



The Promise and Pitfalls of Organizational Change

Use these hard-earned lessons to ease your own change journey.

By Gerald Cochran

Too many nonprofits embark on change without the right preparation and follow-through. A cautionary case is provided by a children's agency that recently reorganized. Although the restructuring took over a year and thousands of dollars in labor, it didn't deliver the hoped-for results.

The problem was in the implementation rather than the changes themselves. There were good reasons for the organization to overhaul its operations. Before it reorganized, the agency was made up of four direct-service programs and an umbrella entity. The result was a series of individual silos with little give-and-take between them. The plan was to combine the programs and umbrella into one integrated whole to consolidate operations, reduce territorialism and conflict between programs, and allow for more flexibility and creativity.

As part of its transformation, the organization changed its name from Community Services Action Agency to Texas Children's Services to better describe its primary mission—serving children throughout the state of Texas.¹ It also changed its domain name from www.communityservicesaction.org to www.texaschildrenservices.org. (For an in-depth

description of changing an organization's name and domain name, see these *Nonprofit World* articles at www.snpo.org: "Just the Right Name: How One Nonprofit Solved an Identity Crisis," Vol. 11, No. 1, and "How to Choose a Nonprofit Domain Name," Vol. 26, No. 3.)

In addition, the agency's brand needed to be revamped. Each of the four programs had its own brand and logo, and these were different from those of the umbrella entity. Merging them into one memorable brand was critical to eliminate confusion and enhance people's feeling of connection to the organization's mission, thus increasing support and facilitating fundraising.

Skillful communication cushions the risks of change.

Another reason for change was the agency's outdated, hierarchical management structure. Most middle-management positions needed to be eliminated to improve effectiveness, reduce overhead, and facilitate communication between leadership and front-line staff. This reform was meant to produce a streamlined management structure with all staff working toward common goals.

Despite these compelling motives, however, the changes led to

many unwelcome consequences. During the first year after reorganization, 45% of the staff resigned, unhappy with the innovations. And most of the changes didn't last. After all the restructuring work, the organization fell back into many of its old patterns. Middle management, with all its inefficiencies, reappeared, almost as strong as before. Employees ignored their new job descriptions and returned to doing things as they always had.

In hindsight, there were many things the children's agency could—and should—have done differently. Here are the lessons learned:

Do Your Research.

It's not that the agency's managers didn't carry out any planning. They met to discuss the changes they deemed necessary, diagrammed the new structure on paper, and re-wrote job descriptions. These were important steps, but they weren't enough. The managers never conducted feasibility studies. They didn't collect evidence to serve as the foundation for change. All they had were their own guesses that these were the right decisions.

A change plan must begin with an organizational analysis. The plan should be based on dialogues with staff and case studies of other organizations. It's also important to gain an understanding of change theories by perusing research find-

continued on page 8

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ings from professional literature. Here are some good places to start:

Organization-Development Studies

There is a solid body of organization-development (OD) research online and in journals that can help organizations prepare effectively for change.² Organization development offers guidelines for change agents (those who facilitate change from inside or outside the organization) to help the organization fulfill its mission and sustain itself over the long term.

It's useful to compare organization development to the field of medicine. Like a human body, an organization is a complex network of systems. When you use organization-development theory, you take on the role of doctor to the organization, keeping it as healthy as possible. When things go wrong, you diagnose the problems and guide the organization through the necessary changes. You take a holistic, system-wide approach to the organization's health and fitness, looking at overall patterns rather than specific events. This broad view helps you identify underlying causes of trouble.

Such a whole-system view is invaluable whenever you plan wide-scale change. When you tinker with one part of your organization, the effects ripple out and affect people throughout the system. As a change agent, you need to be proficient in such skills as coaching, conflict management, leadership development, and systems thinking—abilities emphasized in organization-development literature.

Design-Science Research

Design science can be a useful part of your information-gathering phase.³ Using design-science research, you look at your organization systematically to optimize performance. For instance, you might look at ways to improve work flow, respond more quickly to staffers' complaints, or conduct change as efficiently as possible.

An important part of design science is its emphasis on evaluation. Design scientists believe that the best way to solve organizational problems is to test solutions, trying them out and assessing which ones are most feasible.

For example, design-science researchers agree that organizations should record every step of the change process.⁴ Keeping a log of changes assures that everyone has a reference point as time passes and personnel come and go. Such documentation is invaluable in assessing changes and assuring that they've made a positive difference.

In the case of the children's agency, not documenting the steps they took was one of the biggest mistakes the organization's leaders made. Most of the people who initiated the changes were gone within a year, and their successors had no history to consult as they tried to decide what to do next. They found it almost impossible to evaluate which changes worked well and which didn't so that they could build on successes and eliminate ineffective changes.

Change-Management Literature

Whenever we activate organizational change, we become change

agents, and we use some sort of model or strategy of change—although we're not always aware that we're doing so. Often we don't know the name of the change models we're using, nor do we understand the rationales behind them.

A better idea is to learn which models of change are most effective and how to use them.

One of the easiest ways to obstruct change is for the organization's leaders to cling to old behaviors.

There's a large body of change-management literature, describing a variety of models that can be used either alone or in tandem.⁵ Let's look at the most common ones:

The empirical-rational model is, traditionally, the most common change tactic. It's a "telling" strategy, because leaders merely tell people why they should change. Leaders who favor this model believe that if they provide the right information, people will change on their own. Such leaders see managing change as a matter of moving from one condition to another, and they use rational arguments and factual evidence to convince people to make that move.

This approach is notoriously unsuccessful. At best, people will do what they're told but without true commitment. At worst, they'll sabotage the new ideas. If the change agent is persuasive enough, it may seem as if people have complied. But such reforms rarely last long, because people aren't invested in the change effort.

The power-coercive model is often used as a second resort if the first strategy doesn't work. It's a "coercing" strategy, as leaders use the power of their position to force people to change. Leaders who use this model believe that people are compliant beings who will accede to authority.

Like the first model, this change theory rarely succeeds, because people aren't enthusiastically involved in the improvements and ac-

Top Six Rules for Organizational Change

1. **Analyze** your organizational culture. Work to develop a culture conducive to change, creativity, risk-taking, and new ideas.
2. **Learn about change models**, and adopt the best ones to fit your needs. To ensure that large-scale changes endure, consider the principles of advanced-change theory.
3. **Use tools** to counteract resistance. Examples of anti-resistance tools include: mentoring, soliciting feedback, providing easy access to information, and holding frequent meetings to discuss upcoming changes.
4. **Communicate** the change vision frequently.
5. **Monitor, celebrate, and reward** each success in the change process.
6. **Follow through** with changes—again and again.

tively resist pressure from above. Rather than easing resistance, this model is apt to increase people's hostility.

The normative-reeducative model is a "participating" strategy. Its name comes from the fact that it uses social norms and education to empower staff to initiate reforms themselves. This approach is based on a belief that people are inherently social and will adhere to cultural norms (accepted rules that govern a group's behavior). Thus, leaders need to help employees look at existing norms, reinterpret them, and commit themselves to new ones.

Here, the leader's goal is to motivate employees themselves to become change agents. Rather than being told or coerced to change, employees are the source of the change effort.

When using this model, leaders educate staff about why changes are needed, explaining the problems and opportunities facing the organization. Then they help employees reach agreement on ways to seize the opportunities and solve the problems. Together, employees create a list of objectives, steps, and new norms. Leaders focuses on the interactive process and work collaboratively with staff to foster the attitudes, values, skills, and norms required for change.

The normative-reeducative strategy isn't as widely used as the first two strategies. It's often dismissed as too time-consuming and difficult. It also requires leaders to have high levels of interpersonal skills. When the right leaders are involved, and when they take the time to understand this model and follow each of its steps, it can produce good results. But it does take a great deal of energy, patience, and knowledge.

Advanced-change theory (ACT), like the normative-reductive model, is a participating strategy that focuses on empowering people and building relationships with them. Here, too, your goal is for everyone in the organization to become a change agent.

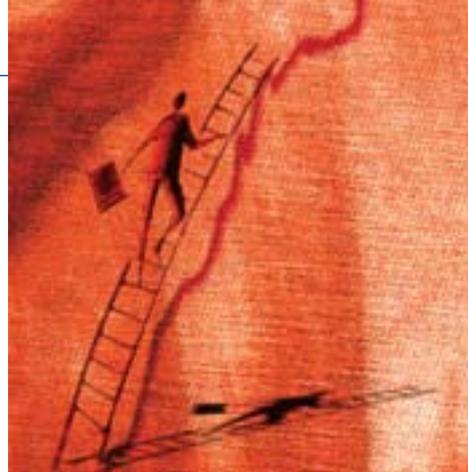
But with this model, your role as

leader is quite different. Here, you change the relationship by changing yourself. You engage yourself and others in personal change, encouraging people to understand and embrace the transformation process. You energize others through your own example. You step outside your comfort zone and let go of control, putting the common good above all else. You examine your motives, continually seeking to reduce your own hypocrisy and self-deception. You understand that the most powerful way to influence others is to be an example of the changes you want them to make. By modeling such behavior, you rally people to work toward a higher purpose and make the painful adjustments necessary for growth.

Most of us, when we take the role of change agents, fail to get others to make these painful shifts in behavior, as Robert Quinn and Nancy Snyder explain.⁶ That's because our unexamined change model comes out of a technical worldview, in which an authority figure needs only find solutions and mandate them. But when we bring change to human systems, the logic of action is more paradoxical than linear. We must acknowledge that opposition and stress are an inevitable part of this process. Telling, coercing, or even educating strategies are insufficient to create deep, meaningful change.

Without an understanding of advanced-change theory, it's not surprising that the managers of the children's agency failed to eliminate people's animosity toward the reforms being made. Although they did try to include people in discussions, they didn't take into consideration the fierce resistance of employees and make the necessary efforts to inspire and mobilize them. Managers spent more time directing and controlling change than leading by their own example of "walking at the edge of chaos," as Quinn and Snyder put it. In other words, they merely "talked the talk" rather than personally giving up old be-

continued on page 10



A Change Glossary

Advanced-change theory (ACT): A change model that begins with organizational leaders changing their own behaviors to become role models and partners with staff in enacting change.

Change agent: A person who facilitates organizational change from inside or outside an organization.

Change management: Structured approach to moving people in organizations from a current state to a desired future condition.

Change model: A standard, predetermined way of dealing with organizational changes.

Design science: A problem-solving approach to improving an organization's design and effectiveness by testing solutions and evaluating outcomes.

Empirical-rational change model: A strategy in which the change agent tries to persuade people to change, using rational arguments and communicating empirical information. It is based on the assumption that people will change if given the proper data.

Normative-reeducative change model: A change theory in which the change agent makes people aware of current norms, educates them about the reasons for change, and helps them commit themselves to new norms.

Norms: Accepted, usually unspoken and unacknowledged, rules that govern a group's behavior.

Organization development (OD): A planned, organization-wide effort to increase an organization's overall health.

Power-coercive change model: A model of change in which change agents use the power of their authority to force people to change.

haviors and modeling new ways of thinking and acting.

Advanced-change theory requires a great deal of self-examination, personal commitment, and soul searching on the part of the organization's leaders. But this extra effort can have a huge payoff. Because the leaders have done this work, their authority doesn't come through their positions or job descriptions. It comes from within, a function of true experience. Followers can tell that their leaders aren't merely mouthing words but, rather, are sharing wisdom that they themselves are living.

Hybrid models. In real life, of course, it's rare for anyone to use a single change model. Leaders are usually better served by integrating a number of different models. When stakes are high, a combination of normative-reeducative and advanced-change models generally has the best chance of success.

Alter the Culture.

Whenever an organization transforms itself, its culture must be reshaped. Culture often lies unnoticed below the surface. But during a transformation, the organization's culture must be brought out into the light. The old culture needs to be dismantled and a new one nurtured into being. The best way to create a culture that's friendly to change is to cultivate risk-taking, creativity, inclusion, cross-border synthesis, and equality while moving away from hierarchy and rigid, traditional ideas.

It's up to the organization's change agents to make a conscious effort to modify the culture and act as role models for embracing new norms. Every culture contains

sanctions that serve to preserve the status quo. Only if change agents themselves transcend those conventions can they show others why metamorphosis is necessary for the organization's good. One of the easiest ways to obstruct change is for the organization's leaders to cling to old behaviors.

Build Solid Teams.

Team-building plays an integral part in fostering change. Teams act as catalysts for growth and germinators of organizational culture.

If leaders of the children's agency had buttressed change with team-building activities, they might have gained crucial support from within the organization. Teams would have motivated employees, raised their morale, given them the optimism and energy to work toward change, and helped them assimilate into their new roles.

Promote a Shared Vision.

During a transition, you must help people understand and agree on the purpose of the change. It's important to assure that goals are reported, discussed, and evaluated. You need to assign performance measures and reward people when they meet objectives.

Once all staff and board members are passionate about the vision for change, empower them to act on that vision. Eliminate obstacles such as hierarchical systems or narrow job descriptions that undermine visions of transformation.

While managers of the children's agency did create a vision of the changes they hoped to see, they weren't successful in translating that vision into goals, objectives, performance measures, and incen-

tives to motivate staff. Change is so disruptive and frightening that everyone must embrace the vision if it is to be realized.

Communicate & Educate.

Most change failures can be linked to poor communication. On the other hand, skillful communication can cushion the risks of change.

The old culture needs to be dismantled and a new culture nurtured into being.

The managers of the children's agency could have improved communication in each stage of their reorganization. Before they even started planning the change, they could have done a better job of including employees in making decisions. During the change, they could have offered frequent training and mentoring to guide people through the process. And, later, they could have kept in touch with workers to remind them of the vision and ask how they were dealing with the new procedures.

When the children's agency reorganized, the duties of some long-time staff members were altered in a very short time. Such radical change called for managers to pay extra attention to communication, using every conceivable channel to provide information and ask for input. Instead, the agency's managers used traditional communication channels infrequently and sporadically. If they had provided consistent, constant education to staff about how the change would affect them, including richer opportunities for discussion and feedback, people might have been more receptive to making the difficult accommodations demanded of them.

Rather than learning about plans from their managers, employees heard rumors and speculations. Instead of sharing their ideas through an effective feedback system, they grumbled to one another. This approach alienated workers and fed acrimony.

Top Six Questions to Ask before You Embark on Organizational Change

1. What do you know about organizational change? What will happen in the organization when you begin your change journey?
2. What is your plan for change? Is it based on solid research?
3. What processes, systems, and organizational culture exist or must be established to promote change?
4. Do you understand what you want to accomplish with this change? Can you communicate the vision and details of the change?
5. Do you have procedures in place to document and evaluate the changes you make?
6. At what point will the change be complete? How will you know?

In addition, employees received training *after* they started their new jobs. They would have benefited from learning about expectations beforehand and having time to become comfortable with their new responsibilities.

After making improvements, leaders of the children's agency conducted follow-up intermittently and informally in staff meetings, one-on-one conversations, and e-mails. While this was useful, it would have been far better to integrate frequent, focused, well-planned communications into day-to-day work.

Also, the content of the agency's follow-up communication focused almost totally on employees' poor job performance and failure to accomplish tasks. While such criticism may be necessary, it doesn't inspire people to change. The managers should have balanced these negative messages with positive ones, recognizing successes, applauding people's work, and motivating them to continue the change voyage.

Consolidate.

The final stage in any change is to stabilize, integrate, and consolidate the innovations. This step is all-important, because it assures that the changes will endure.

The consolidation process closes up loose ends, turning reforms into concrete, integral parts of the organization's operations. This process can take five to 10 years. During that time, the organization's leaders must continue to work on sustaining changes.

Two factors are vital when you're consolidating change, according to John Kotter.⁷ First, you must make a conscious attempt to show people how new behaviors have improved performance. When they're left to make the connections themselves, people can come up with amazingly faulty assumptions. Helping people see the right links requires a continuing focus on communication. You need to spend time on a regular basis explaining how employees' actions have resulted in positive changes.

Second, when hiring new managers, be sure they personify the new

culture. One bad hiring decision can subvert a decade of hard work.

If the agency's managers had put enough thought into this step, they would have realized that change isn't complete until it's hard-wired into the organization's culture. They wouldn't have had to watch their improvements dissipate, despite all their efforts.

Kotter calls "declaring victory too soon" one of the greatest errors people make in renewing organizations. Instead of declaring victory, leaders should use the credibility offered by short-term wins to tackle even bigger problems.

Be Ready for the Future.

The agency's experiences point out two things you can do, right now, to adjust to your clients' shifting needs:

1. **Incorporate** into bylaws, policies, and procedures a commitment to using change models. Each time your organization enacts a change, managers will thus be guided to research the need for the change, plan ways to engage people in the process, and follow through to be sure the reengineering work has positive, long-lasting effects.

Of course, you needn't consider change strategies when you make routine changes such as switching brands of copy paper. But any large innovation that affects people will benefit from following formal, proven models for change.

2. **Train** staff and board members about these models *before* they're needed. Then, when employees are required to make adjustments, they'll know what's expected. Such a policy will allay the confusion, anger, and feelings of helplessness that are at the heart of people's refusal to change. ■

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Roadmap for the Ride

Prepare yourself for the changes to come with these *Nonprofit World* articles, available at www.snpo.org/members:

- **Changing Direction: How to Restructure a Nonprofit** (Vol. 13, No. 1)
- **When It's Time for a Turnaround** (Vol. 26, No. 2)
- **How to Use Your Organizational Culture as a Competitive Tool** (Vol. 20, No. 2)
- **Zen and the Art of Team Building** (Vol. 20, No. 1)
- **Eliminating Resistance to Change: The Magic Formula** (Vol. 10, No. 5)
- **Match Your Change Strategy to Your Organization's Maturity** (Vol. 21, No. 5)
- **Transforming Your Organization from the Inside Out** (Vol. 25, No. 4)
- **Training Programs Need More than Good Information** (Vol. 21, No. 2)
- **Building Morale: The Key to Successful Change** (Vol. 13, No. 3)

Other useful articles can be found at www.managementhelp.org and www.breakoutofthebox.com/change theory.htm.

Footnotes

¹We have changed the name and other identifying details of the organization, but the description of the change process is true.

²Consider, for example, "Strategic Management and Organization Development" by Harry Sminia and Antonie Van Nistelrooij, *Journal of Change Management*, 6 (1). Also of interest are *Organization Development at Work* and other titles in the Practicing OD Series, published by Pfeiffer (www.pfeiffer.com), as well as articles at www.wod.institute.org.

³Ernst van Aken presents design science as a supplement to organization development in "Design Science and Organization Development Interventions," *The Journal of Applied Behavioral Science*, 43 (1).

⁴Sara Lewis and Wendy Crook offer insightful recommendations for documenting the change process in "Shifting Sands: An AIDS Service Organization Adapts to Changing Environment," *Administration in Social Work*, 25 (2).

⁵For instance, see "Change Management 191: A Primer" by Fred Nickols, <http://home.att.net/~nickols/change.htm>.

⁶See "Advanced Change Theory" by Robert Quinn and Nancy Snyder in *The Leader's Change Handbook*, Jossey-Bass Publishers, www.josseybass.com.

⁷John Kotter, "Leading Change," *The Leader's Change Handbook*.