

Chapter 9: Communicating Change

Chapter Summary

Managing and communicating change may be the greatest challenge facing today's managers. Events such as personnel developments, reorganizations, sudden impacts of a political crisis, or shifts in consumer preferences can force radical changes on the organization.

Organizations have different orientations toward change that define who can suggest, institute, and drive change efforts. A "top-down" orientation is indicative of an organization where top management assesses the need for change and dictates implementation through the chain of command. In contrast, a "bottom-up" orientation defines an organization where ideas for changes and methods of implementation percolate up through the organizational hierarchy. The "integrative approach" suggests that the orientation that is most effective depends on the situation.

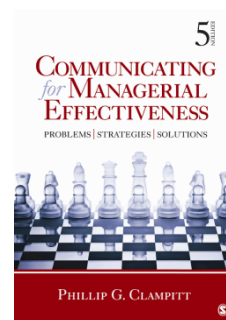
Changes can be characterized on a continuum from routine to nonroutine. Communicating nonroutine changes, like incorporating new technology in the workplace, is a more difficult challenge. When employees are faced with major changes, many will pass through stages of reaction similar to experiencing a death: denial and isolation, anger, bargaining, depression, and acceptance. A skillful manager can ease the transition by being sensitive to these stages of reaction. There are characteristics that identify each reaction stage and appropriate actions that the manager can take.

The Iceberg Model presents a strategic approach to communicating change. It is based on four levels of planning: contextual analysis, audience analysis, strategic design and tactical preparations. The model focuses on asking the right questions in the right order and suggests focusing most of the organizational resources on analyzing the context, analyzing the audience and designing the communication strategy.

Learning Objectives

After studying this chapter, you will be able to:

- describe and identify three approaches to change
- identify the typical stages of reactions employees go through when faced with nonroutine changes
- discuss appropriate actions at each reaction stage
- discuss the components of the Iceberg Model for communicating change



- perform a contextual analysis and audience analysis for a change effort
- identify the pertinent questions to consider when designing the strategy
- identify rules of thumb when making decisions regarding channel choice, message construction, timing, spokespeople and safety valves
- analyze the communication of change initiatives and discuss its effectiveness

Outline

- I. Approaches to Change
 - A. Top-down
 - B. Bottom-up
 - C. Integrative
- II. Selecting the Degree of Communication
 - A. Undercommunicating
 - B. Overcommunicating
 - C. “Goldilocks” zones
- III. Reactions to Change
 - A. Stage 1 – Denial and Isolation
 - B. Stage 2 – Anger
 - C. Stage 3 – Bargaining
 - D. Stage 4 – Depression
 - E. Stage 5 – Acceptance
- IV. The Iceberg Model
 - A. Contextual Analysis

1. How have employees assimilated other changes?
2. How congruent is the change with the culture?
3. How noncomplex and manageable is the change?
4. How advantageous is the change over past practices?
5. What benefits will be readily observable?
6. How will key relationships be affected?

B. Audience Analysis

1. What are the major groups of employees that will be affected by the change?
2. How will each group be affected by the change?
3. Who are the key opinion leaders of each group?
4. What are the communication or channel preferences of each group?
5. What does each group know or think they know about the change?
6. What are the most likely concerns or resistance points of each group?

C. Strategic Design

1. Step 1: Develop tentative communicative objectives for each of the audiences
2. Step 2: Determine common objectives that are shared by all the audiences
3. Step 3: Develop an underlying theme or core message
4. Step 4: Allocate communication resources according to the audience analysis
5. Step 5: Formulate a general sequence of stages or phases

D. Tactical Preparation

1. Channels

- a. Use multiple channels
- b. Use rich channels

2. Message

- a. Link messages to the audience's preexisting thinking routines
- b. Discuss the upside and downside of the change
- c. Directly address likely concerns or resistance points
- d. Remind employees that not "everything" is changing
- e. Publicize initial successes

Include the following to effectively "download" a decision:

- i. What the decision is
- ii. How the decision was made
- iii. Why the decision was made
- iv. What were some of the rejected alternatives to the announced decision
- v. How the decision fits into the organizational mission and vision
- vi. How the decision impacts the organization (WIFO)
- vii. How the decision impacts the employees (WIFM)

3. Safety Valves

4. Timing

- i. Take into account the other initiatives the organization is pursuing at the time

- ii. Develop a schedule or method so that most employees are informed about the initiative during a similar time frame
- iii. Allow time to harvest and respond to dissent in a meaningful way
- iv. Schedule follow-up communications

5. Spokespeople

V. Conclusion

Case 9.1: Implementing a Change

Purpose:

The purpose of this case is to learn how to communicate change effectively in an organization.

Situation:

1. You are advising the CEO and founder of a 150-person telemarketing firm. The major divisions of the company are: marketing, telemarketing, distribution, information systems and administration.

The company has been quite successful in marketing nuts, bolts and other hardware to manufacturers across the nation. The company continues to grow since its founding 12 years ago. The CEO credits the company's customer focus as the major reason for sustained growth.

2. The CEO believes that the company's next growth spurt will be the result of improved computer technology. Accordingly, the firm is set to test market the "scanner technology" which is a device that acts much like the scanner at grocery stores in which items pass over computerized bar codes.
3. The firm would like to use this technology with major accounts that purchase many of the firm's products. Because orders would no longer be taken over the phone and recorded by hand, it would increase accuracy and save both the firm and the customer a significant amount of time in processing orders.
4. The technology involves giving the client the scanner to pass over bar-coded bins in their warehouse and transmitting the data directly to your company's computers.
5. The CEO is personally committed to a long-term employment policy. He is well regarded by employees and is known to be a "gifted communicator" who is always coming up with new

ideas. Once he is sure that the idea will work, he moves forward quickly with aggressive and detailed timetables.

6. The last time the firm instituted a major change, additional personnel were hired. Yet, despite the CEO's best efforts to communicate effectively, many employees were quite anxious and rumors ran rampant through the organization.
7. In general, the change will have the most impact on the telemarketing department which is 50% of the work force. Instead of selling and taking orders, these employees will be more involved in servicing customers with issues such as dealing with complaints.
8. At this point, the vice presidents are aware of the change and are quite excited about it. Employees in the information systems department have already begun to develop the appropriate software. Other employees have only heard about the program through the grapevine. The CEO wants to avoid the mistakes of his last effort.
9. At this stage the firm is testing out the concept with only five clients. The company plans to proceed as follows:
 - a. Test in five large markets.
 - b. Revise based on feedback.
 - c. Market in other large markets.

Your objectives:

1. Using this information, decide how and when you would go about informing employees of the changes. Also, specify what information they should receive.
2. Determine what channels of communication you would use.
3. Determine how you would present your plan to the CEO.
4. Most importantly, provide the rationale for all of your choices.

Case 9.2: Implementing a Change

Purpose:

The purpose of this case is to design a communication strategy that fosters a smooth transitioning for a reengineering project.

Situation:

- At this paper plant, there are 1,000 employees working on 20 major pieces of machinery.
- This is the first machine to be "reengineered." If it "works", others will follow.

- The basic idea of the change is that if a crewmember notices a defect at any time, he/she can shut down the machine and immediately correct the problem. In the past, small defects were passed on to the “doctors” at the end of the run who then fixed the problem. With the reengineering, the “doctor” positions will be eliminated.
- The change will mean that those in charge of “rewinding” the paper will have to assume more duties by noticing defects.
- When production employees are confronted with quality problems, they often blame others further up the production line.
- In the past, slightly damaged paper was salvaged. Now, it will be “junked.”
- Two jobs will be eliminated, but the affected people will be reassigned to other jobs in the plant.
- Engineers have worked out all the details about the reengineering, but the crewmembers do not have a clue about the change. It is scheduled to take place in 3 weeks.
- Employees on this machine have often led experimental efforts. Recent job satisfaction ratings of these employees were among the lowest in the plant.
- The plant manager, while an effective communicator, has taken a fairly “laissez-faire” approach to the situation. He supports the experiment, but has let the production engineer and department head plan the entire change.
- The plant does not have a regular employee newsletter but occasionally sends out “plant update” letters to employees at home.
- Electronic mail is used extensively in the plant as a communication tool.
- There have been occasional temporary layoffs of union workers. The number of supervisory personnel was cut by 25% over the last 5 years.
- The company has been very successful financially and continues to grow.
- The local economy is strong with little unemployment. Employees at the plant are well compensated compared to others in the area with comparable skills.

Your objectives:

1. Specify your communication strategy.

2. Develop the tactics necessary to implement the strategy.
3. Provide an evaluation mechanism for the process.