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Managing Change in a Multinational: The Science and Art of Getting Things Done

**Maria Arnone
President, The Learning Group
27 East 37 St., 3rd. Floor
New York, New York 10016
212-683-9303
212-683-9310 FAX
ArnoneMa@aol.com**

One of the toughest challenges facing a multinational organization is managing and optimizing the positive effects on individuals of an organization-wide change. Often efforts to streamline or realign systems result in productivity declines on an individual basis. Along with the declines in output are increased levels of stress and dissatisfaction. Amidst the tension and anxiety, a small number of professionals consistently stand out as being influential and proactive -- often times behind the scenes. Two critical questions emerge: What distinguishes Change Makers in an organization from other well meaning but less effective others? How can multinationals use this knowledge to increase the number of Change Makers in their ranks?

The Search for Change Makers

During the early 1970's, Dr. Joel DeLuca initiated a study while at Yale, to determine characteristics of "behind the scenes leadership". The context was large multinationals and the subject pool ranged widely in terms of their position and hierarchical level. Individuals were selected by peer nomination in terms of their perceived ability (Who is smart around here?) and their perceived influence behind the scenes (Who gets their projects funded or noticed positively?). Of those who were nominated as bright, only 20% were also rated influential. An additional criterion was added to focus the research: Who is viewed as ethical in terms of his/her stated

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intentions on professional issues? Ethics in this case was defined as transparency of intentions: If they knew what you really wanted to do, would they support you? This definition, while certainly subjective, eliminated managers who valued short-term personal gains over projects or results which may effect a broader range of people or not be as closely tied to immediate career progression. This last criterion reduced the sample again by 75%, which left 5% of the original group who were named by peers as having the capability to contribute substantially to their business in an ethical manner. This sample of 310 people represents a diverse group of large multinationals and government agencies primarily in the U.S., with some presence in Latin America and Europe. Individuals were tracked for commonalties in their approach to business and their daily practices. The study continues through to the present, with over 25 years of observed patterns.

Findings – A Different Perspective

At the core of the study, several intriguing issues emerge. While the organizations differed in their profit orientation, ranging from government to financial services, the characteristics of a successful professional who could initiate and implement change are remarkably consistent across organizations and throughout levels of hierarchy. The consistent traits range from clear business practices to more subtle and harder to detect attitudes and perceptions.

At the start of a change process, these successful initiators ground their planning assumptions in the belief that they are operating in a "human system that is trying to be rational." Underlying this definition lies a perception of large organizations as a collection of individuals constantly striving to balance their personal preferences and biases with the demands of their corporate roles. The acknowledgement of a picture of collective complexity, rather than a single corporate entity guided by a mission statement, creates a broad perspective for goal setting. In the world of the Change Maker, the awareness of the need to balance corporate and personal interests adds to the depth and intensity of their commitment to their defined goals.

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Within the broad arena defined by professional and personal interests, defining goals in terms of mutual benefits is a guiding philosophy. This stems from a belief that business is based on achieving progress, which is defined as adding value or finding the next win-win. With this impetus, the definition of progress is expandable. And it runs counter to a fixed pie or win-lose mentality. Change Makers focussed on finding better answers, not pursuing self-defined "right" answers. As a result, their goals carry benefits to larger groups than their less successful counterparts.

Gathering data on the personal perspectives and potential preferences of the key stakeholders is an integral part of the planning process. By viewing the corporation as a fundamentally human entity attempting to act rationally, Change Maker's tend to be proactive in their management of "the human element" in policy making. They view the management of the human side of decision making as part of their responsibility and do not assume that good work alone or the technically right answer will carry the day or ensure success. Also, by viewing the corporation as a collection of individuals with sometimes-fallible judgments, they avoid the trap of generalizing about "the company". Their more cynical and less effective counterparts often would view themselves as helpless in influencing a large, full of inertia, system. Change Makers obtain more information about subtleties and shifts in the opinions of key decision-makers because they do not allow themselves the luxury of generalizing about a group and, instead, tailor their efforts toward individuals. This helps them to focus their influence and implementation efforts at a 'local' level with the issue framing at a 'bigger picture' level.

How Change Makers Gain Support

Change Makers favor informal settings for communicating their ideas because they perceive a more open attitude – both in terms of receptivity to new ideas and a willingness to express concerns. One manager discussed this view, "When my manager is in a meeting, he seems to think differently. He is concerned with what the corporation would want him to do instead of what is right or the best thing to do."

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Many professionals structure their time around formal engagements – meetings, conferences or planned events. Informal meetings occur more haphazardly and are subject to chance and proximity. In contrast, Change Makers plan informal communications with the same structure and priority as their corporate calendar and formal meetings. After identifying the key players who may have important information, insights or influence, they deliberately initiate interactions which occur off-line – more privately and casually. This generally implies an awareness of the habits and preferences of the other party. It could mean stopping by an office before the day starts or checking in after business hours. Social events or even "walking" conversations down the hall are used as forums for discussing issues.

Risk Management

A key implication of the Change Maker's keen understanding of the 'human' factor in organizations lies in their initiative around controlling the risks of the 'irrational' element created by subjective and sometimes arbitrary viewpoints which could interfere with their plans for change. Like professional gamblers, they possessed unusually acute powers of observation, and exhibited above-average self-control. They preferred to take more and smaller steps toward their goal with a broad field of feedback. Instead of being pulled by their personal preference in terms of propensity to action, Change Makers looked to the environment for their cues in terms of timing of next steps. A key factor in determining the timing of the next action was the perceived cost of failure. While many corporations publicly support innovation and risk-taking, Change Makers considered their immediate political environment and the real cost of mistakes when they decided whether or not to press forward. Their aggressive search for the personal preferences of key decision-makers also served them well in this regard as they were often more accurate in their assessments of the anticipated reactions of key decision makers. They also had larger informal networks of individuals to draw guidance from. Change Makers had an active network, which was 3 times higher than their counterparts, and they used this network to obtain and gauge reactions to their activity.

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On a daily basis, Change Makers use of group meetings suggested an understanding of one of the paradoxes of organizational life today: while meetings are necessary, they may not be the best place to make decisions because of multiple agendas, posturing and the need to maintain power and territory in the political arena. Non-decisional meetings are often used in the idea generation stage to efficiently gather information and gain from others' reactions and perspectives. As a new idea for a change starts to take shape, discussion of the idea often takes place in informal settings where the advocate can more accurately determine whether the idea is fully understood, and what are the potential reservations for implementation. Controlling the number of participants in a conversation also allows the Change Maker to determine the real meaning behind some of verbalized messages. For example, does 'no' mean: "no-never", "no, not in this budget cycle", "no, not in this mix of priorities", or simply "no, not today I am too busy to bother". Once a negative response is verbalized in a meeting format, the advocate of the idea may also have to deal with the sometimes ill intended intentions of others.

"Well Joe was told no, but he just didn't want to hear it. He is just being stubborn or not listening."

Some Change Makers described their approach to meetings as the Sandwich Approach. They use meetings in the initial stages of change for gathering reactions and information, then pursue the hard work of gaining advocates behind the scenes outside of the public arena of meetings. Finally, when a critical mass has been achieved and the necessary approvals are confirmed, they hold a meeting to confirm project approval and to clarify a common understanding of next steps. Consistent with the theme of risk management, they manage the corporate approval seeking process with a "just in time " viewpoint. Projects were broken down into manageable portions and with new ideas, they make sure that all involved understand the implications of the idea. Overall, they do not seek premature decisions.

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Challenges of Developing Change Makers

While the mindset and practices of Change Makers are distinct and measurable, translating these findings into an actionable training program for presents several key challenges.

A key aspect of any program involves convincing professionals of the importance of gathering and using information beyond the financial and technical requirements. Legitimizing the task of seeking information about the professional as well as personal preferences of others and using this knowledge to tailor communications is an important step in improving one's effectiveness within an organization. If this premise is not accepted, the price of inaction is substantial – the study shows that a common trait shared by those who are less influential in a system is the adherence to the more impersonal, business-focused measurements.

There are several potential mindsets which can create barriers to embracing this premise. For those trained in finance or science, serious consideration of non-factual or off-balance sheet factors may be difficult because their view of organizations is often limited to financial variables such as capital, equipment and labor in terms of productivity. With these categories as the only metrics, the arena of individual preferences is often dismissed as "personal, not appropriate, or political." This supports a focus on pre-defined goals, which can limit flexibility during the process of managing the change through an organization. The lack of flexibility in defining goals and gaining support limits the effectiveness of these professionals; it also contributes to a tough credibility issue in the classroom when discussing skills of effective CM's.

A second barrier to teaching important change management skills stems from the negative reaction of many to observing the deception and tactics of a segment of skilled manipulators who use interpersonal information to further their own goals at the expense of a broader benefit. Suggesting that a successful approach to change must involve information beyond impersonal measures, is often met with resistance by those who do not want to be associated with organizational politics. They perceive this choice to be a moral one. As one manager stated, "Just doing my job or simply working harder is the best way to achieve success during a period of turmoil." For this group,

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establishing a working definition of ethics is important. The rule of thumb used in the study is expressed by the question, "If they knew what you wanted to do, would they let you?" They in this case is defined as a key decision-maker. This working definition of ethics addresses issues of deception and mislabeling self-serving goals as corporate priorities.

Translating Research into Education

One successful approach to developing more effective business practices begins with a shared experience in the form of a combination role-play and case study. Participants are given cards with information about the financials and personal issues of individual members of an executive committee prior to a decisional meeting. They are assigned the roles of supporting staff of a member of the committee and asked to develop a strategy for ensuring support and success of a significant shift in policy supporting a change effort. The case is designed to surface assumptions about organizational politics, stimulate discussion and potentially provide the basis for a shared successful experience. In the case debrief, participants discuss their analysis and strategies supporting the considered capital expenditure and organizational change. The optimal analytic mix of financials and agenda linking with other board members provides a discussion platform for possible alternate influence strategies in the real world context.

Taking the distinctions between effective and less effective behavior to another level, participants are confronted with a series of scenarios common to daily business situations. They force rank effectiveness with four possible next steps. All options are considered positive and commonly accepted business responses. The subtle distinctions which support the preferred options are framed in a series of suggestions titled "Seven Secret Savvy Strategies."

Conclusion

Three factors mark successful Change Makers in large organizations. The first relates to their perspective of the corporate environment. They perceive human

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characteristics of the players mirrored and multiplied by the organization, so that the firm itself takes on a "personality" which is decidedly human. This contrasts with a simplistic view of large entities as impersonal and run by logic and analysis. To initiate change, Change Makers seek to define not only the "reasons why," but also the reasons behind the "but", or hesitation for action. What could obstruct the adoption or completion of a change? Just as an individual often does not achieve a well-intentioned New Year's resolution, many changes such as mergers or reorganizations never achieve the intended benefits to stockholders or employees. Change Makers increase their chances of success by starting with an uncompromisingly tough view of the collective biases and fallibilities of a large firm.

The second factor contributing to success in large organizations stems from a consistent strategy of gaining support from relevant others through planful informal communication. The result of using an informal context is a reduction in risk of non-relevant issues affecting the Change Maker's strategy. They recognize that formal meetings often contain face-saving dynamics, which are more difficult to control and less relevant to their success. Like successful risk takers in other occupations, they engage in a situation only when they believe, that they have an acceptable change of success.

A third distinguishing characteristic of Change Makers is their guiding philosophy of creating win-win situations or adding value to their area of involvement. This is evident in the idea initiation stage, where they seek to link their best interests with the interests of other members of the firm. During the approval process, when competing interests are evaluated, they treat the ideas of others with respect. They are wary of gaining support through open confrontations, which create a scenario of one party winning at another's expense. Change Makers pursue their victories through demonstrating that their goals are better in a field of acceptable choices.

The identification of success factors across different corporate cultures and geographies carries practical implications for the leadership of large organizations. These include: validating the "human" side of enterprise, incorporating measurement of

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flexibility to the appraisal system, and implementing training programs to raise awareness and skill levels of the success factors of Change Makers.