White paper

A leader's guide to change management

Fostering a critical management skill

⊞ Truist Leadership Institute

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Why change leadership is so important

Organizations must respond to a wide range of events that require strong change leadership to maximize opportunities. These events include adopting new technology, reengineering processes, completing mergers and acquisitions, conducting large-scale layoffs, implementing new reporting structures, moving to a new location and addressing new regulatory requirements.

Working through big changes like these can be very difficult – and success is far from guaranteed. In fact, a variety of research studies during the past couple decades have suggested as many as two-thirds or more of major corporate change initiatives fail to realize their intended gains.

Why this poor track record? It seems clear at least part of the answer is the quality of change leadership. A study of several diverse change initiatives revealed the organizations with the best change management capabilities experienced the greatest returns on their investments.[1]

Beliefs and behaviors

The foundation for all effective leadership – including change leadership – is self-awareness. Effective leaders must understand their beliefs at a deep level. Why? Because beliefs drive behaviors, and behaviors drive results.

Simply put, a leader must establish a clear rationale for and belief in the change initiative, and reflect that belief, to foster a similar belief among the employees being asked to execute the change.

To be effective, leaders need to take stock of their beliefs and make sure they align with the behaviors required to make the change initiative work. Only by doing so can a change leader be credible in the eyes of employees, capable of altering their beliefs and behaviors, and moving the change initiative forward.

An effective leader allows time for the change to sink in, while providing information and encouraging discussion.

The natural cycles of change

A change leader also needs to anticipate and manage the natural process of change. For example, there is a curve employees within the organization will need to work through as they deal with the changes required of them. Each step in the cycle is necessary. Here are the four phases of change your employees will experience[2] and how you should respond:

1. **Denial**. In this first stage, employees may not understand why the change is necessary and may feel it's bad for them, so they may become apathetic or preoccupied with other matters. The problem with denial is before they can deal with the change, employees have to acknowledge it. An effective leader allows time for the change to sink in, while providing information and encouraging discussion.

2. **Resistance**. Resistance can set in as employees realize the change is actually taking place and is unavoidable. Feelings like anger, self-doubt, fear and anxiety can build up, slowing the progress of change and lowering morale and productivity. It's also an important part of the process where employees identify exactly what the change means personally for them. The leader needs to listen to employees' concerns, demystify the change and encourage them to work through this stage.

3. **Exploration**. Employees begin to look for new possibilities. For a time, they may retain some skepticism, resulting in a lack of focus, indecision and distraction. But, generally they are hopeful and receptive to problem solving. In this stage, leaders can help employees modify their ideas to better fit the change, encourage and support brainstorming and strategy sessions, and acknowledge employees' changing attitudes.

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1. "Helping employees embrace change," Jennifer A. LaClair and Ravi P. Rao, *The McKinsey Quarterly*, 2002 Number 4, Page 17.
2. Based on: Claes F. Janssen's *Four Rooms of Change* and the *Emotional Cycle of Change* model developed by Don Kelley and Daryl Conner.

Everyone understands that to succeed organizations must excel at traditional business processes such as sales, budgeting and manufacturing. As a result, such processes tend to earn the greatest commitment of time and dollars from top management. But there's another, often overlooked discipline that's just as important to success: the ability to lead and manage through change. This paper offers insights into leading change effectively, based on guidance provided by the Truist Leadership Institute .

4. **Commitment**. Committed employees may not agree with everything related to the change, but they accept it is based on an inspirational vision and a solid business strategy, and they feel it's possible for them to contribute and be successful. At this stage, leaders should acknowledge employees' accomplishments and encourage them to become advocates for the change.

Similarly, as change leaders, you must also anticipate the emotional reactions to change you will personally experience. Here are the four stages you should anticipate[3]:

1. **Certainty (uninformed optimism)**. You may be excited to get started, but your emotional response levels will be low, as you'll be focused on doing rather than thinking. You are mostly likely not aware of the potential difficulties ahead.

2. **Doubt (informed pessimism)**. Eventually you may start to feel some negative emotions about the project, especially if you encounter problems. Each change is unique. You discover it's harder than you expected and begin to question your ability to lead it. You may even want to quit altogether and give up on seeing it through.

3. **Hope (hopeful realism)**. Once you've pushed past doubt, pessimism should start to diminish. You may still feel anxious, but you're more likely to be able to solve problems, because you're now more familiar with your situation. Your positive beliefs align with behaviors that encourage forward momentum.

4. **Confidence (informed optimism)**. You will start to feel confident you have made the right choice. You'll look at the change with more experienced eyes and feel less anxious about problems, positive in your ability to see it through to a successful outcome.

Aligning key stakeholders

Now that we've looked at how good leaders manage their own and their employees' responses to change, let's review a proven organizational change framework. The ExperienceChange Model[4] consists of two distinct phases. Much of the hard work occurs during phase one, aligning key stakeholders, which includes three steps:

1. **Understand**. This first step often occurs at a senior level. Here you gather information by interviewing employees and customers, and benchmarking competitors and other organizations; identify the problem and its root causes; and share information with key stakeholders to help them understand and align around the problem.

3. Based on the *Emotional Cycle of Change* model developed by Don Kelley and Daryl Conner.
4. ExperiencePoint.com

Tools to use when aligning stakeholders

When aligning stakeholders – the first phase of the ExperienceChange model – there are a couple tools you can leverage.

Analyzing forces for and against the proposed change should be part of your initial information-gathering work. Force field analysis is a powerful method to rapidly diagnose existing forces and identify actions needed to accomplish the change.

In this exercise, on one side of a ledger you list forces driving the change, and on the opposite side you note opposing forces or obstacles. You want to take into account both external and internal forces.

External forces might include regulatory, political, trends (market/social) and current events. Internal forces could include resource availability, culture, traditions, values, vested interests (groups and individuals), present or past practices, organizational structures and processes.

When you move to the next step in the change process – enlisting stakeholders – stakeholder mapping is a valuable tool. This involves identifying key stakeholders as either champions (leading the change), helpers (encouraging the change), bystanders (having a neutral attitude toward the change) or resisters (disrupting the change). The outcome of stakeholder mapping provides you with your organization's buy-in level for the change, something you'll need to monitor and maintain throughout the process.

An important step is getting team members excited about the new opportunity and ready to hear what happens next.

2. **Enlist**. Next, you involve others by determining who will sponsor the initiative and join the core change team as well as by identifying other key stakeholders.

3. **Envision**. This is the stage where, working with your core team, you develop a clear picture of where you want to go with the change. You need to be able to articulate that vision for others and define how you will measure success.

Engaging the organization

The second phase of the ExperienceChange Model is engaging the organization. The four steps include:

1. **Motivate**. Start by communicating the reasons for the change to the broader team. You want to create a sense of urgency around the change, share information and communicate honestly. "Motivate" gets team members excited about the new opportunity and ready to hear what happens next.

2. **Communicate**. Here, you'll relate details about the future state and mobilize the organization. Be sure to establish clear roles, expectations and targets, and test concepts with various groups to identify barriers to adoption.

3. **Act**. With everything in place – the vision, energized team members, marching orders – it's time to align practices, policies and systems, give employees the training they need and move forward. You also want to publicize your initial successes and redeploy anyone who is undercutting the initiative in their current roles.

4. **Consolidate**. You have led and implemented the change. Now, it's time to move into a continuous improvement loop. Continue evaluating what's working and what's not, and maintain momentum by frequently sharing qualitative and quantitative success stories. Finally, encourage, reward and celebrate successes, and formally capture lessons learned for future projects.

Organizations don't change – people do

Change should be viewed as a critical organizational discipline – one where leaders use a variety of tools, techniques and mindsets to ensure employees are ready to engage, willing to commit and able to do what it takes to realize the full potential of great solutions.

It's important to remember organizations don't change; people do. Thus, successful change initiatives require self-aware leaders who understand their beliefs and behaviors must align with the change before they can rally the troops, impact employees' beliefs and behaviors, and move forward.

Leaders must also understand and manage the natural process of change and the emotional responses it generates – both in their employees and themselves.

And finally, leaders need to employ a viable change model, ideally one designed to systematically ensure the alignment of stakeholders and an engaged organization on the way to a successful result.

Truist Leadership Institute

During the past half-century, Truist Leadership Institute, and its predecessor firm Farr Associates, have developed and refined approaches to business leadership through collaborative work with clients throughout the United States. The Truist Leadership Institute provides organizations with a leadership development partner who helps create dynamic and effective leaders, increase employee retention and improve the bottom line.