

BEYOND THE QUICK FIX: THE PSYCHODYNAMICS OF ORGANIZATIONAL TRANSFORMATION AND CHANGE

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Introduction

There is nothing in this world constant but inconstancy.
-- Jonathan Swift --

Everything has changed except our way of thinking.
-- Albert Einstein --

Like all weak men, he had an exaggerated stress on not changing his mind.
-- W. Somerset Maugham --

There is the story of an enormous pike placed in a large aquarium that was divided in two parts. In one part was the pike, in the other part were numerous minnows. When the pike was put in the aquarium the carnivore made a frantic effort to get at the minnows. Every time, however, when it tried, it would hit the glass. Eventually, the pike gave up as it realized that getting at the minnows seemed to be impossible. When the glass partition was moved away, the pike kept on ignoring the minnows. The pike had gotten stuck to a certain behavior pattern which appeared difficult to unlearn.

Trying to change something is often like moving a cemetery. Change is not easy. People have a tendency to hold on to dysfunctional patterns, illogical as these may appear to others. They cannot seem to change their perspective on life without expending a great deal of effort. The reason that people cling so tenaciously to the status quo is not easy to determine. There are many conscious and unconscious obstacles on the path toward change.

In spite of the promises given by many organizational “snake-oil salesmen”, that same attitude is prevalent in the domain of organizations. While the world around them changes daily—advances in technology competing with improvements in communication—many organizations prefer to hunker down in the status quo. Yet, in this age of discontinuity, those companies that last through the coming decades will be those that can respond effectively to the changing demands of their environment. How, then, can corporate leaders proactively drive the process of organizational change? How can they be most effective as change agents? How can they apply what is known about

the dynamics of personal transformation to the organizational setting? These questions are critical now that change has become the rule rather than the exception for those seeking corporate survival and success.

Some organizational psychologists, basing their theories on the findings of developmental and dynamic psychologists, view organizational change and transformation as embedded in the process of individual change. They have emphasized that in the course of personal change conscious, but also unconscious, processes play a role. In addition, they argue that because organizations are made up of collections of people, the successful implementation of organizational change is dependent on an understanding of these individual reactions to the change process. In the opinion of these organizational psychologists, a lack of attention to the inner experience of the individual person with respect to change will abort the process.

While developmental and dynamic psychologists have cast their net widely, looking at the individual in all his or her diversity, many organizational psychologists have often taken a more narrow point of view, assuming that people are rational, logical beings and will change their behavior accordingly. Taking this simplistic approach to human behavior, many of the recommendations of organizational transformation specialists tend to be of a quick-fix nature, being only skin deep; all too often they have no enduring influence. The recommendations for getting a change process into motion are based on oversimplified models of human behavior that pay no attention to deep-seated underlying processes, thus these changes tend to be rather superficial. People who take a more inner-focused point of view about the change process in the workplace often do so in part as a reaction to the often exaggerated, unrealistic promises made by hucksters and other con-artists disguised as consultants about the degree of change possible in cases of organizational intervention. The change agents, however, who pay heed to the rich underlying dynamics of individual change go beyond the hype and turn the process of organizational transformation into a more realistic endeavor. Such a focus makes it possible to distinguish between what is feasible and what is no more than a pipe dream.

The question remains: how does personality change happen? This issue has intrigued psychologists for decades. Both developmental psychologists and dynamic

psychotherapists have studied these questions from various angles. Different schools of thought hold different views about the degree of change possible. Most researchers of personality development agree on the fact that while adulthood may not bring about the kind of dramatic, revolutionary change that people experience in early childhood, some change is possible. During the various life stages, a gradual, unfolding developmental process occurs. Furthermore, every change process—whether of an individual or an organizational nature—has its variations, the underlying principles of such a change process seem to be relatively *invariable*.

We believe that it is possible, by observing from a clinical perspective the different stages by which individual change takes place, to draw parallels between individual and organizational change processes. Taking this thought one step further, we suggest that by applying the insights derived from individual change processes to the domain of organizational transformation, it is possible to induce, facilitate, and even speed up otherwise lengthy organizational intervention and change processes. Furthermore, a contribution securely anchored in the clinical theory of individual change may shed some light, offering prescriptive value for future change agents. To provide input for such a clinical orientation the data providing the conceptual base of this article comes from a large number of interventions in organizations augmented by a series of in-depth interviews with the executives involved in these transformation processes.

The Psychodynamics of Change: A View from the Inside

One of the main obstacles of the individual, and thus also the organizational, change process is the strong force prevalent within each individual that opposes change. Anxiety associated with the uncertainty of engaging in something new or becoming once again exposed to old dangers and risks, for example, often prompts people to resist change. In an effort to reduce such anxiety, people allow avoidance behaviors—those means by which we keep ourselves out of frightening situations—to become deeply ingrained. Furthermore, the inclination to repeat past behavior in spite of the suffering attached to that behavior, is an all too human tendency. It can be viewed as an often rather self-destructive tendency to master traumatic situations. In addition, fear of having to acknowledge that the present state of affairs is not good enough can contribute

to a frozen stance. Ironically, in many instances we seem to prefer what is painful but familiar to the promising unknown. Thus, people are often willing to put up with extremely unsatisfactory situations rather than take steps toward the unknown in order to improve things. Indeed, in each individual's adherence to the status quo, there is more than meets the eye; there are unconscious processes that, when understood, explain that person's frozen stance—resistances that have some kind of protective function. In other words, people resist change in part because of the “secondary gain”—the psychological benefits (such as sympathy and attention)—that may result from continuing one's dysfunctional ways.

Prerequisites of Personal Change

A number of prerequisites of personal change can be listed: the role of negative emotional affect, the focal event, and the public declaration of intent. Each of these prerequisites plays an important role in facilitating the process of transformation. These preliminary steps contribute to an inner journey eventually contributing to the internalization of change. There is a certain sequence to the process of personal change.

Step 1: Negative Emotional Affect. If the human tendency is to *resist* change, how does the process of change ever get underway? Why does a person's resistance start to weaken? Given the relative stability of personality, getting the process of change into motion requires a strong inducement indeed—an inducement in the form of pain or distress. In short, discomfort which outweighs the pleasure of “secondary gains” is usually the catalyst for change.

A high level of stress, as indicated by studies of personal change, is a major inducement to individual change. Stress is caused by such factors as family tensions, health problems, negative social sanctions, accidents, feelings of isolation leading to a sense of helplessness and insecurity, problem behavior, distressing incidents happening to important others, and basic daily hassles and frustrations. Among those of our interviewees who reported that they had changed, most also mentioned feeling a high level of unpleasant emotion—anxiety, anger, sadness, or frustration, for example—in the period just prior to change, generally precipitated by a stressor such as those listed above. This negative emotion brought to awareness the serious negative consequences

that were to be expected if dysfunctional behavior patterns were continued. Individuals who reported major change said that they had found the status quo increasingly difficult to maintain. They found themselves deadlocked in situations that unsettled their psychological well-being. Their negative emotions—and the consequences they anticipated if those emotions continued—led to a weighing of the pros and cons (not necessary a conscious process) of the existing problem in an effort to find a solution. They recalled feeling that something had to be done to break the stalemate, to change the situation.

When the interviewees realized that their bad days had turned into a bad year—in other words, that the isolated occurrence of occasional discontent had changed into a steady pattern of unhappiness—they were no longer able to deny that something had to be done about the situation. From this point on, every new disturbance was recognized as part of the general pattern of dissatisfaction. A certain amount of “crystallization” occurred, turning the complaints into a coherent entity. Gradually, all the undesirable features of life’s circumstances compounded to create a clear picture of the situation. Many people reported then having a kind of “aha!” experience, a moment when they were finally able to interpret correctly what was happening to them. They saw clearly that neither the passage of time nor minor changes in behavior would improve the situation—indeed, that the situation was likely to become even worse if nothing drastic was done about it.

This insight, that the situation required drastic measures to be improved, did not always automatically compel these people to take action. However, it usually set into motion some kind of mental process whereby they were willing to consider alternatives to the adverse situation. When people finally made the transition from denying to admitting that all was not well, they found themselves at the beginning of a reappraisal process. This was likely to be accompanied by strong feelings of confusion and (at first) even protest. Every alternative to the troubling situation was likely to appear more frightening than the status quo. Gradually, however, a preferable alternative to the stalemate began to crystallize, although the hurdles still seemed insurmountable.

Step 2: The Focal Event. Among those executives we interviewed, accepting the need for change was generally not enough to get them to take an active step toward changing

their situation. They needed a push, in the form of something that can be described as a “focal event.” While the expression “focal event” signals a significant happening that triggers change, the reality is frequently somewhat different: often the focal event may only retrospectively be interpreted as a milestone.

The metaphor of the “last straw” is very appropriate, because it indicates that if a person is prepared—if not actually *ready*—to take a decisive step, the triggering event can be minor: the final additional element (one among many) that puts matters into focus. Experience suggests that while major events certainly can be focal, focal events are often minor occurrences that are seen as focal simply because the person is ripe for initiating change. And indeed these minor occurrences *are* focal, because they’re facilitating factors—factors that enable a discontented person to take that long-delayed first step. Thus, while often such an event is seemingly minor, it become symbolic in being the trigger for the change process.

Among our interviewees, this focal event was often an occurrence that involved someone important to the person in question—an incident that, because it was perceived as a threat, led to a reevaluation of the behavior that caused distress. One woman, for example, remembered as her focal point the sudden death of her boss and mentor; she saw in that death a judgment of her own overdedication to the workplace. The crystallization of her discontent centered around this focal event, which symbolized and called attention to the existing problem and provided the impetus for change.

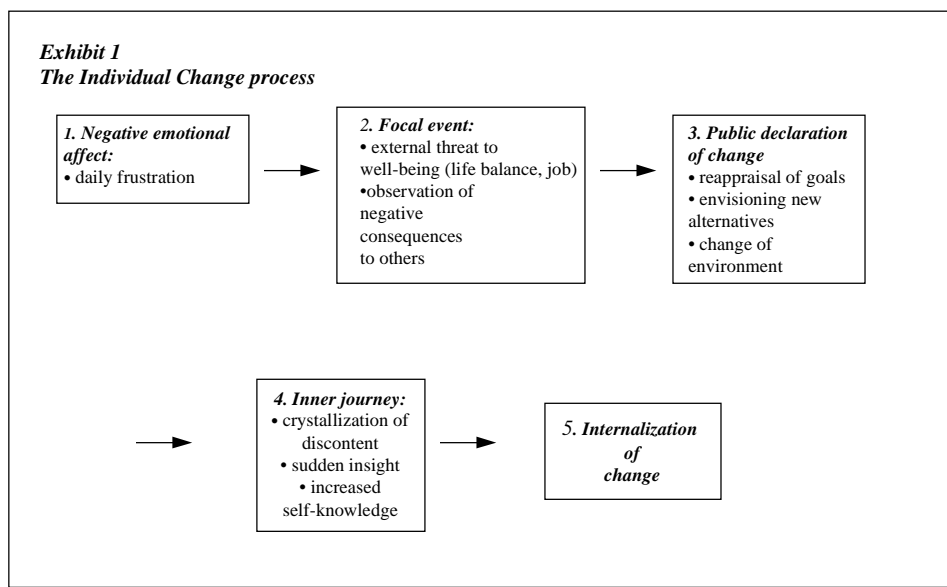
A person’s focal event can also be seen as a kind of “screen memory”: while the incident may seem trivial at first glance, it is actually an indicator of a whole range of incidents that are symbolic of the experienced problem. Although it is *objectively perceived* as minor, it is *subjectively experienced* as significant, because it calls attention to a problem that’s existed for a long time. It precipitates a moment of insight and leads to a reinterpretation of the person’s life history. (Of course, some focal events are objectively as well as subjectively significant—events of a very serious nature, such as the death of a co-worker, as in the above example, or one’s own illness.)

This is the point in the process when the person in question becomes ready to take action. He or she has acquired the inner strength to make a change; the resistances to change are weakened. New possibilities are seen where before there was only a sense of helplessness and hopelessness. Emotional energy has been transferred from “concerns” of the past (such as dysfunctional behaviors) onto aspects of the present and the future. The person feels as if he or she has been freed from the heavy burden that was constantly weighing down him or her, and feels mentally ready to tackle a more constructive future.

Step 3: The “Public” Declaration of Intent. Interviews with people who had undergone significant personal change suggest that a good indicator of a high degree of commitment to change is a more public expression of one’s *intent* to change. How to go about it and the exact form this desire to change may take may not be clear yet. By communicating to others openly what one plans to do indicates a certain degree of acceptance of the problem. It signifies that the speaker is willing to defend his or her new way of looking at things from the often skeptical or even critical view of others. It indicates not only that the person has come to terms with his or her problems, but also that he or she is ready to take new initiatives.

Public commitment is important since it creates a double-whammy situation: they influence both the environment and also the speaker him- or herself. In the very act of making other people aware of a desire for change, people in the throes of change become aware that the old conditions are not valid anymore and that they need to adapt their attitude to new conditions. At the same time, by pronouncing their wish (and intention) to change—by taking a somewhat *public* stance—they give themselves an ultimatum: go through with it (whatever the change may be), or lose face. Take excessive drinking as an example. If a man states the wish and intent to give up his addiction to alcohol, acquaintances who approve of that decision are less likely to offer him a drink and will probably comment on it if he takes one. Thus going public with one’s intentions enhances one’s own determination and enlists the support of the environment; thus working as a strong reinforcement of the change process

Step 4: Inner Journey. Such personal resolutions set the stage for a reappraisal of goals, the envisioning of new alternatives making for an inner journey characterized by a crystallization of discontent, new insights, and increased self-knowledge. The end-result of this all these psychological working-through processes may be step 5: an *internalization of change*. The mind-set of the person has changed. This new way of looking at things has been internalized. (See exhibit 1 for an overview of these individual steps to change.)



Navigating the Maze of Organizational Transformation

We can draw a number of parallels between the way individuals change and the way organizations change. As with individual transformation, organizational change tends to be of a sequential nature, and that process begins with discomfort in the organizational systems. Stress in the system can be seen as the main lever that gets the change process on its way. But pushing that lever is easier said than done, because—as in the case of individual change—there are a lot of resistances to deal with. Organizational participants may not see, at first glance, that the change process is in their self-interest. Even those who are aware that all is not well can find infinite ways of avoiding the issue of change. The fear that the proclaimed benefits of a particular change will not outweigh

the costs involved sets many unconscious defenses in motion. Thus, there is a significant challenge inherent in this dilemma.

Organizational Resistance to Change

Change, as mentioned before, implies the loss of security of the familiar. For many people in an organization, change implies a loss of the security that goes with a specific job; they fear the unknown. Insecurity causes them anxiety, resulting in the wish to hang on to old patterns of behavior. Other people—those who expect that change will require them to learn a new job or work harder—may fear that they lack the skills and stamina needed for change. Still others may be afraid that good working conditions or a sense of freedom will be taken away. Some employees may fear that change implies a loss of responsibility and authority, with concomitant status implications. They may dread the perceived loss of status, rights, or privileges that they expect the change to bring. Other people may interpret change as an indictment of previously taken actions; they may see a proposed change as an attack on their previous performance and react defensively. Furthermore, change sometimes threatens existing alliances, implying the loss of important friends and contacts. The fear of having to leave friends and familiar surroundings can arouse many resistances. For those workers who deal with budgets, there is also the question of sunk costs: they may be reluctant to accept a change that entails scrapping certain costly investments. Finally, change may be resisted because of something so pedestrian as a feared decrease in income.

One way to overcome all these resistances is to make it clear to all those involved that hanging on to the present state creates more problems than diving into the unknown. Unless those directing the change effort manage employee resistances, it will not be successful. People have to realize the implications of not doing anything. Not acting is also a form of acting. They have to be made aware of the personal costs—to them individually—of not changing.

Fomenting Dissatisfaction

We have all heard the saying, “There’s no gain without pain.” There is considerable truth to those words in the context of personal change: the willingness to change usually presupposes a high level of stress. Just as discomfort with the status quo is the engine

that drives the individual change process, so too does stress drive organizational change. Studying organizations that are prepared to undergo change, we can usually observe a high level of discomfort. There are pressures on the organizational system indicating that some kind of adaptation is needed. In spite of the “pain,” however, many necessary organizational change processes get stalled because of defensive routines.

If such routines continue to be manifested throughout the organization in the face of extreme discomfort, we can assume that the resistances of the key powerholders are still intact, that the necessity for change still escapes organizational leaders. Locked in behavior patterns that have previously proved to be quite effective, these leaders haven't yet realized that circumstances have changed, that adaptation is needed, that what once was a recipe for successful performance has become a recipe for disaster, that what once were good practices—a perfect alignment with the economic environment—are no longer viable. (As someone once said, “There are two tragedies in life: one is to be unsuccessful; the other one is to be successful.”) But changing the mind-set of key players in the organization is never easy. It generally requires a strong jolt of some kind. Those favoring change must pressure the skeptics into believing that the present state is no longer viable, that the alignment of organization and environment is off.

Awareness of the need for change is achieved most effectively by creating pressures that comes from both inside and outside the organization. Among some of the external factors that can cause discomfort in organizations are threats from competitors, declining profits, decreasing market share, scarcity of resources, deregulation, the impact of technology, and problems with suppliers and consumer groups. Examples of internal pressures are ineffective leadership, morale problems, high turnover of capable people, absenteeism, labor problems (such as a strike), increased political behavior in the company, and turf fights. These are all factors which inevitably negatively affect the mind-set of the people in the organization. The resulting malaise corrodes the corporate culture and has an impact on patterns of decision making. Eventually, as these stressors cause increasing daily frustration, they can no longer be ignored; an overwhelming dissatisfaction with the status quo results in person after person. Gradually, the majority may realize that something needs to be done or the future of the organization will be endangered; this is the organizational equivalent of crystallization of discontent.

Creating a shared mind-set characterized by collective ambition, commitment and motivation, a sense of urgency that some form of action is needed, and an external focus becomes critical at this stage of transformation.

Engendering Hope

In this phase of the change process, hope (in the form of a new vision and mission) offered through the role of a change agent is essential in breaking the vicious circle of despair. In the best of all worlds, the change agent is a person who holds a key power position; ideally, it should be the CEO (or some equivalent) who makes the case for change. Although people at other levels of the organization can (and sometimes must) take the initiative, given the reality of power dynamics it is members of the dominant coalition (particularly the CEO) who are most effective at getting the change process on its way. After all, the extent of a person's authority, resource control, and the way his or her dependency relationships are constructed within the organization are all factors that strongly influence his or her power to effect change.

Thus, it is the leaders of the organization who should identify the challenges faced by the organization, point out the source of the distress, and clearly present the negative consequences of a failure to act. Benchmarking with other organizations becomes a good way to illustrate performance gaps and their consequences. By articulating the reality of the situation, they focus the existing state of discomfort. That level of discomfort has to be kept within tolerable margins, however; otherwise, people will tune the problems out. To buffer against excessive stress, leaders must present a viable alternative to the present situation. A collective ambition needs to be created, leading to the formulation of an action plan. At this point it is crucial that followers perceive the change program as something realistic and not a "pie in the sky" proposition.

When developing the outlines of a change process, the change leaders need to reframe the cultural guidelines that people in the organization have gotten used to; they should also make an attempt to reframe the positive aspects of the change effort. They need to create pride in the organization's history but also point out how this pride in tradition can anchor the organization to the past. By referring to the organization's greatness but

also presenting a new way of doing things, leaders create a sense of hope; that dual approach makes for a sense of new beginning.

One important factor to be addressed by leaders are people's fears about career prospects. To appease the inevitable worries, they must first emphasize the personal implications of continuing as before. Rather than allowing people to follow an ostrich policy, denying reality, leaders must talk about what effect ignoring environmental threats is likely to have on the careers of people in the organization. At the same time, they should articulate the opportunities that would be created by doing something about these threats. A new psychological contract, implying mutual obligations and commitments (explicit and implicit) between the employees and the organization, has to be established. The new values required to make the transformation effort a success have to be clearly spelled out to win the peoples's consent and support of the change process..

Repetition of the message of change is also important, because people need to be reassessed as they deal with the consequences of loss that change implies. Every opportunity should be taken to get this message across verbally and visually.

As leaders provide a focus, articulate the issues in an understandable way, and seek to gain the support of their followers, the role of symbolic action—action that depicts what the new organization stands for and bridges the old and the new—becomes important. Getting people on board needs a certain amount of “theater,” as a means both to articulate goals in an easily understandable fashion and to draw people into the process.

The impact of symbolic action is illustrated by the activities of the CEO of a consumer products company who began making regular store visits during his travels and talking frequently with potential buyers of the company's products. This interaction was his way of emphasizing that the newly espoused value of customer focus was not just another empty slogan. His obsession with customer satisfaction quickly caught on, reverberating throughout the company. Another CEO who was driving a corporate transformation effort asked all his executives to write a letter of resignation from the “old” company and a letter of application for the “new” one. This activity of rethinking

what was wrong with the company and reflecting on how to make it a high-performance organization had a powerful impact. Thus, the effect of a symbolic act to get employees to “rally ‘round the flag” should not be underestimated.

In any communication of the change message, leaders must focus on clear, compelling reasons for change, lest employees fear that tradition is being abandoned for naught. To further guard against that fear, leaders should make an effort to build on aspects of the existing culture that are appropriate for the new organization. Employees must perceive the entire change process as inspired by vision and driven by solid corporate values. They must see that it not only aims at building and maintaining a competitive advantage but also addresses the individual needs of the people who will be affected. Finally, they must know that there are boundaries to the change process, that the proposed change effort has clearly defined parameters.

A dedication to honest, focused, and persuasive communication pays dividends to those spearheading a change effort. Eventually, most people in the organization will have at least a basic awareness that there are problems, and they’ll be prepared (in spite of lingering resistances) to accept the need for action.

Carrying Out the Transformation

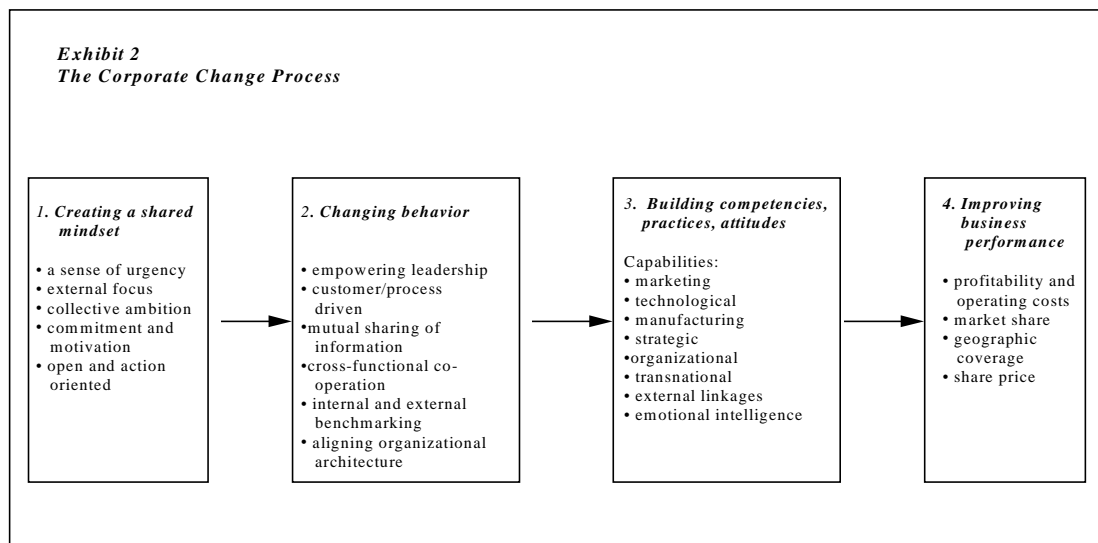
After leaders have convinced their workforce of the need for change, the next step is to align crucial players behind their new view of the future. They must put the appropriate organizational architecture in place to help the organizational participants enact the new vision. Leaders must build coalitions with other key powerholders in the organization. Those powerholders can then help to spread commitment and cooperation throughout the organization.

To expedite the change process, leaders driving a change effort need to empower their subordinates by sharing information fully, avoiding secrecy, and delegating responsibility. Leaders should keep surprises to a minimum, clearly delineate expectations, and maintain dialogue that’s both ongoing and genuinely (rather than merely superficially) two-way. Furthermore, leaders need to communicate values by

setting an example with clarity and consistency. In other words, those who drive the process have to “walk the talk.”

Employee participation and involvement are the keys to organizational commitment. People at all layers of the organization—not only those at the top—should be involved in the change effort, beginning with a joint diagnosis of the problem. And that participation should be rewarded: leaders can offer incentives, for example, to people who support the change effort, thereby signaling the benefits of change. Building the right competencies, practices, and creating the proper attitudes becomes crucial at this stage. People who are willing to acquire these new competencies should be rewarded just as those with other needed skills are; they’ll serve as models to others.

Because small wins have a ripple effect, leaders are advised to divide a big change effort into bite-size portions, thereby making the overall task more palatable. Visible improvements—again, small wins—help convince people of the doability of the change effort. Despite striving for small wins, however, leaders should set high performance expectations. By stretching people, by offering them an opportunity to spread their wings, leaders encourage followers to rise to the challenge. Successful stretching benefits both the organization and the individual, since reaching one’s stretch goals engenders considerable personal satisfaction. (See exhibit 2 for an overview of the corporate change process.)



Staging a Focal Event

If leaders have been employing the techniques discussed above, most people in the organization have probably gone from contemplation of change to action; they're committed to—and working on—overcoming existing problems, changing personal behavior, and making changes in the organization's structure, strategy, and culture. If leaders feel the need to expedite the change process, however, they can try to “imitate life” by “staging” a focal event. This can be done in many different ways: it can be an off-site gathering at which members of senior management announce plans for a new organization; it can be a series of workshops, a seminar, or a meeting run by an outside consultant. Whatever the design, such a staged event should allow for—indeed, mandate and focus on—strategic dialogue between top management (particularly the CEO and members of the executive committee) and the subsequent layers.

As a forum for feedback and critique, strategic dialogue offers the opportunity for a more focused organization-wide involvement. The resistance that people feel not only to initiating change themselves but to *being* changed is lessened by such involvement, because it gives participants a sense of control over their destiny. Since strategic dialogue is based on a direct feedback loop with senior management, it permits an open and informed discussion of the challenges facing the company. Topics perceived as undiscussable in the day-to-day work context can be put forward and addressed,

diminishing the level of employee anxiety (especially among those who have the will to change but are afraid that they lack the necessary competence). Furthermore, strategic dialogue offers an opportunity to mourn the old way of doing things, to be nostalgic about the past, and to tackle a new beginning.

The focal event provides the opportunity to address more systematically a number of issues discussed previously. First, even if most people seem to have bought in to the notion that the organization's present state is unsatisfactory, during the strategic dialogue leaders should reemphasize that crucial point. Second, it is an opportunity to reiterate the need for company-wide commitment to a redefined corporate vision, mission, and new cultural values. Third, leaders should work with focal-event participants to determine whether the appropriate organizational design, systems, and workforce are in place. Fourth, they should address the question, given the need for change, does the company possess the right mix of competencies? If not, is the training and development program that helps employees acquire the necessary competencies (and thus reinforces their belief in their own skills to change) adequate, or do outsiders with specialized expertise need to be brought into the organization? Fifth, attention should be paid to the question whether performance appraisal and reward systems need to be modified to encourage alignment of behavior with the new circumstances. Finally, are resources available (including leadership) to make for the kind of change that is required? (See exhibit 3 for a summary of such an assessment process.)

Exhibit 3
Assessing the Potential for Organizational Transformation

Criteria	Question: To what extent...
Barriers to change	...do people in the organization recognize the need to change?
Triggers of change	...are inside and outside forces pressuring the organization?
Degree of dissatisfaction	...is the organization as a whole dissatisfied with the present status quo?
Common vision , culture and mission	...does the organization have shared values, goals and expectations?
Structure and processes	...does the organization have the correct organizational design and processes in place?
Competencies	...does the organization have the right mix of competencies: skills, attitudes, and knowledge?
Aligning behavior	...do performance appraisal and reward systems encourage the right behavior?
Capacity for change	...does the organization have the ability and resources to handle the kind of change that is required?
Leadership	...does the organization have the right quantity and quality of leadership?

Encouraging individuals to make a public declaration of their intent to change during these dialogues will also have a powerful effect. As in the case of personal change efforts, a public declaration of what the individual plans to contribute to the transformation process strengthens commitment to the organizational change effort; it reinforces the intent to change simply by making it highly visible. A public declaration of intent alone is not good enough, however. It has to be backed up with a way of measuring what is been announced. In other words, a follow-up procedure, perhaps in the form of a detailed personal action plan, has to be tied to each declaration. After all, what is not measured rarely gets done.

One important factor of a staged focal events is to drive the notion deep down in the organization that “the enemy is us,” that blaming others for existing difficulties is unproductive. These sessions offer the opportunity to explore the extent to which problems can be traced back to what were originally good practices but now are out of alignment. Strategic dialogue shouldn’t be overwhelmingly negative, however: focal-event workshops should facilitate a process of self-discovery of *both* the good and the bad, allowing people the opportunity to reflect on what made the organization great, but emphasizing that what was good in the past may no longer be appropriate (given the

changing circumstances). Because the opportunity to reminisce, to mourn the past, allows people to build on the old and create the new, strategic dialogue should permit expressions of nostalgia and grief for the past; in doing so, it will encourage expressions of excitement for the future. But this is a slow process: it takes considerable time for a new conception of the organization to be fully metabolized, to go from superficial adoption of a new state of affairs to deep internalization.

Before attempting a staged focal event—given its potential impact in the change process—company executives must wrestle with the delicate question of leadership for change. This issue is particularly difficult if questions are raised about the capability of the CEO to drive the change effort. As a matter of fact, if we look at organizations that have experienced successful, more dramatic change, we see that an outsider has generally been brought in to make the process happen. Outsiders seem to be less “bound” to a particular way of doing things in a specific organization than insiders. They are freer to drive the levers of change.

Changing the Corporate Mind-Set

Letting go of the old ways of doing things is not only (or primarily) a cognitive process; it is, first and foremost, a sequential emotional process. We have observed how corporate change, similarly to personal change, often starts with a state of turmoil. With the anxiety level rising, sometimes to the point of panic (among those who fear for their jobs, for example), normal organizational processes generally come to a halt or become ritualistic. People fall back to familiar routines, going through motions they know well as they try to deal with the announced change. This early in the game, few people are ready to accept that a new way of doing things has become unavoidable.

As a reaction to the shock experienced by what is happening to and around them, people in the organization may regress into a dependency or a fight or flight mode. Those in the dependency mode may wish for (and imagine that they have) an omnipotent leader who will set things right. Their dependency may also manifest itself in passivity, in a lack of initiative. Fight behavior, on the other hand, may be symptomized by a displacement of anger—that is, by blaming or scapegoating others for what is happening. People regressing to fight behavior often exhibit a great deal of irritability and bitterness.

However, those emotions are often directed not toward the corporation itself (and the people and practices within it) but toward “others” who might be to blame. Customers, suppliers, the government, and competitors typically fall into that category. People turning to fight behavior are not yet ready to look at themselves in this difficult equation. Instead, they waste their energy on internal politics, engaging in turf fights rather than facing their real problems. Still other people regress not to dependency or anger but to flight behavior. Some actually leave the organization at the first signs of stress. Others simply withdraw; no longer participating in the activities of the office, and redirect their focus towards other things.

These three modes of behavior cannot go on for long without dangerous corporate consequences. If people in the company refuse to look at their own role in the declining spiral, the organization will soon find itself in receivership. In organizations that are fortunate—and whose change drivers have been astute and skillful—employees reach that realization themselves in time to act on it. They understand that no miracle waits around the corner, that positive things happen to people who help themselves, that the steps needed to reverse the situation must be taken not by others but by themselves, that fighting change is of little use. As an increasing number of people in the organization share such thoughts, the corporate mind-set begins to change. Resistances are worn down, and the first tentative explorations of the new reality take place, even as—during the period of adjustment—people mourn their losses.

The next and final phase of organizational transformation, when adjustment is complete, people in the organization have redefined themselves. They’ve accepted the new way of doing things, recognizing its advantages, and they now collaborate. New values and attitudes have been internalized. People have a more positive attitude toward the future.

In an organization that hopes to effectively steer this mourning process and regenerate itself, the role of astute leadership is essential. Leaders must recognize that it takes time to give up the old and embark on the new, that people facing organizational change (like those in personal change situations) need time to mourn the past. Effective leadership is a balancing act, especially during periods of change. Leadership that acknowledges the importance of the roles of envisioning, empowering, and energizing—and that also takes

on an “architectural” role in setting up the appropriate structures and control systems—will go a long way toward restructuring the organization.

Primary Factors Facilitating Change

Now that we have looked at the psychodynamics of the change process, a few observations are in order concerning factors that facilitate change. Studies of successful personal change efforts indicate that there are two primary factors that help the change process and that may even, in certain cases, determine whether the transformation effort succeeds or fails: the presence of some kind of social support system to ease the process of change, and a personality style described in the literature as “hardy” (meaning that one’s locus of control is more internal than external). Let us look at each of these factors in turn.

Social Support

People who experience a sense of isolation and who feel left alone in their efforts to change behavior patterns have a more difficult time changing. Without the support of their environment, they find their resistance to change seems to be harder to overcome. Moreover, there is an established link between the existence of social support and good physical health. Social support takes on a crucial buffering function against stress. Indeed, social support is often the single most important factor in helping an individual overcome the barriers to change. People seem to sense this intuitively: those who decide to embark on a journey of transformation often seek out people who can give them the support they need, whether instrumental or emotional.

Instrumental support is task-directed. It involves such things as assigning another pair of hands for a job that needs to be done, obtaining specialized outside assistance for a challenging project, providing authority along with the responsibility—in short, handing over whatever resources are needed to make the change effort a success. Emotional support, on the other hand, is tied to self-esteem. This kind of support encompasses ways of maintaining and bolstering a person’s feelings about him- or herself. This support can be given by the spouse, other family members, friends, or colleagues at

work—a network of people who offer reassurance, guidance, and an opportunity to share interests.

Sometimes both forms of support issue from the same source. Researchers have found that people in the process of change often seek out others who've gone through a similar situation, partly to obtain practical help that seems to have worked for the other person and partly to derive some consolation from not being alone in the situation. In addition, the person in pursuit of change often derives justification for his or her efforts to alter the situation by seeing others who've done the same.

Hardiness and Locus of Control

Some people possess a more internal, others a more external, locus of control. People with an internal locus of control feel that they're in charge of their own lives; they perceive their destiny as affected by their own decisions, not by outside factors. They see a strong relationship between their own actions and what happens around them. This secure belief in themselves, this independence and self-confidence, makes such people less anxious; more active, striving, and achieving; more future- and long-term-oriented; more proactive and innovative (though less prone to engage in risky behavior). So-called internals also possess a considerable amount of self-control. They tend to be more motivated and successful in life than their external counterparts, both academically and in their work. Their strong belief in their own capabilities makes these people resistant to influence, coercion, or manipulation.

An internal locus of control enables individuals to take charge of and carry through major personal change with more ease and self-confidence. Their belief in their control of their own destiny prevents them from doubting the outcome of a self-initiated change process. Because they feel responsible for their own actions, they're aware that it is only they themselves who can orchestrate their personal transformation. Once they've realized the necessity for change, they go ahead rather than wait for some outside sign or agent to initiate the change. People with an external locus of control, on the other hand, often see change as a threat. Because they don't feel in control of the forces that affect their lives, they adopt a rather passive stand toward change, unable to take decisive steps

toward a transformation of their own choosing. Such an outlook makes them prone to various depressive reactions.

The term “hardy personality” has been coined to describe people characterized by an internal locus of control. There is more to hardiness, however, than the feeling of control over the events of one’s life. Hardy individuals feel a deep commitment to the activities of their lives. Deeply curious and eager to initiate new experiences, they perceive change as a positive challenge to further development. Hardy individuals have a strong commitment to self, an attitude of vigor toward the environment, and a sense of meaningfulness. In contrast, nonhardy people feel victimized by events and have a tendency to look at change as something undesirable.

People who are characterized by a hardy personality style possess affective, cognitive, and behavioral skills that make them better survivors in stressful situations. Hardy individuals’ feeling of control over what is happening to them and their lower need for security enable them to tolerate ambiguity better than others. They think in a way that helps them to anticipate and internalize the changes they face. These people take charge; they make decisions; they feel that they’re not at the mercy of events. They have a positive outlook toward life and face its challenges with resilience, flexibility, and adaptiveness; consequently, they show greater job involvement than others and put themselves easily into the role of catalyst.

It is that same positive outlook that makes hardy individuals more stress-resistant than others. Furthermore, hardy types are less prone to helplessness, depression, and physical illness. Their commitment to self helps them preserve their mental health under strong pressure. With an outlook characterized by a sense of control, commitment, and challenge—and therefore buffered against stress and illness—they’re effective at dealing with all of life’s tasks. In particular, they have the skills to cope both psychologically and somatically with the stress caused by the change process.

Creating Organizations that Renew Themselves

Making social support part of the corporate culture is a task that has to start at the top. The more effective leaders seem to have a considerable amount of emotional

intelligence; they often possess what can be described as the “teddy bear factor,” providing a sense of security for followers; they inspire trust and confidence. Leaders who possess the teddy bear factor demonstrate to their employees that genuine attention is being paid to them, that they’re being listened to. Such leaders create trust and confidence in their followers: essential factors for a successful transformation process.

Hardiness is a tougher nut to crack. While research indicates that innovative, proactive companies have a larger percentage of people with an internal locus of control (a crucial component of hardiness) than other companies—confirming the desirability of that orientation—internal or external locus of control can be deeply ingrained. To change the mind-set of an external into an internal is easier said than done. Companies subjected to a turbulent environment—those for whom change is the norm rather than the exception—would do well to select people who have a more internal locus of control.

Conclusion

In these times, when frequent discontinuities are the norm in a constantly changing corporate world, organizations and their people have to be able learn to adapt their behavior to sustain a competitive advantage. An organization that is firmly stuck in the behavior patterns of the past, is doomed to failure. The paradox of success leading to failure by creating complacency and arrogance is the greatest challenge to organizational leaders. Heraclitus’s statement that “there is nothing permanent except change” is more true now than ever. Given the environment we live in, a secure grasp of the dynamics of change is a required core competency of any leader. Executives who have a poor understanding of change processes will be at a competitive disadvantage.

Today’s leaders face a difficult challenge: to create the kind of organization in which an orientation toward change becomes one of the core values, to instill in an organization a culture that becomes regenerative. To prevent the discomfort that accompanies full-blown change processes, organizations need continuous, gradual change—the sort of change that occurs naturally when both leaders and followers keep questioning whether their way of doing things is firmly embedded in reality. In organizations that keep

themselves properly aligned with the environment via incremental change, environmental “creep” is minimized.

The ultimate challenge is to create an organizational mind-set in which people exploratory dispositions are fully deployed, where change is welcomed and desired. This, as we have seen, is not an easy proposition. To prevent employees from settling down too firmly at their desks—to avoid turning the organization into a psychic prison characterized by rigidification and routinization—leaders need to cultivate a culture of trust, a prevailing organizational attitude that encourages people to challenge established ways of doing things.

Organizations that foster an atmosphere of constructive conflict, where people do not take the recommendations of their powerholders for granted, where they question what their leaders have to say, and where strategic dialogue is the rule and not the exception, will be in the best position to remain aligned with the environment, however much or often it changes. Organizations characterized by this sort of constructive dialogue will kill ill-conceived projects, unearth missed opportunities, and inform top executives of the concerns of the employees. When such a mind-set prevails, it will serve as an early warning system of the need for change. The questioning attitude of this mind-set will make organizational preventive maintenance possible and create an atmosphere of continuous learning.

Making such an organizational culture a viable proposition takes continuous effort, since change runs counter to the built-in conservatism of human behavior. Even while old resistances are breaking down, new ones are emerging. The danger of rigidification is ever present. As John Kenneth Galbraith once remarked: “Faced with the choice between changing one’s mind and proving there is no need to, almost everybody gets busy with the proof.” People who understand the dynamics of change, however, who do not spend their time looking for proof, and who realize that the tremendous opportunities inherent in a proactive stance far outweigh the temporary sense of discomfort that accompanies proactivity, will be the winners in this world of discontinuities.

