# Moving Beyond Change Management to Change Leadership

As the saying goes, the only constant thing in life is change—which has been especially true in the last few years. Leaders everywhere have been tasked with managing numerous changes— from supply chain shifts to staffing challenges to addressing health concerns. Successful leaders prioritize evolving with the current business environment and accept that change is inevitable. Those businesses that fail to embrace change will struggle in the future. In 1980, corporations in the S&P 500 could expect to remain there for about 25 years. However, by 2011 that average dropped to just 18 years. At that rate, researchers estimate that three-quarters of today's S&P 500 will be replaced entirely by 2027. Disruption is the new normal, and the ability to successfully implement change is more important than ever.

Why Do Change Initiatives Fail?

Organizational changes have always been a challenge for leaders. Some studies have found that up to 75% of change initiatives fail entirely. So what do leaders get wrong about creating meaningful and lasting change? There are three common obstacles to implementing successful change throughout an organization:
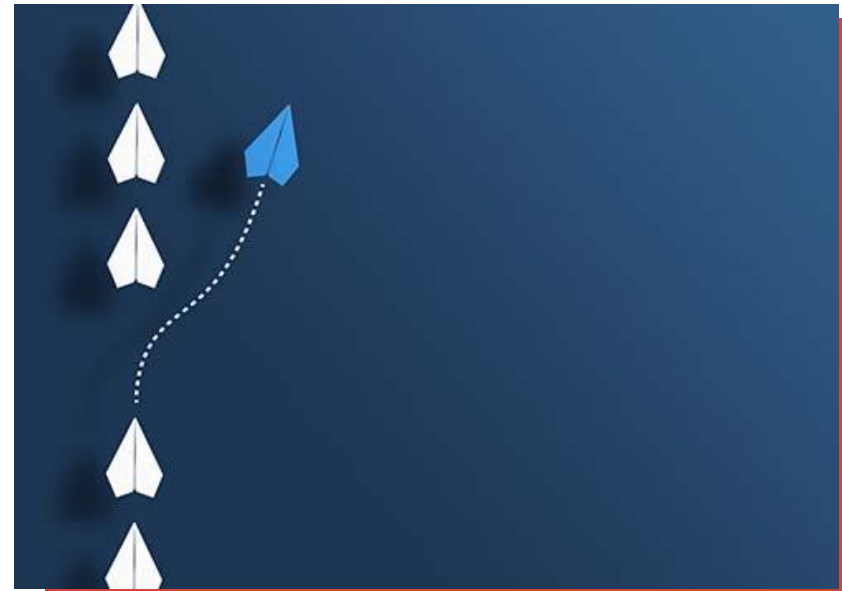
Resistance to Change

A common belief is that change initiatives fail because people hate change. In actuality, it's not that simple. After all, most people enjoy changes they can control— a new haircut, going to a new restaurant, and updating their home décor are just a few examples of changes most people love. However, people often resist changes that are forced on them. Executive Coach and Crestcom Subject Matter Expert, Bonita L. Patterson, recommends that leaders help their teams reframe thoughts about change, "My favorite thing is the reframe. Reframe with sincerity, not with manipulative intent, of course— but it is the most powerful tool. Shifting the way we view a situation. Do you see possibilities and not danger? Be aware of potential dangers so we can avoid them, but really be energized by possibilities! And that is also reminding people you've done this before. All you have ever done in your entire life is change. Period. From day one.

You're an expert at it. Remember that, and let's tap into it because you've done it well many, many times. Let's just do it well again."

Lack of a Clear Communication Plan

Insufficient or incoherent communication can quickly derail any change initiative. Too many leaders mistake giving orders for good communication. When implementing something new, the reason behind that change must be clear to everyone, from the front-line workers to the Executive Suite. Unfortunately, research suggests that while 68% of senior managers understand the reasoning behind major organizational decisions, only 53% of middle managers do. Even more troubling, only 40% of first-line supervisors say their managers can explain the reasons behind major decisions. When teams don't understand why they are being asked to change, they are unlikely to commit to the process.

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Not Asking Employees for Ideas and Feedback

Many leaders make the mistake of creating a plan for change without involving the entire organization, especially when the change directly affects them. Middle managers and front-line employees are the experts on how changes will affect workflow, customer relations, and more. When creating a change plan, information and feedback from all levels of the organization are invaluable. In addition to

foreseeing any challenges, involving the team throughout the planning of a change will increase their buy-in and understanding of the changes taking place.

The Psychology of Change

To find a better approach to change management, it is important for leaders to first understand the psychology of change. As anyone that has tried to break a bad habit knows, it is difficult to change behaviors that have been learned over time. If an organization's change initiative requires employees to change their habits and behaviors, understanding the psychology of change is key.

Cognitive Dissonance

Cognitive dissonance is a theory in social psychology referring to the mental conflict that occurs when a person's behaviors and beliefs do not align. This mental conflict will cause feelings of discomfort and increase feelings of stress,

and cause increased resistance to the change. If employees don't understand the greater purpose of a new initiative, or worse— if they think the change is immoral or underhanded in some way— they will likely experience cognitive dissonance and resist changing their behavior. For example, workers may refuse to cooperate if a new policy seems harmful or deceptive to customers. Successful change leaders have to be sure their employees truly understand the reason for the change and listen to any concerns they may have about the implementation.

Reinforcement Systems

Psychologists have studied how reinforcement systems can help motivate people to change their behavior. For example, suppose a company asks its senior managers to spend more time mentoring new employees without implementing any reinforcement system. It is unlikely that those managers will make much effort to change their behavior. However, if goals are set, and performance is tracked and rewarded in a meaningful way, there will be more motivation and accountability for increasing the time spent mentoring new

employees. An effective reinforcement system will include a way to measure and track success, followed by rewards for success or consequences for failure. Importantly, these reinforcements must be used consistently to be successful.

Change Fatigue

In this era of continuous change, leaders must understand the reality of change fatigue. The pressures at work and home due to the pandemic have left employees with less capacity to cope with change. This fatigue can cause resistance or passive resignation to organizational change, leading to increased levels of stress and the possibility of burnout. A study by Gartner found that employees' ability to cope with change has plummeted to 50% of what it was before the pandemic. In normal times, people have a "surge capacity" that allows them to adapt mentally and physically for short-term survival under stressful conditions. However, the long-term uncertainty and constant changes of the last few years have diminished people's capacity for additional stress.

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Interestingly, the study by Gartner found that small changes that directly impact employees' day-to-day lives (like a new manager or work schedule) are 2.5 times more fatiguing than a large structural change (such as a merger or acquisition). However, leaders can focus on two factors that can help employees increase their capacity for change— trust and belonging. Organizations can build trust by keeping employee interests in mind, communicating transparently, and following through on promises. To increase a sense of

belonging and connection, leaders must create an inclusive workplace where employees feel welcome and safe to share their ideas.

Leadership Skills Development

While many change initiatives may require training for a new technical skill, a behavioral change may require a new emotional or mental skill. Understanding the adult learning cycle is important to creating a more effective change plan. Adults don't learn just by listening to instructions. They need time to absorb the information, practice using it, and integrate it into their existing knowledge. Leadership development and change management should not be seen as individual efforts but as two pieces of the same puzzle. To be better prepared for significant change efforts, organizations can invest in the development of their managers. For example, Crestcom International offers interactive management training with a results-oriented curriculum that can help management teams develop the skills they need to manage change, influence others and motivate employees.

The Three C's of Change Leadership

Today's leaders must move beyond managing change to leading it. Embracing the three C's of change leadership can help leaders at all levels implement new behaviors throughout an organization: communication, commitment and collaboration.

Communication

What motivates senior management does not necessarily motivate most employees. Leading meaningful change within an organization requires telling a compelling story

about why that change is needed, what will be improved, and the impact that change will have. Researchers have found five things that motivate employees at work— impact on society, impact on the customer, impact on the organization, impact on their work team, and impact on the individual employee. Leaders who tell a change story that touches on these five motivators can inspire their teams to put their effort and energy into a change program. A compelling change story will address how the new initiative will benefit the employee, such as increased pay or personal development. It must also explain how working towards this change will improve the working environment for the entire team and increase value to the company and shareholders. Finally, the story should focus on the organization's greater purpose and how it serves society.

Commitment

Creating lasting change takes commitment from leaders and employees alike. Change leaders must be committed to the entire journey and be consistent role models for change by demonstrating the behavior and values they want to see their employees adopt. However, getting the same level of commitment from employees will take a thoughtful approach.

In a famous behavioral experiment conducted many times, half of the participants are assigned a random lottery ticket number, and the other half choose their own numbers. Before drawing the winning number, the researchers offer to buy back the lottery tickets, and the result is always the same. Researchers consistently find they will have to pay at least five times more to buy back tickets from the group that chose their own numbers. This result reveals something interesting about human nature; people are far more committed to an outcome when they choose it for themselves. Traditional approaches to change management underestimate the impact of letting employees write their own compelling change stories. Change leaders must consider how they can help their team choose the change for themselves.

Collaboration

One way to help employees commit to a new initiative is to take a more collaborative, open-source approach. Open the process to any employee affected by the change. Involve these stakeholders in planning, communication and execution from start to finish. Instead of taking a top-down approach to designing and implementing a change, allow teams to define how roles and expectations need to change at each level and identify how those changes will produce the new desired result. Leaders can set priorities and give

direction, but the entire team should feel a sense of ownership of the change process. A more collaborative approach can create a supportive environment where individuals feel safe to share ideas and concerns, increasing accountability and buy-in throughout the organization. A study by Gartner found that using a more cooperative, open-source process increased the rate of successful, lasting change to 58% (compared to a 34% success rate for top-down changes). Additionally, shifting the implementation planning to employees boosts the probability of success by 12%.

Be a Change Leader

As change becomes a necessarily continuous activity for organizations, leading it is a skill to be learned, improved and mastered. Change leaders embrace the opportunity to have a positive impact on their teams, organizations, and themselves. Importantly, change leadership resides not only in the Executive Suite— it happens at every level of an organization. In the words of Dr. John Kotter, Emeritus at Harvard Business School, " a great change leader creates other change leaders." By developing the skills needed to change and focusing on communication, commitment and collaboration, everyone can become a successful change leader.

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