An Era of Change: Change Leadership in HR

Debbie Sehulster, Director of Organizational Effectiveness, Ingersoll Rand
Leslie Crain, Accelerated Development Program Member (Human Resources Cohort), Ingersoll Rand
Key Definitions

Change Management is a structured approach to transitioning individuals, teams, and organizations from a current state to a desired future state.

Stakeholders are people impacted by the change.

Resistance is a state where individuals or groups are opposing change.
“It is not the strongest of the species that survives, nor the most intelligent, it is the one that is the most adaptable to change.”

- Charles Darwin
The Call to Action

• A 2006 study from the Harvard Business Review found that **66% of all change initiatives fail** to achieve desired business outcomes.

• Recent research from Accenture found that **57% of organizations experience a decline in workforce productivity** during change management initiatives.

• Corporate Leadership Council research on M&A from 2006 found that **34% of organizations failed to achieve desired deal outcomes** primarily due to poor cultural integration.

• Tower Perrin’s M&A report from 2005 found that **41% of organizations experienced a decline in employee engagement following M&A activity.**

• Only 38% of global executives reported that a recent transformation was “completely” or “mostly” successful in terms of its impact on performance according to a 2006 McKinsey Quarterly Survey.

• A more recent McKinsey Quarterly Survey of executives (2008) reported that only one out of three transformation efforts are successful.

From 2006 and 2008 Surveys of Executives

McKinsey Quarterly

---

Managing Change at Ingersoll Rand --- Vision & Metrics

Ingersoll Rand is a premier performer that leads change and adapts more effectively than other diversified industrial companies.
– We have created a culture of agility.
– We have a track record of sustaining change.
– Change leadership is one of our leadership competency strengths.

METRICS:

• Improvement in Denison Organizational Culture survey results – top quartile in “adaptability” category
• Improvement in Employee Engagement Survey results – top quartile in “change leadership” related questions
• Voice of Customer feedback indicates improvement in adapting to market shifts and responding to customer requirements
• Change management interventions are achieving desired results
Ingersoll Rand’s Approach

Completed 2009-2010

✓ Created a four year Change Management Strategy to build capability for the general population and to create change experts
✓ Developed a standardized model & online toolkit
✓ Developed and deployed training & development for the general population and for the change expert community
✓ Formed a global change management community of practice --- over 300 members. This community has the opportunity for ongoing development --- training, skills assessment, practical experience/application, coaching
✓ Established regular communication --- monthly conference calls for best practice sharing, quarterly newsletters & periodic “calls to action”

Work underway 2011-2012

• Fully integrating change management methodology into business processes and strategies
• Providing consistent change management consultation & support for key enterprise initiatives & local business projects
• Continue to deploy change management training for the general population
• Continue to build new change facilitators and to invest in building more advanced skills within change management community of practice
• Continuously evolve and improve our change management toolkit to ensure that it will help us achieve our vision
• Defining the most effective measures indicating effectiveness of strategic change initiatives

Pull Strategy instead of a Push Strategy  --- focus on early adopters  --- build momentum which creates more demand
Change Management Methodologies and Tools are Used to Support a Variety of Enterprise-wide Initiatives in Ingersoll Rand

These are a few examples:

- Operational Excellence
- Customer Driven Innovation
- Pricing Excellence
- Progressive, Diverse & Inclusive Work Environment
- Center for Energy Efficiency & Sustainability
The Ingersoll Rand Strategic Change Model describes a process to drive the behaviors needed to create and sustain organizational change.

These processes (not necessarily sequential) are key levers for influencing change:
Resources to Support Change Management in Ingersoll Rand

Toolkit Examples

Websites – includes online training

Quick Reference Cards

Sample Facilitation Tools

Sample Discussion Tools

Sample Survey Tool

Formal Training

• “Change Facilitator Workshop”
• “Creating a Culture of Change” – online
• “Roadmap for Change” – employees
• “Change Leadership” – managers
• “Change Sponsorship” – senior leaders
APPLICATION
The Amoeba of Change Exercise

We can help you understand how to address change resistance

AND WE ONLY NEED 15% OF THE POPULATION TO IGNITE CHANGE!
Change Adoption Bell Curve

Research shows that if you focus attention on change agents/supporters and early adopters, you can build positive momentum. And you only need to have about 15% of the population on board to accelerate change.
Cultural changes move like an amoeba

Look at the different molecules. See how they move ...

http://www.youtube.com/watch?v=cskVuwwMxhY&feature=related

- The amoeba consists of individual molecules which play different roles at different times in different parts of the organism.
- The amoeba makes small movements into new territory.
- The large majority follows a bit later.
The Innovation Adoption curve

- An innovation or change often starts with an innovator, a single individual with a new idea.
- Innovation spreads via the work of opinion leaders/change agents who actively promote it.
- Once the early adopters are between 5% and 15%, “take-off” occurs.
- After “take-off”, the process is irreversible.

“you don’t need to change the whole world at once.”

Model is based on the work of Everett Rogers, author of Diffusion of Innovations
The Amoeba of Culture Change

Innovators

Change Agents

Spiritual Recluses

Transformers

Mainstreamers

Iconoclasts

Stubborn Obstructors

Reactionary Laggards

Unwilling followers

Inspiration: Alan AtKisson
The Different Roles in Cultural Change

ACTORS

• Innovators
• Opinion leaders
  – Transformers
  – Change Agent
• Early majority
  – Mainstreamers
• Late Majority
  – Unwilling Followers
• Laggards
  – Reactionary Laggards

INFLUENCERS

• Spiritual Recluses
• Stubborn Obstructors
• Iconoclasts

Based on the work of Alan AtKisson
Let’s play the amoeba
Let’s play the amoeba… the rules

• The objective of this simulation is to experience the process of culture change
• A role play with all participants
  – Everyone receives a card:
    ▪ Description of 1 role they have to play
    ▪ No one to reveal the role they play
    ▪ Look for natural alliances during the discussion
  – Change Topic: select relevant topic
  – Discussion will follow the simulation

Simulation design inspired by the work of Alan AtKisson
The Simulation-- DEBRIEF

• Think about what you observed in the simulation.
• Take a couple minutes to note down your findings.
• We will discuss the findings as a large group.

Questions to Consider:
• What happened?
• Did you recognize the roles? How? Why?
• Which role in real life is the hardest to deal with?
• What did you learn about the process?
Creating a Coalition of Supporters

• In order to drive change, it is critical to gather and leverage supporters --- you can’t do it all on your own.

• There are certain characteristics you should seek within your coalition:
  – Some people in powerful roles --- position power
  – Subject matter experts --- knowledge, experience and information
  – People with influence --- good reputation in the company
  – People with strong relationships --- networking & communication skills
  – People with a capacity for leadership --- working effectively on a team, leading others and managing tasks

• The keys to an effective coalition are:
  – Trust among members
  – Working towards a common goal

During times of change, everyone experiences a “journey” through emotional responses to change. As a change leader, it is your job to accelerate movement of yourself and your people up the curve.

Faces of Resistance = Emotional Responses to Change

Dealing with Resistance: As you gauge levels of resistance among stakeholders or employee groups, leverage the actions below to minimize and address resistance.

<table>
<thead>
<tr>
<th>Emotional Response</th>
<th>Employee Reaction</th>
<th>Suggested Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denial</td>
<td>Believes the problem has corrected itself and will soon be over</td>
<td>☐ Review the business case</td>
</tr>
<tr>
<td></td>
<td>Displays apathy and numbness (“I don’t care”)</td>
<td>☐ Emphasize the change will happen</td>
</tr>
<tr>
<td></td>
<td>Rationalizes the change (“they aren’t going to lay off employees”)</td>
<td>☐ Allow time to sink in</td>
</tr>
<tr>
<td>Anger</td>
<td>Sabotages the change effort</td>
<td>☐ Acknowledge the legitimacy of anger</td>
</tr>
<tr>
<td></td>
<td>Tends to “shoot the messenger”</td>
<td>☐ Distinguish between feelings and appropriate behavior</td>
</tr>
<tr>
<td></td>
<td>Withdraws from the team</td>
<td>☐ Redirect blame from the change agent (reinforce goals of the business case)</td>
</tr>
<tr>
<td>Bargaining</td>
<td>Tries to cut a deal to spare him/herself</td>
<td>☐ Focus on how he/she will benefit</td>
</tr>
<tr>
<td></td>
<td>Tries to redirect problem solving away from the change</td>
<td>☐ Keep problem solving focused on root cause</td>
</tr>
<tr>
<td>Depression</td>
<td>Expresses loss of control over work environment</td>
<td>☐ Provide series of specific next steps and follow up</td>
</tr>
<tr>
<td></td>
<td>Increases absenteeism</td>
<td>☐ Reinforce positive actions the individual can take to adjust</td>
</tr>
<tr>
<td>Acceptance</td>
<td>Expresses ownership for solutions</td>
<td>☐ Use individual as a coach or mentor for others</td>
</tr>
<tr>
<td></td>
<td>Focuses on achieving benefits promised by the change</td>
<td>☐ Provide recognition for their efforts</td>
</tr>
</tbody>
</table>

The Three Levels of Resistance

Level 1 - Based on Information

“I Don’t Get It!”

Level 1 may come from:
• Lack of information
• Lack of exposure
• Confusion

Level 2 - Physiological and Emotional Reaction to Change

“I Don’t Like It!”

Level 2 is an emotional and physiological reaction based on fear:
• Lack of trust
• Loss of power or control
• Loss of status
• Loss of face or respect
• Feeling of incompetence
• Feeling of isolation or abandonment
• Sense that they can’t take on anything else

Adapted from Beyond the Wall of Resistance: Unconventional Strategies that Build Support for Change by Rick Maurer, Bard Books, Inc., Austin, Texas 1996.
The Three Levels of Resistance

Level 3 - Bigger Than the Current Change
“\textit{I Don’t Like YOU!}”

Level 3 may come from:
• Personal history
• Long standing animosity
• Cultural, ethnic, racial, gender differences
• Significant disagreement over values
• Transference - the person being resisted represents someone else such as a mother, father, former boss, etc.

Adapted from: Beyond the Wall of Resistance: Unconventional Strategies that Build Support for Change by Rick Maurer, Bard Books, Inc., Austin, Texas 1996.
Model for Addressing Change Resistance

1. **Hear people out**
   - Ask open-ended questions to draw out root causes of the resistance
   - Summarize and paraphrase often to clarify
   - Resist the temptation to defend or counter misconceptions and concerns

2. **Show and tell it like it is to reach emotions**
   - Acknowledge the concerns of the resister
   - Explain the purpose of the change and how it benefits the stakeholder, team, unit, sector, and enterprise
   - Give vivid examples of how implementing the change will make things better for individuals and groups the resister cares about
   - If the change can be “shown”, demonstrate it
   - Ask for a reaction “so far”
   - Then directly address specific concerns one by one by offering supportive information
   - Ask if resister is willing to experiment with the change

3. **Break it down into manageable pieces**
   - Collaborate with the resister to break down their responsibilities regarding the change into manageable chunks
   - Gain their commitment to work on the first piece; set a deadline for completion & to reconnect

4. **Create small wins together**
   - Celebrate, congratulate, and publicize each success when a resister completes something, even a small task
Exercise: Understanding Stakeholders

1. Select relevant topic

2. WIIFM – What’s in it for me
   - Identify key stakeholder groups – people affected by the change
   - For each stakeholder group, brainstorm how they might benefit from the change – what’s in it for them

3. Expected resistance to the change
   - What types of resistance would you expect?
   - What ideas do you have to address this resistance?
### Application --- Understanding Stakeholders

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>What’s in it for them?</th>
<th>Expected resistance</th>
<th>Ideas to address resistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group or individual</td>
<td>• Insert here</td>
<td>• Insert here</td>
<td>• Insert here</td>
</tr>
<tr>
<td></td>
<td>• Insert here</td>
<td>• Insert here</td>
<td>• Insert here</td>
</tr>
<tr>
<td></td>
<td>• Insert here</td>
<td>• Insert here</td>
<td>• Insert here</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Recommended Reading

- The Tipping Point by Malcolm Gladwell
- Buy-in by John P. Kotter and Lorne A. Whitehead
- Beyond the Wall of Resistance
- Leading Change by John P. Kotter