

RENEWING ORGANIZATIONS IN A TIME OF CHANGE

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Abstract: Organizations today face changes that occur at an increasingly rapid pace. The effects of these changes alter the implicit contracts that organizations have with their members. When signs of stress and grief appear, leaders typically minimize them or impose management sanctions and discipline. However, creating a new contract with organizational renewal initiatives can lead directly to high performance.

In this article, the authors propose an Organization Renewal Model. They outline a process for redefining the organization after change that includes the following steps: expectations, change in organization, loss of the contract, signs of stress and grief, management sanctions and discipline, organization renewal initiatives, and commitment to new contract. By recognizing these steps and acknowledging the loss, an organization has the potential to move beyond the loss to renewed optimism and high performance.

Change happens: downsizing, mergers, reassignments, reorganizations, new priorities. More than ever, organization leaders and members are aware that the old assumptions about lifetime employment, workplace stability, and predictable career advancement are no more. The only constant is change, and the rate continues to accelerate as organizations attempt to learn new ways to respond to changing markets, new technologies, new customer expectations, and fierce competition. People are struggling to adapt effectively. Although they are becoming more resigned about the inevitability of change, they do not exhibit optimism about their ability to weather the process; nor do they show much faith in organization leaders' ability to plan and manage these changes with appropriate attention to the needs of people. Everyone knows of or has first-hand experience with the pain of poorly managed change.

Too often leaders try to minimize the pain for their employees and themselves by implementing the change plan as quickly as possible. This is often an unconscious (or conscious!) attempt to circumvent the natural, unavoidable, and painful human reaction to loss—the grief process. More than one leader has been heard to say to upset people, “What’s the problem? You still have your jobs, don’t you?” These leaders are ignoring the impact of the trauma and the associated need of people to grieve their losses and to recover, if over time they are to renew their commitments to their organization and its goals. Organization leaders have a great need to understand the natural process of healing after trauma that underlies many models of Western and Eastern medicine and psychology; guided by these insights, they can manage the feelings of unpredictability and loss and effectively assist their organizations to renew themselves.

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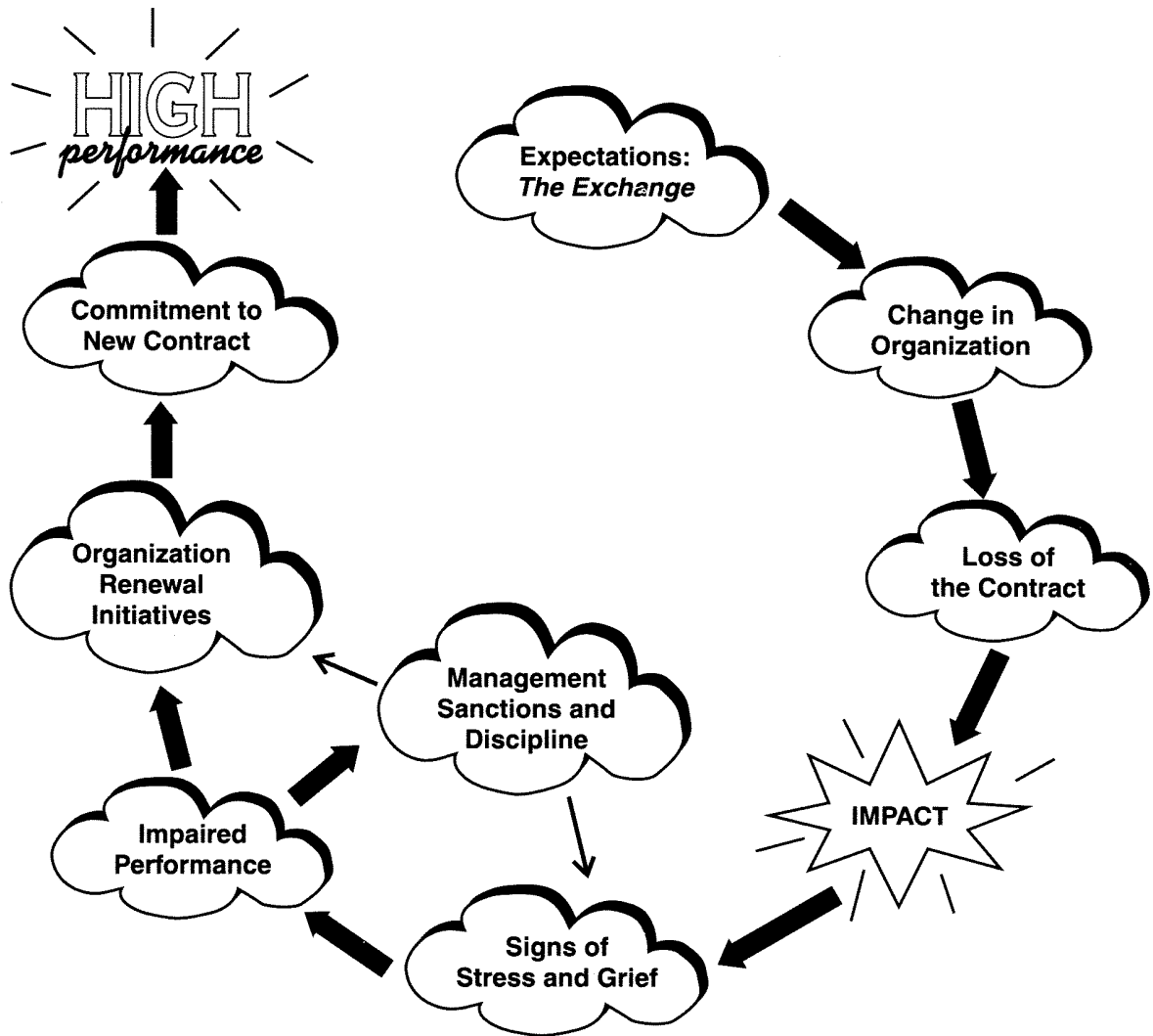


Figure 1. Organization Renewal Model

THE ORGANIZATION RENEWAL MODEL

Expectations: The Exchange

The Organization Renewal Model¹ (Figure 1) begins with the starting place for all human relationships—expectations about appropriate exchanges. Whether between a parent and a child, a customer and a clerk, or an employee and an employer, all people bring expectations for what each will give and get in return. These expectations guide the relationship, whether brief or lifelong. To the extent that both parties share

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comparable expectations and abide by them, the relationship will thrive; if they hold differing expectations or fail to fulfill them, the relationship will become strained and conflicted. The model presents the typical assumptions that organization members and leaders bring to their workplace at this time in history. Most people feel strongly that these exchanges are only reasonable and fair; thus these expectations constitute the “Assumed Employment Contract” (Figure 2). Members expect leaders to actively work to ensure that the exchanges are fulfilled; in fact, this leadership accountability is the very basis for trust in the organization itself.

Experiencing two decades of major change, such as reorganization and downsizing, has greatly weakened people’s faith in “the contract”; in fact, they display unprecedented mistrust and cynicism. However, the yearning for the stability of earlier days seems to persist. People want to believe that they work in a fair place in which the exchanges of “Gives” and “Gets” are preserved. In other words, “If I do my part for the job (as listed in the model), then the organization will do its part for me.” A particularly compelling “Get” in the exchange is the opportunity to prove oneself; having achieved a track record through long years of hard work and loyal effort, people are especially stunned if their expected rewards (promotion, continued employment, and so on) are withdrawn.

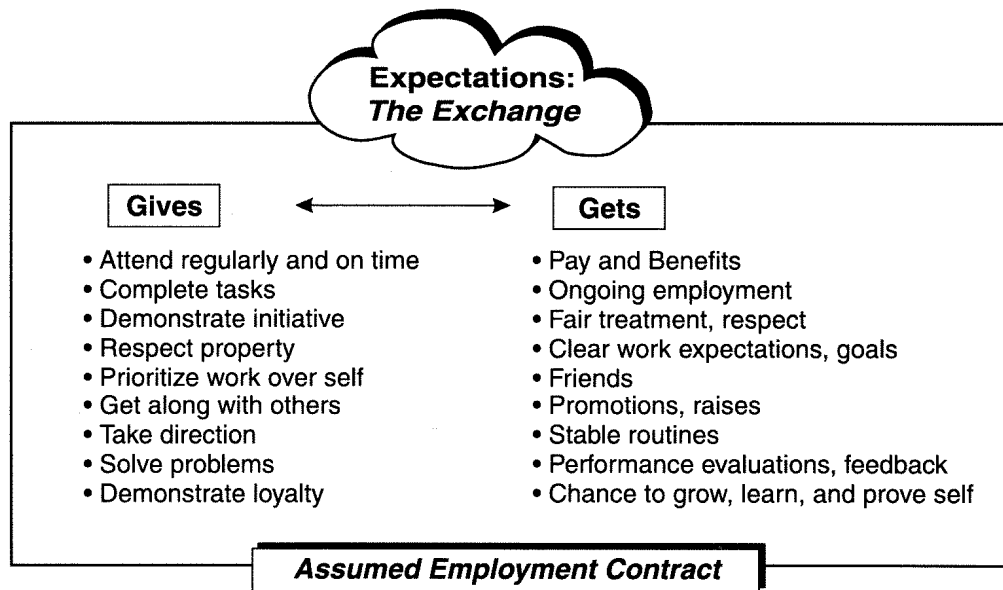


Figure 2. Assumed Employment Contract

Change in Organization

Suddenly, there is a change caused by reassignment, reorganization, or other shift in the pattern of work. Sometimes it is the departure or death of a valued leader or peer. Many different changes (see Figure 3) can trigger the loss cycle described; depending on the

perspective of the individuals, the change will be interpreted as an opportunity or a loss. In either case, there is stress caused by the demand to adapt to new conditions.

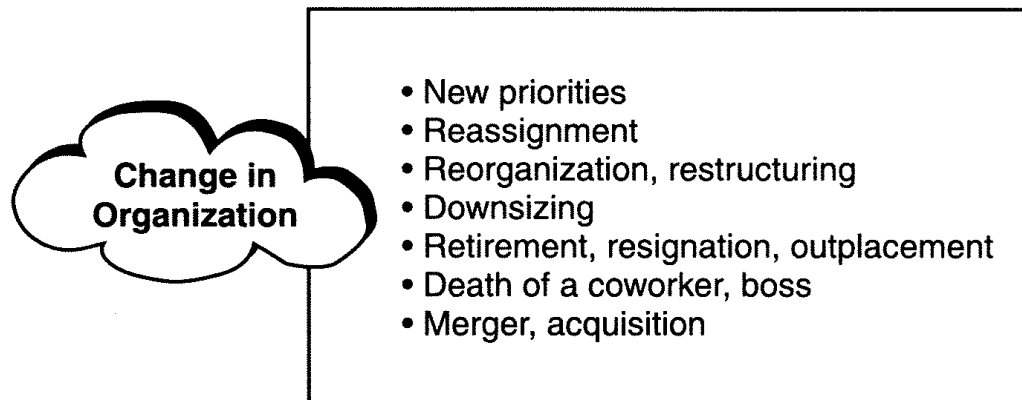


Figure 3. Change in Organization

Loss of the Contract

These change events can cause a variety of specific losses for the employee, including a valued assignment, an expected promotion, a trusted relationship, or even the job itself. A particularly profound loss is that of one's role and identity, which may have been earned with effort and sacrifice for many years. Being laid off can damage the self-esteem derived from such a role. In effect, these losses are experienced as a breach of "contract" (see Figure 4), which challenges people's sense of order in the work world. In fact, such expectations then prove to be an illusion, and this discovery takes people by surprise and is deeply disturbing.

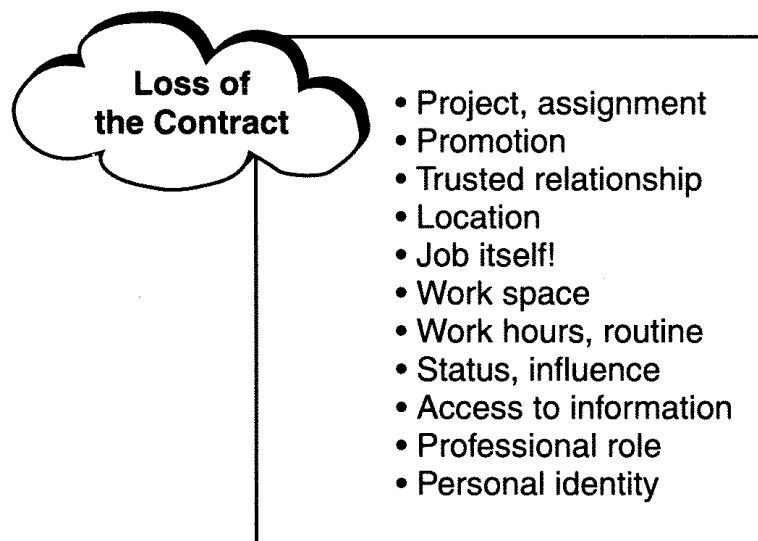


Figure 4. Loss of the Contract

Signs of Stress and Grief

The impact of the loss can be mild or severe; symptoms of stress typically include a variety of physical, emotional, and behavioral problems, as described in Figure 5. Their onset provides clear feedback that the individual is experiencing a loss. The symptoms often appear in combinations—for example, changes in sleep patterns along with feelings of frustration and increased absenteeism. Sometimes people are so affected that their work performance suffers. They may be unable to accept the change, and this denial then prevents them from working in the new way. They may be so angry that they resist the change or even sabotage the organization’s efforts. Rumors may be rampant, which tends to increase the stress as people feel more and more out of control; the result is further impaired performance.

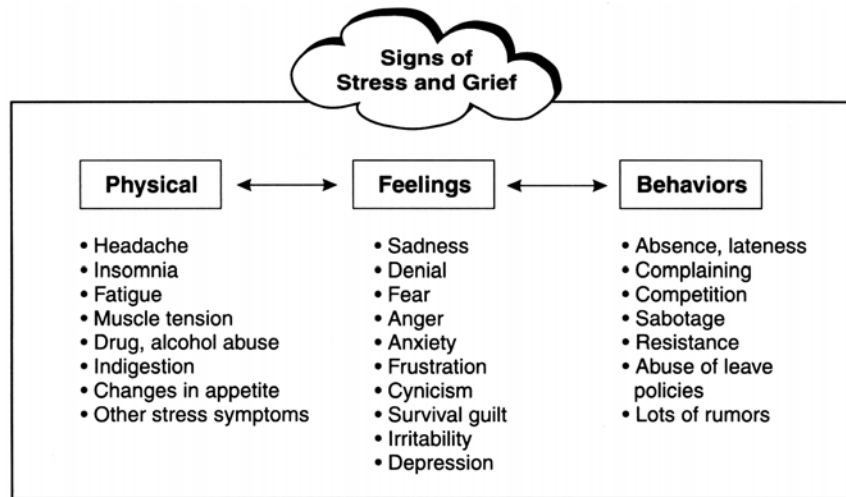


Figure 5. Signs of Stress and Grief

Management Sanctions and Discipline

The resolution of these symptoms and associated performance problems will be thwarted or eased by the way in which organization leaders respond. Typically, when managers become alarmed by inadequate performance, they invoke sanctions and discipline (Figure 6). Although this strategy of performance management and corrective action has its legitimate place, in a time of organization crisis its use may intensify rather than alleviate the performance problems. People may experience it as unfair punishment and shame, not assistance; these responses may further undermine the change effort.

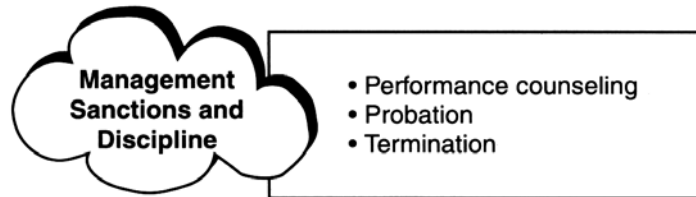


Figure 6. Management Sanctions and Discipline

Organization Renewal Initiatives

Figure 7 describes a series of powerful initiatives that, in the hands of leaders who understand the practical payoff and human decency of supporting traumatized people, enable renewal to occur more quickly and thoroughly.

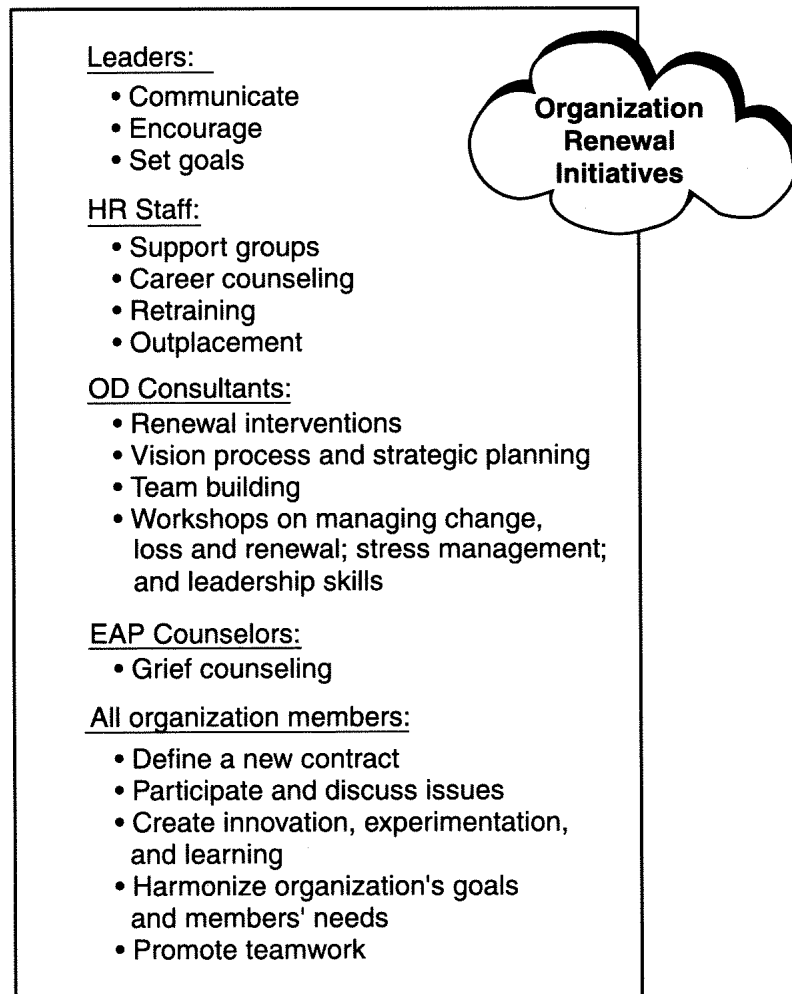


Figure 7. Organization Renewal Initiatives

1. Leaders need to communicate as early and as openly as possible so that people can prepare themselves for the approaching change. They need to remind employees about difficult times in the past that the organization has weathered and the positive results that the change is intended to create. They need to sincerely ask employees for their help and support. As the change proceeds, leaders need to provide constant updates and repeated encouragement; they need to make themselves available for dialogue to clarify goals, time frames, and opportunities for all.
2. Human Resources (HR) staff can provide ongoing support groups to help people to help themselves and one another; the power of group support is well-documented in many fields, such as smoking cessation, weight loss, substance abuse, and grief recovery. During these groups or in individual support sessions with employees, HR staff can listen respectfully without trying to quickly fix the negative feelings. Nonjudgmental listening is a very powerful intervention, which is in short supply even in good times and especially rare in hard times. Also, HR staff can provide career counseling to enable individuals to weigh their options and perhaps to prepare for a job search. If jobs are being lost, HR staff need to secure and manage outplacement services. For people in new jobs, HR staff need to provide timely and appropriate retraining to ensure that people are prepared to fulfill their new roles successfully.
3. Organization Development (OD) consultants can provide a variety of renewal interventions to help move beyond the confusion and pain. A very powerful process is to hold funerals and other ending rituals; these events can mobilize a spirit of community support and help people to heal. OD consultants can help organization leaders to articulate an exciting and energizing vision of the future, which can assist the organization to revitalize and be ready for movement. Team-building activities are particularly helpful when there are membership changes because of reorganizations or when new teams are being launched. Finally, this is a time for training in the skills of coping with and leading change.
4. Employee Assistance Program (EAP) Counselors can provide expertise in the area of grief counseling, an important specialized service that is often necessary for people facing a significant loss.
5. All organization members need to get involved if major changes are to be achieved, and the HR staff and OD consultants can assist leaders to successfully undertake the process of dialogue, influencing, and innovating that the model identifies. The goal here is to define a new “Assumed Employment Contract” that clarifies the new “Gives” and “Gets” of the changed organization and that maximizes the interests of both the organization and its members. Further, a new emphasis on team work may be needed to achieve new goals.

Commitment to a New Contract

If the renewal process is undertaken with sincerity and energy, the outcome can be highly successful. The hallmarks are diminished signs of stress and grief, which demonstrate the resolution of the loss and the adjustment to new conditions. The impact on the organization of renewed optimism and willingness to reinvest in the future is profound; it confirms that leaders and members have committed themselves to new exchanges and restored a feeling of trust in their workplace (Figure 8).

Under these circumstances, the organization can look forward to a time of high functioning. Such a successful outcome of the cycle of loss and renewal suggests that a resilience has been built that can further help to sustain the organization through subsequent change events. This resilience is a critical survival skill, given the increasing pace of change.

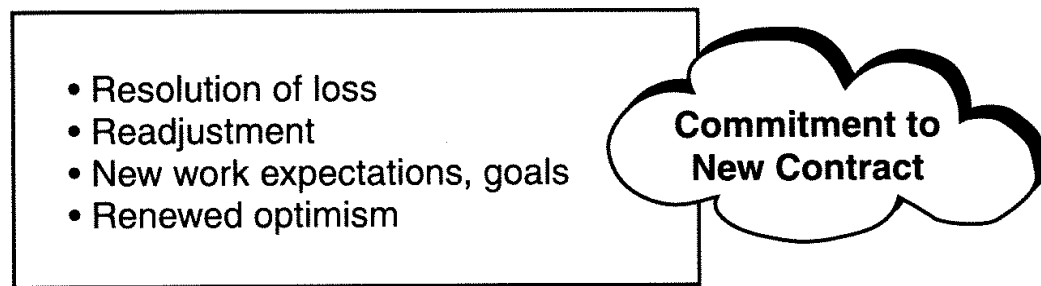


Figure 8. Commitment to New Contract

USING THE MODEL IN HR/OD

The Organization Renewal Model can serve as a lens to clarify the data that staff may have collected about the client group. It can reduce confusion and turmoil by providing a template of normal, predictable reactions of people experiencing loss, as well as a checklist of initiatives to support the resolution of the loss. The comprehensive overview can assist in both educating leaders about change and influencing them to provide resources such as those listed in the Organization Renewal Initiatives box. Further, the model can be used as a training tool in change-management workshops to assist leaders and members to understand the process and to fulfill their roles effectively.

Pitfalls

Leaders and HR/OD staff need to guard against two common pitfalls. One is the “Band-Aid™” or quick-fix approach, which attempts to use superficial, off-the-shelf, or manipulative processes to address complex problems. People recognize these efforts for what they are—demeaning, perhaps naive, attempts to get through the hard times quickly. Major change requires thoughtful, tailored, comprehensive actions.

The second pitfall is a failure to realize that even if the organization is providing appropriate and well-managed support, the process of renewal may not be speedy.

Depending on the scope and nature of the change, the recovery may take months or years to be fully achieved. A residue of pain and anxiety may, in fact, remain for many years, even after people appear genuinely to have moved on. Thus, patience and sensitivity for the range of human responses is necessary; it is essential that leaders persist in guiding, reassuring, and challenging people for what may seem like a long time.

CONCLUSION

It is common and completely understandable that significant organization change will be experienced as a loss and may trigger anger, cynicism, and fear; work performance inevitably is compromised. If the proper organization supports are provided, however, resolution and renewal are achievable. The Organization Renewal Model describes a successful cycle in which people learn that the old world, including its expectations for what the work experience will be, has changed. In place of these expectations, new ones are defined, and the community of organization leaders and members resolve the loss experience together and begin to face their work with renewed optimism and a sense of commitment to the new expectations for the future.

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