans created for the global marketplace
- Supply chains streamlined
- Products redefined
- New markets targeted
- Cost-saving measures developed
- Silos leveled
- Teams aligned

Participants leave empowered to bring in new ideas, present different ways to grow business and tackle challenges. The result is stronger individuals leading stronger teams and organizations.

## Contact Us

**Website:** [www.execdev.unc.edu](http://www.execdev.unc.edu) | **Phone:** 1.800.862.3932 | **Email:** [unc\\_exec@unc.edu](mailto:unc_exec@unc.edu)

## Sources

- Allan, L. (n.d.). Workplace changes: Six steps to make it happen. *Business Know-how*. <http://www.businessknowhow.com/manage/workplacechange.htm>.
- Blanchard, K. (January 2010). Mastering the art of change. *TJ*. Retrieved from [www.trainingjournal.com](http://www.trainingjournal.com).
- Cappgemini Consulting staff (2012). *Transformation Trends 2012*. Norway: Cappgemini Consulting.
- Deloitte staff (2009). Why change now? Preparing for the workplace of tomorrow. Deloitte Consulting, LLP.
- Elam, S. and Christensen, T. (n.d.). Helping employees adapt to change at Texas Children's Hospital. *Change Management Learning Center*. <http://www.change-management.com/tutorial-why-case-study.htm>.
- IBM staff (14 October 2008). IBM global study: Majority of organizational change projects fail. *IBM*. Retrieved from <http://www-03.ibm.com/press/us/en/pressrelease/25492.wss>.
- Kotter International staff (n.d.). The 8-step process for leading change. *Kotter International*. Retrieved from <http://www.kotterinternational.com/our-principles/changesteps>.
- Leonard, D. and Coltea, C. (24 May 2014). Most change initiatives fail—but they don't have to. *Gallup Business Journal*. Retrieved from <http://businessjournal.gallup.com/content/162707/change-initiatives-fail-don.aspx>.
- Marcus, B. (09 October 2013). Managing workplace politics during change: 10 tips to stay ahead and get ahead. *Forbes*. Retrieved from <http://www.forbes.com/sites/bonniemarcus/2013/10/09/managing-workplace-politics-during-change-10-tips-to-stay-ahead-and-get-ahead/>.
- Richtermeyer, S. (8 February 2010). Top five reasons why change initiatives fail. *Industry Week*. Retrieved from <http://www.industryweek.com/change-management/top-five-reasons-why-strategic-initiatives-fail>.
- Roberto, M. and Levesque, L. (Summer 2005). The art of making change initiatives stick. *MIT Sloan Management Review*. Retrieved from <http://sloanreview.mit.edu/article/the-art-of-making-change-initiatives-stick/>.
- Stagle, H. (29 July 2013). Interview: Implementing change management at ESPN. *Enclaria, LLC*. Retrieved from <http://www.enclaria.com/2013/07/29/interview-implementing-change-management-at-espn/>.