THE RBL WHITE PAPER SERIES

Change Insights and HR Implications

DAVE ULRICH, DALE LAKE, JON YOUNGER, AND WAYNE BROCKBANK

The RBL Group

Change Insights and HR Implications*

Dave Ulrich, Dale Lake, Jon Younger, and Wayne Brockbank

CHANGE INSIGHTS

There are literally millions of books, articles, studies, and theories of change. Collectively, as authors, we have over 120 years of experience studying and applying organization and personal change. Over the years, we have been privileged to work with some of the most thoughtful and relevant thought leaders in the change field.[1] As we cull though this body of work, we propose the following ten succinct insights on change that shape how HR professionals become change champions.

1. CHANGE HAPPENS

The pace of change is rising exponentially. Change occurs in every part of our personal and professional lives. Fueled by technology, we see increased globalization, customization, political and regulatory reform, economic swings, information flow, customer/employee expectations, aspiring leaders, and organizational transformation. Individuals face an ever-shorter half-life of knowledge as change emanates from new knowledge made more accessible through the internet. Organizations also go through dramatic change. Of the original Fortune 500 in the United States in 1955, only 70 companies exist independently 56 years later. From 2000 to 2010, about 50 percent of these large, seemingly stable companies have disappeared. Obviously change happens in our personal and professional lives.

HR professionals need to help their organizations face, accept, and be open about the pressures for change rather than hide from them.

2. CHANGE REQUIRES RESPONSE

Organizations (and individuals) have varying abilities to respond to change. If an organization cannot change as fast as the pace of change in its environment, the organization will fall behind, decline, and disappear. The organization change should at least match the pace of change of the environment. Gary Hamel suggests that managers have to continually ask: *How do you build organizations that change as fast as change itself?*

HR professionals architect and design organizational agility, flexibility, and responsiveness to external changes. Indeed, some suggest that "built to last" should be reframed as "built to change."

3. MOST CHANGES FAIL

There are a lot of statistics about failure of personal and organizational changes. At a personal level, 98 percent of New Year's resolutions fail, 70 percent of Americans who pay off credit card debt with a home equity loan end up with the same or higher debt in two years. In another recent study, researchers found that of $40 billion spent each year on diets—nineteen out of 20 lose nothing but their money. Marriage counseling saves fewer than one in five couples on the brink of divorce. Only 25 percent of those who have experienced heart attacks sustain behavioral changes. Overcoming personal struggles like eating disorders, depression, or anxiety also have low long-term success rates. Even faced with such daunting statistics, some alcoholics, drug addicts, and depressed people change. We are left with the question (which we hope to answer in this chapter) why can some people change and others don't?

Organizational changes are not much more successful. Twenty to 25 percent of initiatives (e.g., quality, customer service, reduced cycle time) are successfully implemented; most corporate transformations start with enthusiasm and end with cynicism; leaders' tenure in top jobs has consistently fallen.

Once again, however, some organizations transform themselves and their respective industries. IBM, first an office machine company, then a computer manufacturer is today an information technology services giant. Since 1971, Southwest Airlines has continued to reinvent themselves and been profitable every year. Viterra has evolved to become the largest Canadian owned agricultural company from a small provincial co-op carrying $1.5 billion in unsecured debt. Nokia was originally a maker of rubber boots. In recent times, Apple reinvented the categories of mobile computing and infotainment with the iPod, iPhone, and iPad.

HR professionals have to face the challenge of change failures and work to improve these bleak numbers, which means diagnosing why changes fail and learning from failures and understanding the context in which change lasts or fails.

***Note:** Originally written for publication in *India NHRDN*.

4. CHANGE MATTERS

Leaders and organizations that change succeed. In the leadership research, leaders who have learning agility are more likely to be seen as effective leaders and have longer tenure in their roles.[2] The leadership research also shows that effective leaders help make organization changes that enable strategy.[3] Organization research on change suggests that if companies change, they are more likely survive; if they don't change, they wither and die.[4] More often than not such changes wither and die because one segment of the system is attacked (e.g., trying to lose weight without concomitant changes in lifestyle, changing to a just-in-time parts delivery process without adequate information systems support or vendor "buy in").

Effective HR professionals learn to effectively help build individual and organization capacity for change through regular discussion that focuses the need, opportunity, priority, and impact of changes that drive business consequences.

5. CHANGE ENABLES

For some "change" becomes the outcome or goal of a leader or an organization. More often the capacity for change may be seen as an adjective that enables other business goals, thus change operates as a means not an end. So, we see leaders working to build *fast* innovation; *rapid* globalization; *agile* customer service; *flexible* collaboration; *shifting* brand; or *rapid* strategy. In a world of precipitous change, organizations must not only define the right outcomes, but move quickly to get there. In the consumer products industry, for example, the adage is that "first mover in new products or services gets about 50 percent of market share; the next four players split the rest."

HR professionals can help leaders focus their strategies to be clear and precise about what they are working to do, then build in a capacity for change to rapidly deliver each outcome. For example, after reducing its debt, Viterra transformed its strategy from being a grain transporter to a company which *assists farmers solve problems* at every step of the crop production process. Thus, when the farmer needs money to buy crop inputs and seed from Viterra, the company developed a partnership with banks to extend credit, to provide the farmer with best harvest times, to transport the extracted grain, and to connect the farmer to customers in other countries.

6. CHANGE REQUIRES ASSESSING AND CLOSING THE KNOW/DO GAP

Most people who are heavy (or other bad habit), know they should lose weight (or change other habit). They even know how to lose weight: eat less, eat right, and exercise more, but they don't do it. We often ask seminar participants to brainstorm for 60 seconds, "what do you know about effective organizational change?" We generally find that the group will generate the same lists in some of the leading change books. We know what to do, but we don't often do it.[5]

HR professionals bring discipline to change processes so that what people know, they do. As such HR professionals create and use a change pilots' check list. Just as a airline pilot must assess the flight-worthiness of the plane before taking off, so HR professionals must identify change readiness and challenges in a disciplined way.

7. CHANGE ARISES FROM BOTH EVOLUTION AND REVOLUTION

Change can be initiated in many ways. Evolutionary change suggests continuous improvement, small steps, transactional actions, rigorous planning, and reaching a tipping point. Revolutionary change implies discontinuous change, bold moves, transformational outcomes, immediate action, and anticipating a new future.

HR professionals need to help line managers determine when to do evolutionary versus revolutionary change.

8. CHANGE CAN BE PUSHED OR PULLED

Sometimes, change begins with a clear destination—specific strategy, goal, or outcome, then concrete plans to help move from the present to the future endpoint. At other times, change begins with a direction—an aspiration, values, or orientation—then taking early steps to move from the present to the future. Destination change requires an engineering mentality to stipulate the end state and the steps to getting to it. Direction change requires a pioneering mentality to articulate a future and then act quickly to move forward.

HR professionals can help craft aspirations and define actions to link the present to the future. HR professionals need to help leaders craft purposes that have the power to draw out commitment to desired end states.

9. CHANGE OCCURS AT MULTIPLE LEVELS

We classify three targets of change: individual, initiative, or institutional. Individual change helps people improve on their behaviors and performance. Initiative change means accomplishing corporate programs (e.g., quality, innovation, cost, service, teamwork, and so forth) in a timely way. Institutional change implies transforming a culture or work environment and consequently the entire organizational system to sustain change.

HR professionals can be coaches for individual improvement; agents for initiative changes; and stewards for cultural transformation.

10. CHANGE FOLLOWS A COMMON PROCESS

In the change literatures, many programs, initiatives, tools, and actions have been proposed as common processes for making change happen. Some of the influential change processes are summarized in table 1.

CHANGE INSIGHTS: SUMMARY

HR professionals need to create an accepted, shared, and widely used process for implementing initiatives throughout the organization. What such processes do when they are well designed is to transform complex dynamics into much simpler guides.

In table 2, we summarize organization and personal implications of these ten insights for HR professionals as change champions.

Table 1: Change Processes

Author	*Example Work*	*Change Processes*
Warner Burke	Organization Change	▪ Be self aware ▪ Monitor external environment ▪ Establish a need for change ▪ Provide clear vision or direction ▪ Communicate the need ▪ Deal with resistance ▪ Leverage multiple actions ▪ Have consistency and persistence
John Kotter	Leading Change	▪ Establish sense of urgency ▪ Create guiding coalition ▪ Develop vision or strategy ▪ Communication change vision ▪ Empower employees for action ▪ Generate short term wins ▪ Consolidate gains and produce more change ▪ Anchor new approaches in culture
Dale Lake	Change Manual by Dale Lake	▪ Design a change agenda ▪ Assess the current situation ▪ Create dis-satisfaction or need for change ▪ Activate change champions ▪ Influence stakeholders ▪ Assess and overcome resistance ▪ Build team and network ▪ Structure for success ▪ Do project management ▪ Monitor progress ▪ Have continuous learning
Price Pritchett	Quantum Leap	▪ Give clear marching orders ▪ Nail down each job ▪ Manage resistance to change ▪ Encourage risk taking ▪ Create supportive work environment ▪ Attend to transition and change ▪ Take care of "me" issues ▪ Communicate over and over again
Michael Beer	Organization Change and Development	▪ Dissatisfaction ▪ Model or purpose of change ▪ Success or outcomes ▪ Cost of change ▪ Resistance to change

Table 1: Change Processes

Author	*Example Work*	*Change Processes*
Hay Group	Hay Model for Change	▪ Ensure reasons for change ▪ Identify "change agents" ▪ Assess stakeholders and sponsors ▪ Plan project activities ▪ Communicate changes ▪ Assess impact on people and structure ▪ Address the impacts of the change. ▪ Share process change. ▪ Support changes ▪ Train for new skills ▪ Measure and report on progress
GE Change Acceleration process[6]	Change Acceleration Process	▪ Lead change ▪ Create a felt need ▪ Define a direction or shape a vision ▪ Mobilize commitment ▪ Make decisions ▪ Dedicate resources ▪ Learn, adapt, monitor

Table 2: Organization and Personal Implication of Change Insights

Insight	*Organization Implications* *To what extent does our organization:*	*Personal implications:* *To what extent am I able to:*
1. Change happens	Recognize, accept, and run into the pressure for and realities of change?	Feel comfortable dealing with pressures for change vs. ignoring or avoiding change?
2. Change requires response	Build an internal capacity to respond to change that equals external demands for change?	Demonstrate new behaviors consistent with changing business demands?
3. Most changes fail	Learn from change failures and transfer those lessons to future change efforts?	Face and learn from my failures so that I don't make the same mistakes twice?
4. Change matters	Increase, measure, and track our capacity to change and share this information with employees, customers, and investors?	Monitor my personal ability to learn, adapt, and change?
5. Change enables	Move quicker than competitors on key organizational initiatives?	See change as a significant element of my ability to accomplish my personal goals?
6. Change requires closing know/do gap	Recognize latest research and best practices on change, then apply and adapt those findings to our organization?	Study change theory and practices and adapt them to my work setting?
7. Change arises from evolution and revolution	Balance change though continuous improvement or advocate bold and dramatic change?	Continuously improve on my past and act on my desired future?
8. Change can be pushed or pulled	Start with a compelling future vision and fold the present into the future or start with the present and take incremental steps to go forward (tipping point)?	Envision an aspiring future for my work and take daily actions to approach that future?
9. Change occurs at multiple levels	Focus change on individual, initiative, or institutional efforts?	See how my personal changes model what I want to see in the culture of my organization?
10. Change follows a common process	Have a disciplined process that we apply to change initiatives?	Have a regular and routine process of making personal changes?

HR IMPLICATIONS

These change insights have implications for how HR professionals can be change champions in their organization. HR's role as change champion comes from the HR Competency research performed over the last 25 years. In the most recent (2012) round of this study, we collected data from over 20,000 HR professionals and their associates from around the world. In total, we identified 140 competencies HR professionals could possess and we had measures of individual HR effectiveness and business performance.[7] When we did factor analysis on this data, we identified eleven of these competencies related to HR being a change champion. These eleven items then statistically clustered into two factors (see table 3).

Table 3: Change Champion: Factors, mean, individual effectiveness and business success.

Factor	*Mean score (out of 5)*	*Individual effectiveness (beta weights scaled to 100%)*	*Business Performance (beta weights scaled to 100%)*
Initiating change	3.94	53%	46%
Sustaining change	3.91	47%	54%
R^2		.296	.066

These data offer additional insights on the process of change and implications for HR professionals. By statistically separating the initiating change from sustaining change, these data suggest that HR professionals have to do more than get change started; they have to be persistent at sustaining change. The data in table 3 also suggest that for HR professionals to be seen as personally effective, they have to initiate change, but if they want to drive business performance, they need to sustain change. Most HR professionals have more experience initiating or starting change than making sure they sustain the desired changes.

INITIATING CHANGE

Initiating change means getting started, turning pressures for change into change initiatives, and taking first steps to move change forward. Our research showed that seven competencies define the extent to which HR professionals initiate change:

- Ensure that key leaders are aligned around major change initiatives.
- Help people understand why change is important (i.e., create a sense of urgency).
- Identify and overcome sources of resistance to change.
- Help set the direction of change with clear outcomes.
- Build commitment of key people to support change efforts.
- Articulate the key decisions and actions that must happen for change to make progress.

As change agents who initiate change, HR professionals help define why change matters, what should be changed, and who supports the change. In defining why change matters, HR professionals need to build a compelling intellectual and emotional case for change. The intellectual case often comes from empirical evidence that successful change will lead to positive personal or organizational outcomes. The emotional case for change comes when people see and feel the impact of the change on principles that matter to them.

To define what should be changed, HR professionals need to turn complex challenges into simple opportunities. They need to articulate change outcomes either as directions for the change and/or destinations from accomplishing the change. These outcomes need to be communicated with visual images to capture the change, with verbal messages to enunciate the change, with stories to emotionally capture the change, and with metrics to track the change.

To build support for the change, HR professionals need to involve key people to participate in the change process. Bob Eichinger, one of our change heroes, said:

> "There is a magic bullet to change. The research is crystal clear. People are less afraid of change to the extent they participate in its design and execution. The more people are involved in the determination, planning, design and execution of the change, the less resistant they will be. Change leaders need to be patient and deign as much participation into the process as is humanly possible."[8]

His observation implies that HR professionals need to figure out how to mobilize commitment by identifying and involving key stakeholders to a change. This may come from asking their opinions, making the cosponsors (called cooptation), inviting them to make key decisions, and making them public advocates for the change.

To become better at initiating change, HR professionals need practice. They can coach business leaders in the midst of change and observe what they do well and not so well. They can participate on teams charged with implementing business initiatives. They can audit how well their organization has accomplished change in the past, synthesize lessons

learned, and propose new actions for the future. They can help establish a tailored organizational change model that adapts lessons of and research on change to their organization. They can help build discipline to use this model on key initiatives.

They can examine how change has happened within the HR department as new practices or structures are implemented. Using the HR department as a testing and learning ground helps them become change competent before working on business issues. They can coach or consult with not for profit community agencies going through change and observe how change processes apply to these settings.

SUSTAINING CHANGE

Sustaining change means sticking with initiatives, making sure that desired changes happen, and delivering outcomes from the change. Our research identified four specific behaviors that HR professionals can demonstrate to help sustain change.

- Ensure the availability of resources to stick with the change (e.g., money, information, technology, people).
- Help sustain change.
- Monitor and communicate progress of change processes.
- Adapt learnings about change to new settings.

As change champions who sustain change, HR professionals have to make sure that changes last by implementing sustainable disciplines into their organization. In our work on leadership sustainability, we have identified seven principles of sustainability that HR professionals can master to make change stick.[9]

Simplicity. Simplicity means that the leaders focus on a few key behaviors that have high impact on the most important issues. Leadership sustainability requires that we find simplicity in the face of complexity and replace concept clutter with simple resolve. It entails prioritizing behaviors that matter most, shifting from analytics with data to action with determination, framing complex phenomenon into simple patterns, and sequencing change. HR professionals should help prioritize and simplify change priorities.

Time. Leaders put their desired behaviors into their calendar and this shows up in how they spend their time. Employees see what leaders do more than listen to what they say. Leadership sustainability shows up in who we spend time with, what issues we spend time on, where we spend our time, and how we spend our time. HR professionals should monitor how leaders invest their time as carefully as their money.

Accountable. Leadership sustainability requires accountability where leaders take personal responsibility for making sure that they do what they say. Accountability increases when leaders assign personal commitments from others and follow up on those commitments. HR professionals ensure accountability comes by making personal commitments public, by following up on commitments, and by giving feedback on the change efforts.

Resources. Leaders dedicate resources in order to support their desired changes with coaching and infrastructure. Marshall Goldsmith found that when leaders have on-going coaching, they are much more likely to enact desired behavioral change. We have found that a mix of self-coaching, expert-coaching, peer-coaching, and boss-coaching can be woven together to resource sustained change. Selection, promotion, career development, succession planning, performance reviews, communication, policies, and organization design may be also aligned to support leadership change. HR professionals may be coaches and HR architects for sustaining change.

Tracking. Unless desired leadership behaviors and changes are operationalized, quantified, and tracked, they are nice to do, but not likely to be done. Effective metrics for leadership behavior need to be transparent, easy to measure, timely, and tied to consequences. Leadership sustainability may be woven into existing scorecards and may become its own scorecard to ensure that leaders monitor how they are doing. HR professionals help create and manage these scorecards.

Melioration. Leaders meliorate when they improve by learning from mistakes and failures and demonstrate resilience. Leadership sustainability requires that leaders master the principles of learning: to experiment frequently, to reflect always, to become resilient, to face failure, to not be calloused to success, and to improvise continually. HR professionals further learning by advocating and modeling these processes.

Emotion. Leadership sustainability occurs when leaders not only know, but feel what they should do to improve. This passion increases when leaders see their desired changes as part of their personal identity and purpose, when their changes will shape their relationships with others, and when their changes will shift the culture of their work setting. HR professionals can be meaning architects in their organizations.

HR professionals become change champions when their abilities to initiate and sustain change are applied at the individual, initiative, and institutional levels of change. At a personal level, these change champions need to stay alive by continually learning, learn to work the informal rules within their organization, start where they can and find early successes, build coalitions of support, experiment and learn frequently, and stay optimistic about the change process.[10]

CONCLUSION: BECOMING A CHANGE CHAMPION

If we could wave a magic wand, HR professionals worldwide would master the insights on change and become change champions. This may not happen all at once. But, we have laid out the axioms that change masters must accept and the skills they need to initiate and sustain change.

REFERENCES

1 We have had the privilege of personally learning from and working with some of the thought leaders in the change profession. We take the liberty of culling and synthesizing their insights into our "top 10" list. It is difficult to give credit to one person since we have tried to integrate their unique contributions. Our personal thought partners include Chris Argyris, Ron Ashkenas, Dick Beatty, Mike Beer, Warren Bennis, Bill Bridges, Warner Burke, Kim Cameron, Ram Charan, Clayton Christensen, Bill Dyer, Bob Eichinger, Malcolm Gladwell, Marshall Goldsmith, Lynda Gratton, Gary Hamel, Dave Hanna, Gareth Jones, Todd Jick, Bill Joyce, Steve Kerr, Jon Katzenbach, John Kotter, Ed Lawler, Joe Miraglia, Bill Ouchi, Richard Pascale, CK Prahalad, Jeff Pfeffer, Bob Quinn, Bonner Ritchie, Ed Schein, Len Schlesinger, Herb Shepard, Norm Smallwood, Bob Sutton, Paul Thompson, Noel Tichy, and Terry Warner.

2 Vicki Swisher, *Becoming an Agile Leader* (Los Angeles: Korn Ferry, 2012).

3 Charles A. O'Reilly, David F. Caldwell, Jennifer A. Chatman, Margaret Lapiz, and William Self, "How Leadership Matters: The Effects of Leaders' Alignment on Strategy Implementation," *The Leadership Quarterly* 21:1 (2010).

4 Richard N. Foster and Sarah Kaplan, *Creative Destruction: Why Companies that are Built to Last Outperform the Market—And How to Successfully Transform Them* (New York: Currency, 2001).
William Joyce, Nitin Nohria, and Bruce Roberson, *What Really Works: The 4+2 Formula for Sustained Business Success* (New York: HarperCollins, 2003).

5 Robert Sutton and Jeffrey Pfeffer, *The Knowing-Doing Gap. How Smart Companies Turn Knowledge into Action* (Boston: Harvard Business Press, 2000).

6 Many were involved with the GE Change Acceleration Process. Dave Ulrich was one of the team members in creating this process.

7 Our HR competency study can be found in:
Dave Ulrich, Jon Younger, Wayne Brockbank, and Michael Ulrich, *HR from the Outside-In* (New York: McGraw Hill. 2012).
Dave Ulrich, Jon Younger, Wayne Brockbank, and Michael Ulrich, "HR Competencies for Success," *HR Magazine* (January 2012).
Wayne Brockbank, Dave Ulrich, Jon Younger, and Michael Ulrich "The Future is Now: HR Competencies for High Performance, Employee Relations" (2012).
Dave Ulrich, Jon Younger, Wayne Brockbank, and Michael Ulrich, "HR Talent and the New HR Competencies," *Strategic HR Review* (2012).
Dave Ulrich, Jon Younger, Wayne Brockbank, and Michael Ulrich, "The State of the HR Profession," *Human Resource Management Journal* (pending publishing, 2012).
Dave Ulrich, Jon Younger, Wayne Brockbank, and Michael Ulrich, "Evolving Expertise," *HR Executive* (February 2012).

8 Personal correspondence with Bob Eichinger and part of a presentation he has prepared called, "10 Essential Principles of Change Management for Executive Dummies." © Bob Eichinger.

9 This work on leadership sustainability is in Dave Ulrich and Norm Smallwood, *Leadership Sustainability*. Manuscript not yet published.
Dave Ulrich and Norm Smallwood, "What is Leadership?" in *Advanced in Global Leadership*, William Mobley (ed.), (Emerald Group Publishing Limited: volume 7, 2012).

10 We have adapted these personal tips from an excellent and classic article by Herb Shepard, "Rules of Thumb for Change Agents," *Organization Development Practitioner* (November 19750.

About the Authors

DAVE ULRICH

Dave has consulted and done research with over half of the Fortune 200. Dave was the editor of the *Human Resource Management Journal* 1990 to 1999, has served on the editorial board of four other journals, is on the Board of Directors for Herman Miller, is a Fellow in the National Academy of Human Resources, and is cofounder of the Michigan Human Resource Partnership.

DALE LAKE

Dale Lake is President of Human Systems Development, a management consulting firm based in Fort Collins, Colorado. He has served as consultant to many organizations including General Electric, Acco, Florida Department of Education, Kodak, Pfizer, and Nissan. Dale has written books and articles in organization capability, team development, leadership and management, etc., and has served on the faculties of a number of universities.

JON YOUNGER

Jon's career has been a mix of consulting, executive management, and HR leadership. Prior to joining The RBL Group, he was Chief Learning and Talent Officer of one of the largest U.S. based financial services organizations, responsible for the leadership development, corporate learning, staffing, performance and talent management, and succession planning. He has also managed executive compensation and HR strategy.

WAYNE BROCKBANK

Dr. Brockbank is a Clinical Professor of Business at the University of Michigan's Ross School of Business. At the Ross School of Business, Dr. Brockbank is the Director of the Center for Strategic HR Leadership and the Faculty Director and Core Instructor of the Strategic Human Resource Planning Program, the Human Resource Executive Program, and the Advanced Human Resource Executive Program.

Contact us for more information about The RBL Group products and services:

Phone 801.616.5600
Email rblmail@rbl.net
Online www.rbl.net
Mail 3521 N. University Ave., Suite 100
Provo, UT 84604

The RBL Group

Copyright © 2012 The RBL Group

All rights reserved. No part of this publication may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying, recording, or using any information storage or retrieval system, for any purpose without the express written permission of The RBL Group.