

Change Management: Bridging the 'Knowing-Doing' Gap

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1. The Bad News: Massive Project Failures and Change Competencies Gap

Let's be clear. In spite of the considerable energy, time, resources, knowledge and efforts we allocate to them, the vast majority of change projects in our organizations fail pretty miserably. Failure, in this case, means that the targeted performance improvements are not achieved, as the new ways of operating and the new systems and mindsets supposed to enable such transitions are not integrated and adopted to the extent that our organizations can really profit from them in a tangible and sustainable way.

Several studies indicate 'resistance to change' as the most important factor for this 70%+ failure rate of large organizational change projects - with other reasons ranging from insufficient executive sponsoring to unrealistic expectations and ineffective leadership. This fact reflects the typical situation characterising organizational change initiatives: On one side we have a few top managers, the 'change strategists'. Their change initiatives emerge almost spontaneously from extensive exchanges (typically with their peers), information gathering (typically from reading management literature or attending courses and conferences) and deep reflections (typically still resulting from long strategic planning sessions). The change plans they generate are usually well conceived and in line with the organizations' vision and objectives. It's not here that the actual problem is.

The main problem emerges when we start moving from the still relatively comfortable area of 'knowing' (what would be best for our organizations and a plan describing how to best accomplish it) to the one of actually 'doing' it, a phase from which 'change strategists' wisely stay away [1], delegating it to teams of internal or external 'change agents'. Their mission is what reveals to be the most delicate challenge of each change project, namely its actual *implementation*, as it is at this stage that resistance enters the scene, the resistance of the 'change recipients', i.e. of all those who will be directly and indirectly, marginally or deeply affected by the change initiative.

So, besides the high failure rate, the second bad news resulting from a realistic assessment of change management practice in organizations (both private and public, by the way) is related to competencies [2]. While we definitely don't lack 'knowledge' (in forms of books, articles, seminars and courses on the subject) on how to address change initiatives, we must unfortunately acknowledge that our capability to successfully translate them into practice, facing the different sources of resistance which will inevitably emerge (and that we often unintentionally contribute in fuelling), is not as well-developed, and that it is unlikely that yet another interesting lecture, presentation or case discussion might make the difference.

2. The Good News: Building Competencies which Really Matter

There is no doubt that successful change management requires an in-depth understanding of the dynamics of both *diffusion* and *resistance* of innovation in a given context. Unfortunately it is not just 'theoretical' understanding which is required in this case, but also the practical experience necessary to efficiently diagnose the attitude of key individuals, to identify and leverage both formal and informal networks, as well as the specific cultural factors which determine success or failure when selecting and implementing change initiatives in a given organizational context.

That's why, over the last years, major efforts in both educational and corporate contexts have flown into the design and the validation of alternative approaches to the development of change management competencies. Such approaches are based on a 'learning by doing' philosophy, making it possible for groups of managers to experience the challenge (and the frustration) of being responsible for the implementation of major change projects in realistically simulated organizational contexts.

Take for example the “EIS Simulation”, which has been gradually adopted to enhance change management courses in top universities such as Stanford, Columbia, Northwestern, Carnegie Mellon, Wharton, London Business School or INSEAD [3]. As a first step, imagine to be asked by the head quarter of your company (a large multinational corporation called *EuroComm*) to join a team of change agents for a very delicate mission. You’ll be sent to *Teleswitches*, a newly acquired company, to convince the members of its very successful but very independent-minded top management team that it’s high time to harmonize their information, cost accounting and reporting systems to the ones of the whole group to increase transparency and guarantee consistent procedures corporate-wide. You’ll have up to 6 (simulated) months to accomplish your mission and introduce this major innovation at *Teleswitches*. It’s during this mission that you’ll have the opportunity to show your skills as member of an ideally diverse change agents team. You’ll first have to develop a joint strategy, and then put it into practice, gradually coming in touch with, getting to know, interacting, and hopefully successfully changing the attitude of 24 ‘virtual change recipients’. These characters represent the actual top management team of the target company. As you are going to realize quickly, their attitude and behavior has been designed to reflect realistically the variety of reactions people display when confronted with significant change (particularly when this change comes from ‘outside’). During your mission, you’ll have the opportunity of selecting and launching a large number of change management and communication initiatives, realizing that people will react very differently (collaboratively, defensively, apathically, etc.) depending on when and how you will intervene, on their personal attitude towards the change you aim at introducing, on their role within the company, on their perception of your role, on their risk profile, their sensitivity to distributive and procedural fairness, their need for self-determination, their internal relationships and tensions, and many other factors which might change over time as a function of what you will or will not do in order to drive change in ‘their’ company. Besides experiencing individual reactions, you’ll also be able to realize (and sometimes too late) the power of formal and informal networks, the fact that managers with well-sounding formal titles might end up not being the most influential, that positive as well as negative attitudes towards change follow a number of not always straightforward diffusion patterns, that habits and cultural specificities might play a bigger role than we might expect, and that failing to realize all these factors in time might seriously diminish the effectiveness of your well-thought change initiatives and even threaten the whole project. What might have started with an optimistic strategic planning session with your fellow change agents might even become, during the actual implementation, a stressful and frustrating nightmare.

Back to reality. Adopting a simulation approach to address the development of change management competencies has revealed to have a number of important advantages [4]. First, such games make it possible for managers to have a first hand experience of how difficult it is to move from ‘theory to practice’ or ‘from strategy to implementation’. What can appear straightforward in the planning phase ends up being much more complex when we start interacting with actual (or simulated) people, as their reactions might not necessarily correspond to what we expected. Like in reality, it is not unusual to see change agents teams abandon their initially well-thought strategies after just a couple of (simulated) months or even weeks, realizing that we always operate with assumptions which might not necessarily match the organizational context in which the change has to be introduced. Second, such simulations allow us to bring managers in touch with a wide variety of attitudes and behaviors (the ‘stereotypical’ managers they have to convince) as well as to gain insights into diffusion processes (from linear to epidemic) operating across the formal but also informal networks of power and influence present in every organization. Third, such realistic management games provide a ‘play-ground’ in which one can collaboratively experiment with the use of different tactics, generating rich discussions about their appropriateness and the most effective way of facing different forms of individual and organizational resistance. Finally, a ‘game’ approach is a non-threatening, risk-free way of assessing one’s strengths and weaknesses when confronted to high-pressure situations in which managing expectations, persistence, and team dynamics play a crucial role in determining the success or failure of projects ultimately aimed at having a significant impact on people’s habits, mindsets and cultures.

3. The Trend to Follow: Experiential Adventures in People Dynamics

Until recently, simulations in the management development context have been mainly limited to domains in which knowledge could be modeled in quantitative terms, such as in finance, economics, but also marketing and certain aspects of general management, in which managers' effectiveness ultimately boils down to 'decide on the right numbers'. Simulations like the one described above addressing change management situations don't ask managers to operate with numbers, but rather challenge them to effectively diagnose organizational contexts as well as to design and implement effective strategies to interact with people in professional contexts. The underlying models are hence not quantitative but rather reflect the insights gained in disciplines such as personality and social psychology, social network analysis and dynamics, providing new ways for validating such models and for designing effective educational experiences oriented towards developing inter-personal skills and the capability to productively contribute to team and community dynamics.

Developing realistic 'games' enabling managers to experience complex situations involving people and interactions in social contexts is one of the most challenging frontiers of management education [5]. In a future which is not so far, advanced interactive authoring tools might enable management educators and corporate trainers to design tailored educational experiences in which managers are challenged to address complex situations like the one described above, but reflecting for instance the specificities of a family business context, or the diffusion of innovation in highly distributed organizations, where the power of face-to-face interaction has to be substituted or complemented by new 'online' ways of capturing people attention and gradually raise their interest and willingness to adopt new behaviors and ways of working.

The potential application domain of such educational games is not limited to management development only. For instance, the same concepts underlying the EIS Simulation are currently used in the context of a research project sponsored by the European Commission aimed at designing a 'community game' helping the heterogeneous members of urban communities to better understand innovation dynamics in their own contexts. Involving the citizens of a town into simulation games of this type is expected to provide the stimulus for a broader reflection on how and why such communities adopt or reject innovation.

Finally, this new type of simulations can help us addressing efficiently other contexts related to people dynamics, for instance by enabling managers to experience difficult meeting situations in which virtual characters display different types of non-cooperative behavior, or in which dysfunctional group dynamics – if not well-handled – might threaten the outcome of important decision-making or negotiation sessions. Ultimately, the models underlying these new management development tools might also be embedded in current computer games played by children and young adults. In fact, role-playing and interactions with virtual characters in such games are still typically limited to shooting and fighting (a highly discussable approach to induce change) and might definitely profit from integrating equally challenging and entertaining, but more socially acceptable ways to have an impact on people attitudes and behavior, both on- and off-line.

Some links for in-depth readings:

- [1] <http://www.fastcompany.com/online/35/pfeffer.html>
- [2] <http://www.calt.insead.edu/eis/documents/Conceptualframework.pdf>
- [3] <http://www.calt.insead.edu/eis/>
- [4] http://www.calt.insead.edu/eis/documents/JMIS_Article.pdf
- [5] http://www.calt.insead.edu/eis/documents/BN_Paper.pdf