Organizations Don't Change Behavior, People Do

How to inspire people to want to change.

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Any company that undertakes a transformation—to permanently take out costs, merge with another company or accomplish some other major endeavor—will have to inspire people to think and act differently. Yet in most large-scale change programs, there is a disconnect: Companies focus mainly on designing new processes or technical systems, and far less on how to motivate employees to adopt the solution.

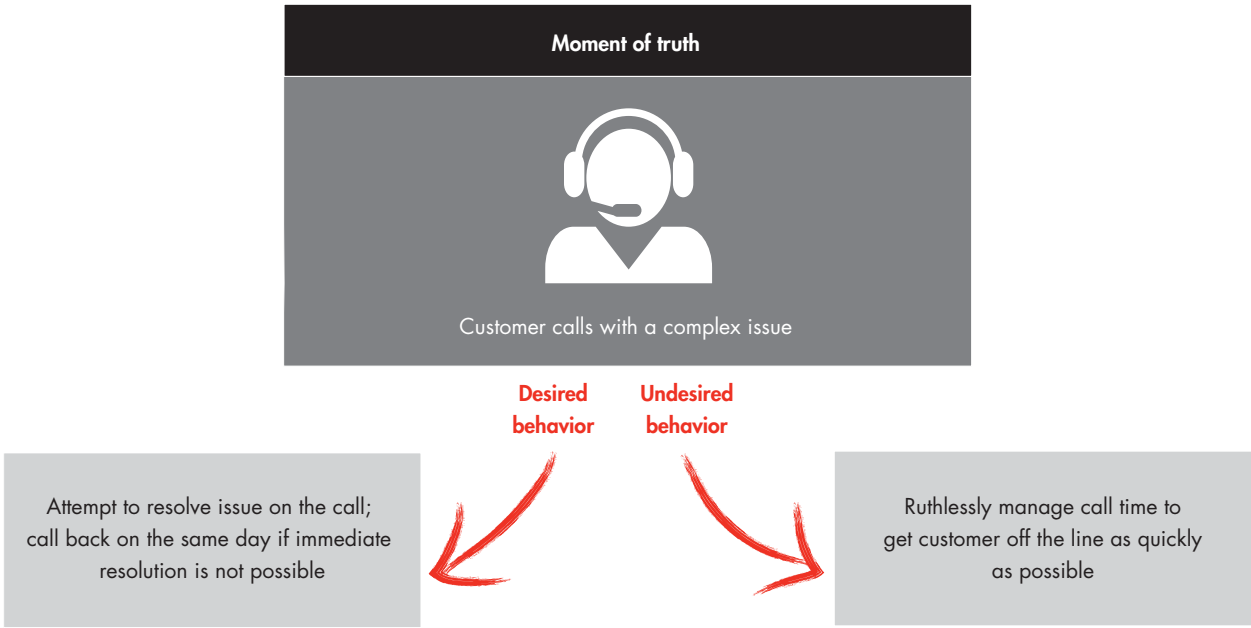
Consider a bank that installs an expensive digital platform so that customers can use its website or mobile app for routine transactions. Branch employees might not want to encourage customers to migrate to the app because they fear losing their jobs, or they believe customers should be served in person. Forced compliance from the top will likely generate ill will or even resistance. Senior management must anticipate why employees might naturally be wary of the change and create approaches that will motivate employees to embrace the solution. Otherwise, the entire value of the program stands at risk.

Of all the behaviors involved in a change effort, only a few tend to produce the lion's share of results. These few behaviors are the ones that employees should choose during moments of truth, when the behavior has an outsize influence on customers or colleagues (*see Figure 1*). For example, when a customer calls with a complex problem, does the call-center agent try to resolve the issue to the customer's satisfaction, or in order to comply with average handle-time goals, does he try to keep the call brief regardless of whether the customer's issue has been resolved? In a factory, if an incident occurs that skirts actual harm but is potentially dangerous, does the employee report it so that the company can learn how to prevent future incidents, or ignore it because of the fear of repercussion or an unpleasant audit?

Getting employees to consistently choose the right new behaviors during such moments can be a tough challenge. People often have good reasons for *not* choosing new behaviors. For instance, the new solution may be difficult to learn or perceived to be a bad solution. Or the organization may still reward old behaviors.

Enlisting people to co-create the right new behaviors is one means of getting them to buy into the new ways of

Figure 1: Focus on behaviors that have an outsize influence on customers or colleagues



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working, because it increases the level of trust and ownership. Co-creation involves listening to the relevant employees' concerns about the barriers preventing them from shifting to new behaviors, and then enlisting them to help design specific, practical steps that will overcome those barriers.

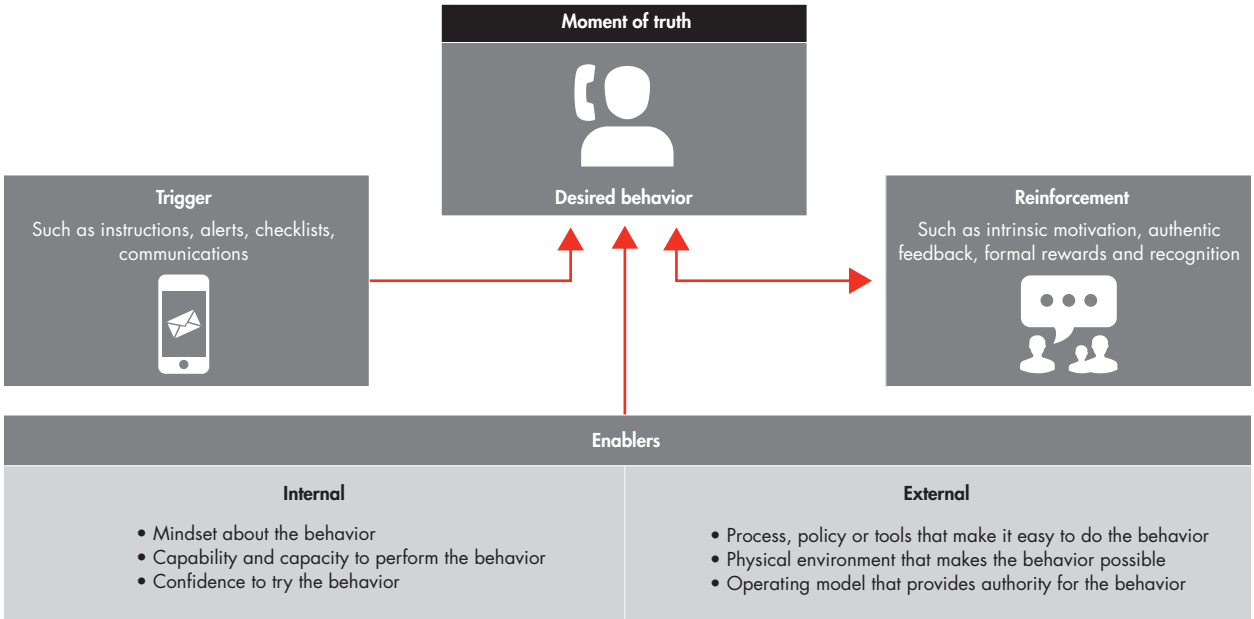
Traditions will perpetuate, though, unless the organization changes the ecosystem in which people behave. Elements of that ecosystem include the design of the solution itself; the mindset of people in the organization; the role modeling that helps people understand what's expected; and the reinforcing measures that sustain new behaviors (*see Figure 2*). Some elements tap into self-motivation, others use external stimuli, and all of the elements play a role in promoting behavior change. When an organization purposely addresses each element and aligns all of the elements of the ecosystem, it can create unstoppable momentum.

Once a company has identified the essential new behaviors, the next step is to design tactics for activating and then sustaining them. These tactics should be designed to make it easy for people to behave in the intended ways, removing any barriers to such behaviors. Activation of the behaviors often happens through triggers during moments of truth, such as the checklists that a hospital critical-care unit adopts, or visual cues, such as a poster in that unit on hand washing. Behaviors also can be enabled by activities such as training, road shows and videos. These usually include communications about what is expected of employees—as when a CEO says, "I intend to make our company the safest in our industry"—and how the behavior delivers value to the business and to employees themselves.

A different set of tactics serves to sustain behavior change. This set typically comes in the form of various types of reinforcement:

- **Intrinsic motivation**, the sense of pride and purpose in doing meaningful work and doing it well
- **Authentic feedback** from other people, including peers, supervisors, senior leaders and customers
- **Formal rewards and recognition**, such as monetary incentives and assignments to important projects

Figure 2: Build an ecosystem around each moment of truth in order to encourage people to choose desired behaviors



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Ideally, the ratio of positive reinforcement to negative consequences should be about four to one. That balance appeals to people's sense of fairness and optimism, and avoids cheerleading at one extreme and constant criticism at the other. Moreover, the most effective reinforcement tends to be immediate and relevant. Returning to the example of a bank that wants to migrate routine transactions from its branches to the mobile app, if a teller discusses the app with a customer, the best moment for the branch manager's reinforcing feedback is right after the interaction, one on one, not at a monthly group meeting weeks later.

All elements of the ecosystem should align in order to avoid dissonant behavior. For instance, if engineers design a manufacturing system that is efficient but has a clumsy user interface, nothing that managers do to encourage adoption of the system will overcome its fundamental flaws. If a call-center agent wants to help customers solve their problems, that impulse can be undermined when the company uses average handle time as the primary performance indicator. Likewise, a middle manager who wants to collaborate with other departments will be deterred by formal and informal incentives to protect one's own department.

Orchestrating the right sequence

Behavior-change techniques and roles should be tailored to the different employee groups being addressed: senior executives, middle managers or frontline employees. Executives, for instance, often have a hard time disclosing weaknesses in front of one another, particularly if they operate in silos or implicitly compete to move up the ladder. They will require techniques that elicit more candor in group discussions. Middle managers typically are the ones who have to solicit help from other functions and departments, so they could value techniques on collaboration. They also will need the senior team to provide the air cover for collaboration through public mandates and day-to-day role modeling.

In orchestrating change on a large scale, it is critical to determine which group of employees to start with, and when and how to bring in other parts of the organization. The sequence will vary depending on the nature of the transformation. When a program depends heavily on a cultural change, it is best to start at the executive level and then proceed down through the organization. By contrast, a program to improve customer service, sales productivity or safety would likely focus first on the front line, although team leaders and executives ultimately will get involved in a behavior change program as well. An operating model shift, a cost-reduction program in which a company has to implement new processes and policies, or a move to shared services might well start with middle managers or at least include them in parallel with some of the senior executives.

Key behaviors in each group will come into play at the appropriate stages. Take the situation of a post-merger integration. Before the deal closes, executive behaviors would focus on keeping their respective organizations operating in the face of uncertainty. After the closing, executives would need to help the next level of managers negotiate their new positions and new bosses. Within a few months, middle management would be enlisted to take redundant processes or jobs out of the organization. That requires middle managers to be transparent about their processes and actively supply all relevant data, so that executives can make informed choices to reach their targets.

Finally, the front line would get involved. In the merger scenario, the combined company now wants all sales representatives to represent the full suite of products, not just those products from their predecessor company. The company will need to bring sales reps together in workshops where they can express their concerns and jointly create the right set of behaviors for account planning and contract renewals.

Regardless of the sequence, each group of employees typically plays a few roles that are common across different business situations. Let's look at each in turn.

Senior executives serve as role models to other people in the organization, and they are biased to action. But other, less obvious behaviors will be just as effective in generating energy and confidence: Paying attention to how their peers behave, listening to employees' concerns, and calling out exemplary behaviors at every opportunity. This stance represents a marked shift for some executives.

Executives at the upstream division of a major oil and gas company dealt with this problem as they shifted from an operating model that revolved around assets (such as the unit overseeing a region) to one that revolved

around functions (such as drilling). The functional model required more collaboration among different units, yet the senior executives identified several major behavioral barriers to success. These included chronic lack of trust; lack of a one-team attitude, with divisions essentially operating as separate companies; and poor communication among the different units.

Through a series of workshops, the senior management group co-created and published a declaration that laid out specific and observable commitments for each individual manager, and tied them to the agreed behavioral themes that would enable the new operating model to work. One of the main reinforcing mechanisms was formal, detailed 360-degree feedback, the output from which would be used in performance appraisals and promotion decisions. Each of these managers now would be assessed by direct reports and peers both on how well he or she fulfilled specific commitments and whether the respondent would recommend the manager. And executives and managers received coaching on how to discuss the 360-degree feedback effectively. While the transition has been easier for the second level of managers than for the top five executives, the ice has thawed and critical new collaborations have allowed the oil and gas company to speed up large business initiatives. One new oilfield in a harsh, remote region, for instance, is finally nearing completion after being stalled with one of the business units, because now the other business units have joined the effort, instead of trying to undercut each other as in the past.

Middle management covers a broad group of performers plus leaders, called on not only to change their behaviors but also to provide reinforcement to other employees. Besides the responsibility for improving performance of their own teams, they often must coordinate with other units. It is the behavior at these organizational seams that can make or break a business.

One financial services company had to overhaul behaviors at the seams after competitors made inroads among the firm's corporate clients. The company had three business segments, each dealing with a different group of employees within a client, based on levels of wealth. The problem was that each business had more and more staff roaming a client site without any coordination or notification, which caused confusion and annoyed personnel directors.

Senior leaders told managers to fix the problem by articulating a common value proposition to clients and closely coordinating onsite efforts. Managers jointly developed account strategies, including site visits, and started formally communicating to the entire client site team any relevant information after those visits. They put in place shared financial goals and regular team surveys on how well the team was performing against its newly defined behaviors.

For **frontline employees**, successful behavior change hinges on precision and scale. A company has to identify the few behaviors that can quantifiably link to a known performance goal, whether that is productivity, customer service, safety or something else. And the company must get those few behaviors to occur consistently among thousands of people.

A global petrochemicals company decided that service vendors should go through a permitting process before working in a plant. While intended as a safety measure, the process reduced productivity. Employees charged with writing the permits were so concerned about managers' criticism that they insisted on permits for all jobs, even innocuous ones such as hanging a picture. They spent too much time on irrelevant permits, and too little time making sure risky jobs were done safely.

Once it recognized this pattern, the company clarified which jobs to focus on and encouraged managers to stop blanket requests for permits. It issued new guidelines to help frontline employees exempt certain jobs from permitting, and coached managers to reinforce with employees the positive aspects of permitting the high-risk jobs and the problems associated with permitting small things. Today, frontline employees write one-third as many permits, even as plant safety performance has improved.

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Employees generally want to do the right thing for their company. They will be more likely to embrace change if they see a pragmatic path forward that is followed at every level of the enterprise. The energy to fuel that change comes through addressing the root causes of behavior and showing employees that the company is serious about supporting and reinforcing them as they make the shift. When employees are inspired to change and have the chance to co-create new behaviors, those changes will stick.

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