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Changing Change Management

An open-source approach

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“The art of progress is to preserve order amid change and to preserve change amid order,” wrote the famed British mathematician and philosopher Alfred North Whitehead.¹ This observation couldn’t be more applicable in today’s world of constant change. The most successful organizations in the future will be those that can effectively preserve order during major changes, whether through merger or acquisition, leadership transition or even culture change.

Most organizations, however, struggle to adapt to this new environment; only one-third of change initiatives succeed. At the same time, leaders expect more changes to occur, and CEOs are pressuring CHROs to help implement them faster. So what is wrong with current change management strategies? And how can organizations evolve to not only survive but actually thrive in the global economy?

Why change management is broken

More than 80% of organizations manage change from the top down. This typically means that senior leaders exclusively make strategic decisions, create implementation plans, and then roll out organizationwide communication to gain workforce buy-in. This straightforward strategy once enabled rapid change because organizations were largely vertical; leaders held all the key information, and the workforce was structured in clear, hierarchical reporting lines. In that environment, top-down change strategies mirrored organizations’ structure and workflow.

Compare that to how things look today:



Organizations have more complex, matrixed reporting lines and interdependencies.



Employees have more access to information about their jobs, business environment, and each other.

The upshot? Top-down change strategies are fundamentally disconnected from today’s workflow, and they’re slowing organizations down. Sixty-six percent of CHROs are dissatisfied with the speed of change implementation. Organizations need a better path forward in this evolving change environment.

¹ Alfred North Whitehead, “Process and Reality” (New York: The Free Press, 1978).

Making change management work

In our survey of more than 6,500 employees and over 100 CHROs around the globe, we found that the best organizations rely on their workforce, not just executives, to lead change. These organizations moved away from top-down change management toward more inclusive strategies by making three significant shifts:



Leaders engaged the workforce to co-create strategic decisions.



Employees were responsible for planning how to implement the change.



Communication encouraged open conversation about the change.

These shifts are the key tenets of an open-source approach to change. The term “open source” originated in the software industry in the '90s, but has since been applied to other fields. An open-source approach in software had two goals: Make software accessible for everyone, and improve software by allowing anyone to quickly edit and fix bugs (e.g., Wikipedia and Linux). But open source is not a free-for-all; Wikipedia, for example, is governed by a vetted group of users who use a set of policies and guidelines to determine when a change is right.

By applying open-source principles to change management, organizations can increase their probability of change success from 34% to 58%.

Furthermore, with open-source change, companies can change more quickly, the workforce is more engaged, and employees are more likely to stay.

This shouldn't be surprising. After all, open-source change strategies are, by definition, more inclusive of expertise and different perspectives, closer to the actual workflow and constantly evolving through collective action.

Evolving through open-source change

When top-down changes fail to work, leaders most often blame the workforce. Yet 64% of employees already possess the skills required to change successfully, and 74% say they are willing to support the change. Despite this, only one-quarter of employees are able to change the way they work when managed from the top down.

Open-source principles can increase change success from

↑ 34% to 58%

Implementation time can decrease by

↓ 33%

Employee engagement can increase by

↑ 38%

Intent to stay can increase by

↑ 46%

Heads of HR and their teams are uniquely positioned to engage the workforce using an open-source approach to change. Here's how you can do it, along with lessons from three organizations that have successfully done so.

1. Co-create change strategy.

Leaders recognize the value of employees' input regarding customer needs and how work is done on the ground. However, while 74% of leaders say they involved employees in creating change strategy, only 42% of employees feel they were truly included. Leaders fear being overwhelmed by opinions when deadlines have to be met, so they typically set change strategies and solicit employee feedback after decisions have been made. But solicitation is not co-creation.

So how do organizations include more employees in co-creating change strategies without being paralyzed by opinion overload?

Faced with a rapidly changing organizational structure, a software company needed a better decision-making process. The outcome was called the Open Decision Framework, which all employees are introduced to on their first day. The tool provides guidelines for leaders to think about who should be included when making decisions and how to include them. Rather than giving individuals more say based on rank and tenure, the framework asks leaders to consider factors such as expertise, impact and customer-centricity.

The framework also ensures a level of transparency around how decisions are made, not just who is involved. No one is surprised by a decision, and everybody trusts it is the best option, even if it is not always liked. For the company, open decision making works because it's a meritocracy, not a democracy, and the best ideas always win, no matter where they come from.

This approach might slightly slow decision making, but more time spent making better decisions upfront translates into greater time savings down the road. Go slow to go fast — especially when the stakes are as high as they are during change.

“[The company] strives for change management to happen during the design process, not during execution.”

CEO, Software Company

Key take-aways to co-create change strategy

Early transparency: Don't just share your final change vision; be open about how you will get there, even before you know where “there” is.

Selective participation: Don't include everyone, just those who are most relevant to the issue.

Differentiated involvement: Don't use a uniform approach to gather input. Instead, use different methods to involve different people as needs change.

2. Shift implementation planning to employees.

To create consistent and fast change, leaders typically decide how to implement changes and then communicate directions to the workforce. But this method no longer works in the current change environment. Seventy-two percent of leaders we surveyed admit they do not know what employees must do differently during change because they are too disconnected from the work, and priorities change too quickly for leaders to catch up.

Shifting implementation planning to employees can boost probability of change success by 12%. Successful organizations empower employees to experiment with solutions and new ideas but also set guardrails to prevent actions from derailing the change.

Another software company's goal setting takes its vision and values from the CEO, and employees at every level can use that foundation to set their own vision along with what they will do to get there, the obstacles they may face, and the success metrics they will be measured against. Employees can also see their colleagues' goals to make sure everyone is aligned and to hold each other accountable.

With this freedom to work within guardrails, employees can more quickly execute change, spot the barriers slowing implementation, and share best practices throughout the company. This gives leaders and managers more time to support employees by removing obstacles and ensuring alignment on strategic issues. With this system, it only takes six weeks for the workforce of more than 20,000 to realign priorities when major changes occur.

You don't need to replicate this system to be just as agile. Shift implementation planning to employees, and set the right guardrails to hold them accountable, and your employees will be able to successfully execute change on their own.

“One of the side effects ... is that there is newfound employee freedom. ... The manager can then say, ‘Fantastic — let me know how I can help,’ and the employee can go off and execute it.”

EVP of Employee Success, Software Company

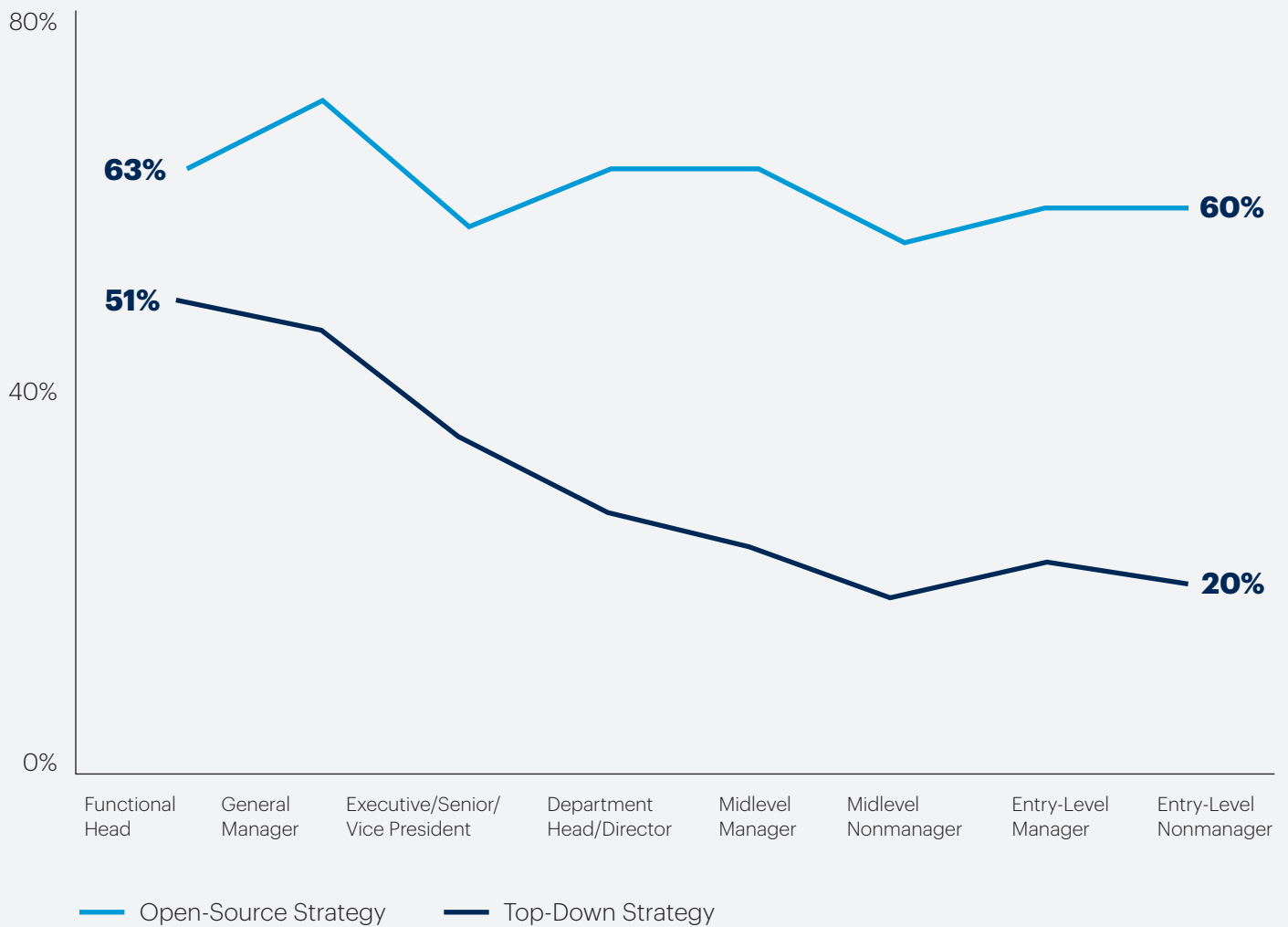
Key take-aways to shift ownership of implementation planning to employees

Set guardrails and provide support: Have leaders define strategic goals and establish degrees of employee ownership.

Let employees lead change implementation: Allow employees to define success metrics, obstacles, tasks and how they collaborate.

Top-Down Change Strategies Reduce Understanding of Change in the Workforce

Percentage of Respondents Understanding Change by Seniority



n = 6,686
Source: Gartner 2016 Workforce Change Survey

3. Focus communication on “talking,” not “telling.”

Most organizations communicate change from the top down. Leaders frame change as a positive story to get employee buy-in, and they tell it frequently to drive understanding. But telling — or, at times, commanding — employees does not drive understanding or commitment to change. Instead, we found that top-down communication actually reduces employees' understanding of change down the line and increases employee anger, anxiety and resistance toward the change.

A healthcare insurance company discovered, as it prepared for a major change, that top-down communication made its employees feel like the change was happening to them. In response, the company empowered its workforce to start authentic conversations that personalized the change and gave them a sense of ownership for it.

The company held change-management workshops for employees and, rather than discouraging employees from sharing any negative feelings about the change, encouraged them to express their anxieties as a group. By first acknowledging their negative emotions, employees were able to move on and begin exploring rational responses to change.

The workshops didn't stop there. To really drive its employees to change, the company provided question-based action plans that encouraged employees to take control. Questions included, “What changes could result from this initiative?”; “How will my peers be impacted?”; and “What new skills will I need?” If employees did not know the answer, they could plan how to find it and set a deadline.

By using the questions to initiate two-way conversations with peers, managers, and leaders throughout the organization, employees became seekers — not just receivers — of change information. Doing so allowed the entire workforce to quickly address resistance, move forward and drive change.

“It's this idea of empowering individuals — to say, ‘It's OK. We're giving you permission to go out and get answers for yourself.’”

VP, Organizational Effectiveness and Strategic Project Management,
Healthcare Insurance Company

Key take-aways to focus communication on “talking”

Address negative emotions

openly: Allow employees to share negative reactions to improve feelings of control.

Support peer-to-peer

interactions: Encourage employees to share change insights with the rest of the workforce.

Build dialogue: Give employees questions to drive open conversations and action plans for change.

Top-down communication actually reduces employees' understanding of change down the line.

What should CHROs be doing now?

In today's world of constant change, success requires engaging the entire workforce, not just a handful of leaders. Heads of HR are in the unique position to adopt open source change management by shifting to:

1. Co-created change strategy
2. Employee-owned implementation planning
3. Communication focused on "talking"

These shifts will engage employees throughout the change process and lead to better, faster and more sustained outcomes.

Still, as with all change management, CHROs can't do it alone. Discuss these three action steps at your next HR leadership meeting to prepare to make your organization's next change open source:

1. Build a business case for senior leaders to adopt open-source approaches by discussing how they could improve and why it matters.
2. Engage the workforce to gather feedback on why change initiatives are moving too slowly and how to address those challenges.
3. Pilot an initiative to improve your change management in any one of the three key shifts for open-source change.

Are you ready for the next change?

For a change to succeed, make sure you engage the workforce with an open-source change approach.