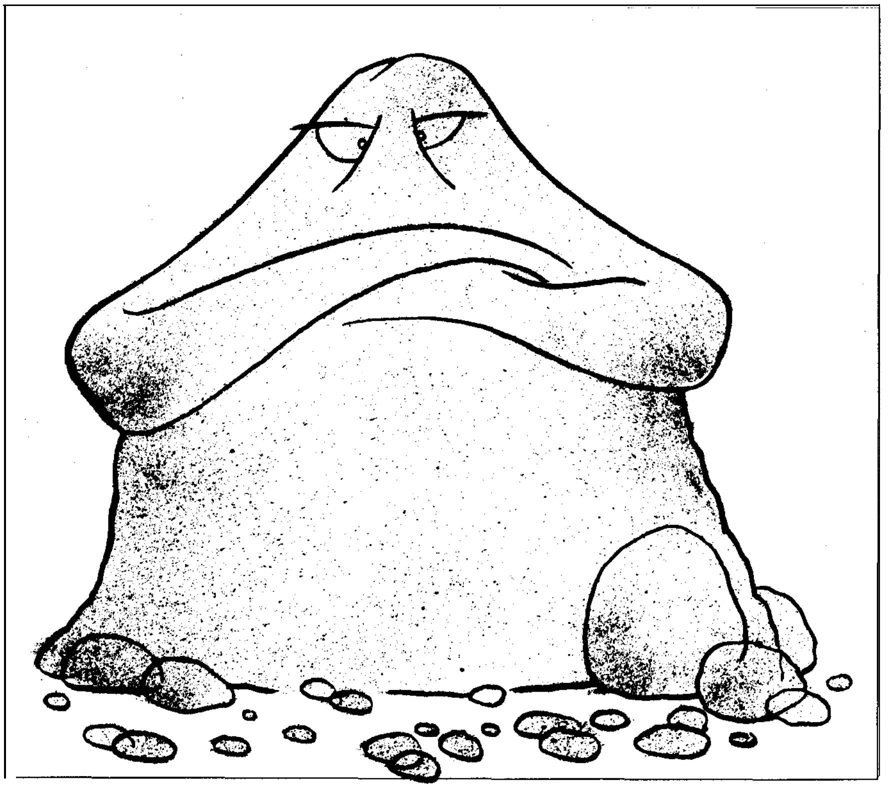
COMMENTARY

By Preston G. Smith

Why Change Is Hard

Everybody knows change is a prerequisite for corporate survival, yet the corporate immune system actively resists it.



Change is being thrust upon American corporations from all directions: the domestic economy, a unified Europe, health-care costs, new technologies, and environmental issues. In response, companies implement internal change programs. But all too often, these programs fail to meet expectations. Then managers become disillusioned and their corporations fall further behind. What has gone wrong? Why can't corporations change internally if the outside world can change so quickly?

As a management consultant specializing in helping companies accelerate their product-development processes, I often assist organizations in making such internal changes. Over the years, I have found that, contrary to popular impression, change isn't inhibited by inertia. Rather, resistance occurs when poorly designed or implemented programs activate internal forces that work to derail change efforts-the corporate immune system, we might call it.

The dozen derailment scenarios that follow are drawn from my experience with clients' corporate change efforts. Although they relate to the product-development process, their general applicability is clear.

The top-down approach. Although it is popular to say that change must be led by the CEO, many change programs fail because employees resist a top-down approach, believing that top management doesn't really understand the problem. A better approach is for the CEO to repeatedly describe the problem as he sees it to employees before designing the change program. Then-and this is the most important part-the CEO needs to listen carefully for responses. Management should then get interested employees involved in designing the program.

The bottom-up approach. Lower-level managers often attend my workshops, where they learn of the techniques for accelerating product development. Their bosses send them, expecting a simple technical fix, but badly misjudging the organizational changes needed to help people work together more effectively to implement such techniques. Because the change process has been underestimated and delegated to too low a level, it quickly loses momentum.

Too much preparation. Many companies start change programs with a broad but detailed indoctrination to build support and understanding among employees. This minimizes the risk of failure initially, simply because there is nothing to fail at during the long indoctrination period. Ultimately, the program either fizzles out for lack of long-term enthusiasm or takes a long time to complete. It is far faster, more effective, and less risky to start with a small program, strive for success with it, then build on the enthusiasm it generates and the lessons learned.

Too little preparation. Other companies go overboard in the other direction, jumping into a change program

PRESTON G. SMITH is a management consultant at New Product Dynamics in West Hartford, Conn. He is co-author of *Developing Products in Half the Time* (Van Nostrand Reinhold, 1991).

Jonathan Schneider

without first understanding what needs changing, what their strengths are, and where they have failed in similar endeavors in the past. We recently had a client that jumped into a rapid product-development project without adequately understanding the dynamics of the interdepartmental development team it was assembling. Due to friction between the team leader and a senior engineer, the company decided to terminate the engineer, which not only cost it a valuable employee, but undermined its organizational change program.

Massive training. For people to operate in new ways, they often need 'training in the new skills involved. Some companies recognize this and train people on a widespread basis in anticipation of their new responsibilities. However, because the training is done in a concentrated time period, it is quite perishable. When people are thrust into their new roles a few months later, they have forgotten what they learned. More important, because the training did not seem very pertinent to participants when they took the course, they lacked interest in learning the new skills. The solution is to offer training just before it will be needed, or even after a person has had a chance to struggle a bit in the new role. Do provide the training, however: Among other benefits, it signals management's support for the changes the employee is making.

Converting everybody. Corporate change programs, especially quality programs, are usually based on the assumption that each person can change as easily as any other. Yet, we find that there is a broad spectrum of readiness. Some people are ripe for change and will try a new approach with little incentive; some will follow these leaders; and a few holdouts will convert only when they see that their career will be in jeopardy if they don't. Management's job is to identify the easy converts and start with them, then work with the middle group, letting the tide of change influence the holdouts.

Middle-management cosmetics. These days, most corporate change programs involve employee empowerment, which encourages employees to make many of the decisions formerly made by their bosses. The bosses, who account for a considerable portion of the expertise and political power in an

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organization, then rightly wonder where they fit in. A major part of any program involving empowerment must be to redesign these jobs and reeducate the incumbents. Basically, the management style must change from directing to coaching. Managers' titles should change, too: It sends a mixed message to retain the title of "director" for these people while telling them to become coaches.

Fuzzy objectives. When working with a company to accelerate its development process, one of my first tasks is to query each senior manager as to why the company needs to get its new products to market sooner. I tend to get a broad variety of answers, and the picture gets fuzzier as I work down through the ranks. This results in a couple of counterproductive interpretations by employees. One is that management no longer cares about quality, so it is okay to skip steps in order to speed up. The other is that accelerating development is really a guise for improving labor productivity, a notion that doesn't sit well with engineers. To avoid these misinterpretations, management must develop a clear rationale for the proposed change and repeat it frequently and consistently, so that it can take root in people's minds.

Inconsistent rewards. Ultimately, the reward system must be consistent with the desired change. For example, if teamwork is preferred over individual contributions, rewards must reflect this objective. The new reward system need not be in place at the outset, but if rewards remain unaligned for long, employees will revert to doing what they are paid for. This issue requires some careful thought. For instance, one of my clients, a company well known for its innovation, has developed a strong dual-ladder system in which technical and managerial employees have equal advancement potential. But now the company is emphasizing self-managing teams, so it will have to consider a third ladder for team leaders if it expects talented people to leave the established ladders to lead teams.

Depending on technology. Sometimes companies try to buy their way through organizational change by investing in the latest technology. Often, this amounts to automating a poor way of doing business, further entrenching and sanctioning it. Revise the management process first, then think about possible technological enhancements.

Reorganizing. The time-honored solution to organizational problems is to redraw the organization chart. If management finds that engineering and manufacturing are not communicating, it reorganizes so that they report to a common manager. Then, when it is apparent that marketing is left out, the chart is modified some more. These changes on paper seldom affect the way that people actually interact. Better to analyze how information and material should flow through the organization, then rearrange things to facilitate these flows; for example, have people from different functions actually sitting side by side.

Taking change for granted. Given all the obstacles to organizational change outlined here, it is rather amazing that change ever occurs. Yet, when it does, companies treat it as though it were normal, letting successes slip by unmentioned. When I work with clients in change programs, I watch for even small signs of success or positive changes in behavior, and I alert managers to them so that they can celebrate them with their employees. This encourages further improvement. Even if the changes are not exactly what is desired, let people know when their behavior is changing in the right direction.

Effecting organizational change is an inarguably difficult and demanding process, and even the best-designed programs will encounter resistance along the way. However, within reason, corporate immunity to change should be viewed as a positive sign of the company's health: Resistance requires energy, and shows that employees are not merely apathetic to management's goals. Management's challenge is to find ways to rechannel the energy that's siphoned off by the corporate immune system, so that it flows toward more productive ends. ■