Changing individuals changes organisations

Small and large businesses have been searching for decades for the holy grail of organisational change: the perfect way to motivate employees to change their old ways for what management (or consultants!) deem to be better, new ones.

The prevailing wind of change is a “top down” change of an organisation’s structure or reward system. Some experts espouse putting a “champion” in the executive suite to drive and implement change down to the lowest rung of the corporate ladder. The notion – get a big gun upstairs to push change to the organisational depths.

“...the default mindset: when they think about change it’s easy for them to focus on all the things that are not personal—systems, context, or structure,” Hal Gregersen said in an interview with INSEAD Knowledge. “But when you push managers to think about individual people who need to change, it becomes a very different conversation … less of an intellectual exercise about systems and structure, and more of an individual exercise about real people making real change,” Gregersen says.

Black agrees that the change must come from considering individuals first. He notes that only about 30 per cent of organisational change initiatives succeed. The 70 per cent failure rate, he says, is not because managers are dumb, but because there must be a systemic reason that their focus on changing organisational structure is not working. “Change really starts with focusing on the individuals you’re trying to change, why you’re going to change them, how you’re going to change them, and how they look at the change,” Black says. “If you can’t zero-in on those individuals, there’s no guarantee that things will change.”

INSEAD professors Stewart Black and Hal Gregersen take a fresh approach in their book ‘It Starts With One’, believing that an organisation changes only as fast and as far as the front-line individuals implementing that change. Therefore, they need to be considered first, in the change paradigm.

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way to behave as they did before. “People are smart,” Black says. “They know the new thing. They know they won’t be instantly good at it. A lot of people would rather be good at the wrong thing, than bad at the right thing.” Related to that, the co-authors believe that too many managers forget that people are not easily manipulated by “large levers” like structure or rewards – in the quest for change.

The book outlines three things that must happen within an organisation before change can happen: seeing the need for change; moving once the need is agreed to; and finally completing the change. A key to all this is changing the “mental maps” of managers as well as rank and file workers.

In one of many anecdotes in the book, Gregersen tells of a meat-packing plant that tried to change its top-down management by allowing more input from ordinary workers into typically upper management tasks such as scheduling. At a staff meeting, a big, brawny butcher, who took issue with the new, decentralised structure, stood up and demanded that it was his right to be told what to do by his boss. So change is not merely an issue for the managers who hope to implement it. There are challenges when the mental maps of those in the organisation will not allow for a shift from the status quo.

Black says the failure to see the need for change is common and adds that this kills outright about 30 per cent of change initiatives. He says it’s more than just people being used to old patterns. “They do things a certain way because they’ve been successful at it,” he says. “They have mental maps as to how to do their job and they have them, the world over, for one reason: that map has worked for them. The longer that map has worked, the more sense it makes for them to hold onto it.”

“Unless you provide a big enough contrast and an engaging enough experience, you can’t break through it, and the change initiative will fail,” Black says.

To illustrate his point, Black talks about one of the most successful car companies in the world: Toyota. Years ago, its North American executives repeatedly tried to convince the Tokyo home office of the need to tap the massive and lucrative US pick-up truck market. Tokyo believed it was a niche market comprising of cowboys and construction workers. After much resistance, the top executives travelled to the US and attended an American football game. Before the game they walked around the massive parking lot and saw thousands of ordinary families (Toyota’s target market) enjoying ‘tailgate parties’ out of the back of their pick-up trucks or sport utility vehicles (SUVs). As Black tells the story, the mental map of Tokyo management was instantly changed, and eventually led to the launch of the Tundra, one of Toyota’s most successful models. “We see things best that are directly in front of us … you have to confront the people with contrast and engage them. The more senses you can engage, the more successful you’ll be in having people accept that difference,” Black says.

Beyond seeing the need to change, the challenge is getting people to move on that change and then to finish the change process. Think of the recent Heathrow Terminal 5 baggage debacle, in which tens of thousands of bags were lost shortly after the much-touted terminal opened. Gregersen says management could clearly ‘see’ the problem. But it failed to think through the individual baggage handler’s capabilities in moving bags from point A to B in a timely manner. “The challenge is getting people capable to do something that they’ve never done before,” Gregersen says. “If it’s new and it’s never been done before, by definition, ‘I’m not good at it.’ Managers – once they see the light – assume that everyone else can do something perfectly. This is simply not the case,” he says.

To finish the change initiative, the front-line workers will make or break it. Depending on the size and scope of the change, it may take time to implement, but success or failure depends on personal support, Gregersen says. If a manager has helped workers to see the need to change, given them the capability to start the change but doesn’t fundamentally care about the final success, the initiative will not succeed. He believes that employees need the most support during the crucial, implementation phase. “At the breaking point it’s important to have a champion, not at the top of the organisation, but someone nearby who will help make a difference when front-line employees are ready to give up. Having that kind of local support helps to keep people going until they master the new way of doing things,” Gregersen says.

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‘It Starts with One: Changing Individuals Changes Organisations’ (second edition) is published by Wharton School Publishing.