



LEADING CHANGE

How to maintain a high-performance culture in times of change

In an era characterized by rampant disruption and rapidly transforming industries, the one challenge all companies have in common is navigating change. Newly hatched competitors, technological developments, mergers, new leadership, emerging opportunities—a wide range of internal and external shifts are constantly coming at today's CEOs. These shifts demand that they and their employees adapt quickly and effectively, or risk being left behind.

Yet humans are hardwired to resist change, Sharon Dye, senior human capital consultant at Insperty, pointed out to business leaders gathered for a recent roundtable discussion. "Neurologically speaking, when something new, a change initiative, comes on the table, the same part of the brain is engaged for everyone—and it's the part that says no," she explained.



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The need to overcome that natural resistance is, in a nutshell, why so many companies struggle to motivate, inspire and retain high performers through transformative change. During the roundtable discussion, CEO after CEO shared stories ranging from struggling to engage employees around a new initiative to battling outright resistance to major organizational shifts. Antonio Pietri, CEO of Aspen Technology, for example, described hitting a wall while trying to get his company to adapt to a changing marketplace when its oil industry customers were impacted by pricing changes. "The fundamental issue is whether the culture you have going into disruption is the culture that will help you get through it," said, Pietri, whose company provides software and services to process industries. "There's a very different set of requirements to getting a company through major

disruption, versus managing or leading in a steady state."

In fact, many companies find that prior success actually inhibits adaptation. Without a burning bridge to motivate transformation, organizations subtly—or not so subtly—resist the introduction of major changes to processes and procedures or efforts to introduce new technology. American National Bank of Texas CEO Robert Hulseby likened the experience of leading his company through adaptation to updating an older home he once owned. "We would have the floors shimmed [level] and it would be as if the house was working against us because it wanted to go back to the shape it was in before," he said. "My company had a similar experience when we would implement new technologies. It felt like [people] wanted to make the new system operate like the old system did."

Even when change is clearly necessary and mutually beneficial for the company and employees, people often cling to the familiar. Employees at 128-year-old Consigli Construction, for example, were vocal about their nostalgia for the company of past. "Being an older organization, I had people coming in and saying, 'I wish we could go back to the way we were,'" said Anthony Consigli, who has more than 1,000 employees. "Then you need to define for them what it really looked like in the old days, 'This is what we did for work, this is what we paid you and here's what your benefits were,' and ask, 'You really want to go back to that?'"

MOTIVATIONAL MOVES

Clearly, leading an organization through major change is no easy feat. Yet, business leaders tasked with the challenge have found ways to ease the process. Alan Whitman, CEO of the accounting and advisory firm Baker Tilly, decided to repackage change as progress. "We got rid of the term 'change management' and now we talk about progress," he explained. "Change denotes something being done to you as opposed to progress,

meaning something you're going to do with us. We're progressing into something different. Words mean a lot."

How change is communicated was a common theme among CEO participants, several of whom reported that no amount of communication is too much when it comes to change. Hulsey discovered this firsthand when struggling to execute on an effort to adapt his company to digitization. "We just had terrible misalignment at the middle and lower level managers, who didn't really understand what we were doing and weren't engaged in the solutions," he said. "We had to spend almost a year recouping from that... addressing a disconnect where the executives weren't talking enough to the SVPs and that chaos was being communicated down the [ranks]."

That stalled-at-the-top change scenario is not unusual, noted Insperty's Dye, who pointed out that the executive team, typically between four and six individuals, usually makes the decision to initiate a project. "They come to an understanding and alignment around an idea and then it goes from those, say, four people to eight and then on to more and more people in what becomes a telephone game where no one intends to mishear, but the message gets muddled," she said. "When confused, almost every human being defaults to what is known, and what is known is how we did it before. So it's not intentional sabotage, but the actions you're looking for don't follow."

To mitigate the risk of telephone-game messaging, Dye suggested business leaders follow up on communications and announcements by asking questions to vet their messages, particularly, "What did you just hear?"

"The answer to that may simply reveal a gap here or there—or you may find that what was heard isn't remotely what you meant to convey," she said. "If there's one thing I see executives consistently misfire on, it's that most of their statements end in periods rather than question marks."

That point resonated with George Rable, vice president of culture and people at dental supply distributor Benco Dental. "Telephone tag is exactly what we were running into and, of course, the assumptions people were making were never positive," he said. "We learned the hard way that you need to work harder at not only explaining the change initiative or strategy but also the why behind it and what's in it for them."

What's more, as urgent as it may feel to accelerate change to keep pace with the evolving marketplace, the need for speed that is so clear to CEOs and their executive

teams doesn't always translate down the line.

Some CEOs overcome that hurdle by bringing into the organization external champions of change effective in helping employees embrace new initiatives. "I've brought industry people and speakers in to talk about everything going on outside of our four walls," says Whitman. "Otherwise you're operating in a constant echo chamber, where you're convincing yourselves that you're okay. It works really



well because people get tired of hearing me. All of a sudden, they can hear someone who's not their boss tell them we need to do this and formulate their own conclusions. They get on the train after their own processing of information, as opposed to me getting them on my train."

Finally, it's also key for the CEO to continually demonstrate commitment to new initiatives and communicate that commitment—often far longer than it would seem necessary. "If your people see that you've taken your attention away and are off doing something else, they'll pull back because progress is uncomfortable," says Pietri. "If you don't show that personal commitment, it will sort of die on the vine. It takes a tremendous amount of energy from the CEO and eventually the executive team to stick to the changes. But when you do and a new initiative starts showing success, that becomes a rallying point for the organization to go full in—and then you achieve success."

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STEERING CHANGE

Sharon Dye, senior human capital consultant for Insperty, on effective leadership in times of organizational change.



What can CEOs do to motivate, inspire, and retain high performers during times of organizational change?

Hopefully, you have already done the admittedly hard work of identifying who you are as an organization and what you're actually attempting to do in the marketplace. Then, to reduce—not eliminate, but reduce—turnover and keep employees motivated in times of great change, you keep bringing everyone back to keeping that promise you made to your consumers. You bring them back to whatever it may be that you are all about as a company. That's one. Two, you fully admit that you are at a point in your business evolution where it's a nose-to-grindstone, lock-arms-and-face-the-high-winds moment. And three, you clearly and simply articulate a plan that shows where you're headed and what the outcome of the change will be.

What missteps do companies tend to make in this process?

What I find organizations do is immediately, understandably, go into a panic, particularly about retention and engagement. Leaders tend to be afraid when launching a change that they will face difficulties with resistance from the employees about the change. This fear frequently propels leadership down the path to find ways to create "buy-in." They spend time selling the change rather than simply explaining the reasons for it and the plan to accomplish it.

Everyone resists change—it is a neurological fact. The resistance from the employees is guaranteed. Trying to deny it will perpetuate the leadership behavior of watering down—or flat-out denying—the likely hardships to come. If leadership can hear the resistance as actually one of the early signs of engagement, they can save themselves and the organization a great deal of stress. They can stop selling the change, and instead focus on explaining the reason for the change, the intended outcome and the plan to realize those outcomes. This speeds up change integration dramatically!

You caution against complexity in messaging about change. Why?

In times of change, complexity is the enemy. Clarity or succinctness is the friend.

The reason I keep harping on that is because when change is afoot, every single human being, regardless of their IQ, is unable to deal with complexity. People are unable to deal with algebra. They

can only deal with two plus two equals four. That's why the person in the seat does not need that big 16-point, robust 52-page, specific plan. He or she needs to know that the leader has that, has given thought to what's the best way out of the chaos and can break down where we're headed and how we will get there in specific, tactical, bite-size chunks.

How do you get the message out—and make sure that it's getting through?

Repetition, saying the same thing over and over again across every means possible—a poster, a flyer, a recorded message from the CEO every morning. The brain is not adept at absorbing new information accurately and the antidote for that is repetition.

And then, once the plan has been laid out and the statements have been made, one mistake leaders make is not having enough of their sentences ending in a question mark. You really want people to stay motivated and engaged, so you have to speak to the part of their brain that is active, and that part of their brains needs clarity. They're so far from taking the ball and running with it, and the way you get clarity is by asking questions and listening to the answers. It's the shortest way to really understand if they understand. CEOs, by nature, are used to telling rather than asking. So they tend to default to that. Asking the question, finding out what they've heard, will speed up understanding incredibly.

What can a leader do during times when there isn't a lot of change?

Focus on the culture, focus on the culture, focus on the culture. You need to be vigilant about strengthening your culture because when you do head into a change, any flaws around your culture will come screaming at you like the demons out of the seventh layer of hell. No matter what you're facing, the thing that will help you through is culture.

With more than 30 years of experience as a culture effectiveness consultant and merger and acquisition integration specialist, Sharon Dye has helped Fortune 500 companies throughout the U.S., Canada and Europe improve organizational performance by overcoming culture challenges and navigating change.



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