

C

E



Center for
Effective
Organizations

**LEADING CHANGE
DO IT WITH CONVERSATION**

**CEO PUBLICATION
G 07-6 (516)**

SUSAN A. MOHRMAN
*Center for Effective Organizations
University of Southern California
Marshall School of Business*

March 2007

Leading Change

Do it with conversation.

By Susan Albers Mohrman

Few corporations are immune to the forces of the global economy and the sweeping technological advances that require large-scale change and adaptability for survival. Self-reports from executives give the impression that transformation of a complex organization depends on the CEO being prescient, charismatic, and visionary. I find, however, that many conversations must occur among those members of the organization who do the heavy lifting when new capabilities are being planned, developed, and embedded in the operating routines in order to reach agreement on how to perform better and differently.

Having studied many companies, we find that a pivotal variable in accelerating change is the dialogue among members that allows them to internalize the purposes of the changes, understand their role, and redesign how they work with one another and deliver value to the customer. Executives spend much time worrying about and crafting their communication plan—how to get the information out consistently and in a compelling manner. They need to focus equally on starting the conversations that enable the development of new *shared meanings* of the logic of the changes and *new agreements* about how people will work together to accomplish something new.

Developing a new corporate architecture is critical, and executives must ensure that this happens to enhance capability. Managers and employees also need to incorporate new strategies, business logics, and organizing principles into how they think about the company and their jobs by finding new approaches that make sense in their work setting, thus contextualizing the broad direction from executive management. Every affected person and unit has to make sense of the new architecture—and learn how to function within it. For example, if the implementation of a strategy entails establishing new units to address key customer accounts, or to develop business in a new country, or to partner with another company—the members of all units that deal with them must make sense of new tasks and altered responsibilities. An organization is loaded with sense that has been made by its incumbents about why they are there, what is expected and what outcomes are important—and with agreements, formal and informal, about who does what and how people work together. An organization undergoing change needs to build in ways for its members to quickly make new sense and develop new agreements.

For four years, my colleagues, Ram Tenkasi and Monty Mohrman, and I studied 10 companies going through major change. We found wide variation in speed of implementation among similar units in the same company that were operating under the same leadership and within similar new strategies and architectures. Something different was going on in the accelerated units. These units:

- Quickly developed a shared understanding of the changes that they were part of—the members described the change similarly and had achieved agreement about how to operate. They had talked together and made sense of what was happening.
- Understood the business logic of the change and of their roles, and thought not only of their own performance but of how they supported and worked with other units to achieve business success. They had worked out processes for meeting the needs of their colleagues and customers.
- Self-designed local ways of operating to make the changes a success—they didn't wait for the company to remove all ambiguity. They did these themselves by talking to each other and figuring out what to do.
- Tried things out and learned from them—quickly addressing problems and tensions. They knew that in a shifting landscape they needed to keep learning and changing. To do this they shared their experiences, feedback, and ideas.
- Reached out to others to learn from their experience. They didn't wait for formal training programs – they shared and learned from their networks.

Change can be accelerated through rich dialogue and building and drawing on existing and new networks. Managers can catalyze these behaviors. They can model the learning behaviors, initiate discussions of the changes, and pull together the units and teams to define new ways to operate. Change can be managed, but it *must* be led—a manager can't change the way a unit behaves; only its members can do that. During times of change, managers feel at risk because of performance pressures and in conflict because they are also trying to manage change. The irony is that they *can get through the change more quickly and perform better* if they take time for sense-making and for building the new agreements and practices.

Change leadership is a team sport. Leadership can and must emerge throughout the organization. In accelerated units, leaders focus on four tasks:

- Keep people focused on what the organization is trying to accomplish and how it must change.
- Create opportunities for teams, units, and individuals to learn and develop. Our accelerated units took advantage of the change resources provided, held team development sessions, attended training sessions, and visited other organizations, and shared examples and ideas.
- Make sense of the multiple initiatives that accompany most strategic change, and of how they support the strategy and create a new way of doing business.
- Help people understand the new performance requirements and the changing employment relationship. People discuss and come to understand and accept that their employment situation has changed, and the company is expecting new things from them. This contrasts with units in which resentment and confusion prevail.

Change can be threatening because new skills and behaviors are required, and people wonder what's really important or if they're up to it. It can be frightening because some people are no longer needed, and new members may bring different ways of doing things

and expectations. Change may erode the sense of trust when the basic terms of employment, such as benefits or compensation, shifts. In changing organizations, people may be told that they must have competencies that are needed by the company.

Leaders must face these issues head-on, defining the new expectations clearly and creating opportunities for employees to talk and work through these issues.

By leading learning processes, leaders create opportunities for members to internalize the change, to help shape the work they do, and to help define their destiny. In this manner, employees become agents of change, not targets. They not only implement changes—they help define them. Executive announcements and corporate redesign are just the beginning—in successful change, the heavy lifting required to develop new capabilities occurs in conversations. **LE**

Susan Albers Mohrman is senior research scientist at the Center for Effective Organizations in the Marshall School of Business at the University of Southern California. Email smohrman@marshall.usc.edu.