Organizational Development and Change - Communication

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Abstract

With the current emphasis on organizational development and change such as continuous process improvement, Six Sigma, total quality management, or mergers and acquisitions, there appear to be numerous opportunities for organizational communication to fail. Having worked both as an employee affected by change and the change agent affecting the change, I wanted to review how organizational communications during organizational change contribute to the success or failure of these initiatives. This paper will utilize two contrasting cases to compare organizational communication failure and success during organizational change efforts. While this is by no means an exhaustive study of organizational development and change communications, it will give the reader an overview and provide the practitioner with a good organizational communications foundation.
Some Definitions

To begin the discussion of how vital organizational communication is to the success of an organizational development and change project, let me start by defining some related terms. Schiffer (1999) provides the following definition of communication. In communication, “an interactor acquires information, through inference, from the performances of other interactors…” (p. 121). Schiffer goes on to define the act of communicating as the communication process. The communication process is “the passage of consequential information from interactor to interactor, culminating in a receiver’s response” (1999, p. 121). The communication process, describes a circular process by which information is passed from entity-1 to entity-2, entity-2 receives the information and the process completes when entity-2 provides a response, or feedback, to entity-1 about the information received.

“An organization consists of a formal, enduring social structure (e.g., hierarchy of ranks) within which individuals perform work in pursuit of common goals.” (Reinsch, 1991) Reinsch utilizes this very narrow definition to get to what he calls the heart of the definition. He goes on to define organizational communication as “communication intended to affect (overthrow, modify, fortify) organizational structure.

While organizational communication during an organizational development or change project is occasionally viewed as leaders “communicating” a dictated organizational change to the regular organizational members, stakeholders and public, this is only partially correct. The book, Talking Business discusses this as the “communication as something you do to people” view. (Clutterbuck, Hirst, & Cage, 2002, p. xvii) This view is defined as decree by Greiner’s discussion of successful organizational change. (1967) Greiner found that the less successful
changes all seemed to avoid a shared approach to power during the change and relied on the decree as the method of organizational communication.

In Schmisseur & Stephens’ (2006) compilation of popular management books dealing with organizational change, the authors explain how in a successful organizational change implementation the emphasis on organizational communication needs to encompass the entire organization from the very beginning in a strategic fashion. They suggest gathering organizational change insights from the regular members by creating questionnaires or surveys to gather data.

This coincides with Klein’s (1996) correlation between adjusting an organization’s communication methods and media to correspond with the change model lifecycle the organization is in. The change cycle model Klein talks about is the Kurt Lewinian change model of unfreezing, changing or moving, and refreezing. As the organization moves through these three primary phases of change, the organizational communication must be adjusted to remain effective. The concept of changing organizational communication styles during the organizational development is echoed by Schmisseur & Stephens’ (2006) analysis of popular management books and Goodman & Truss’s (2004) continuation of Klein’s work.
The Approach

Pitman lays out the critical success factors to organizational change as: a) visible management support and commitment, b) proper preparation for a successful change, c) user/client participation, d) a strong business-related need for change, e) a reward system that supports necessary changes, and f) a high degree of communication. (Pitman, 1994) Naturally, an absence of any of these critical success factors would affect the success of an organizational change effort. The focus of this discussion is limited to the “high degree of communication” factor.

While there does not appear to be a single or simple way measure the success of an Organizational Development or Change effort, Sofer suggests the attitudes of the stakeholders throughout the process covers a broader assessment of the object. By utilizing extensive and varied organizational communications with feedback during the various phases of the Organizational Development or Change effort the success or failure is gleaned from the relevant stakeholders. (Sofer, 1964)

To provide some examples of organizational change success and failures which substantiate Klein’s approach, I will present two cases in a fashion similar to Klein, DiFonzo & Bordia, and Goodman & Truss. These cases show the extremes of organizational communication during organizational change. I will point out where the organizational communication style was changed or not changed based on the change model lifecycle for each case. As these cases are presented, it will become evident how the change in organizational communications is one factor in the success or non-success of the organizational change for each organization.
The Negative Side

There have been numerous instances of organizational change initiatives that fail due to inadequate or miss-guided organizational communications regarding organizational change initiative. (DiFonzo & Bordia, 1998; Goodman & Truss, 2004) This first case will show how the relevant stakeholders were not successfully communicated with during the organizational change and development effort. Clearly this was a case of decree versus an evolving communication effort over the change model lifecycle.

The case of CorpA was presented by DiFonzo and Bordia (1998) as an example of an ineffective change communication strategy. CorpA reviewed the case of a multinational banking conglomerate. This organization was originally divided into a U.S. East Coast and West Cost location. In an effort to streamline operations, CorpA embarked on a consolidation of the two sites into a single location on the East Coast. During the “unfreezing” phase, the CorpA management developed a communication plan that mimicked their standard operating procedures for mergers and acquisitions. This technique called for all management to be sworn to secrecy for all organizational changes until the entire plan was developed. This clearly shows there was no communication to the stakeholders during the “unfreezing” phase. The communication did not begin until well into the “change or move” phase. By this stage in the organizational change, there were numerous rumors being spread by employees that the management team would not respond to due to the confidentiality agreements signed. This total lack of communication created an air of mistrust between management and employees that was never reconciled. (DiFonzo & Bordia, 1998)

As the communication emerged from the management team late in the “change or move” phase, the communication consisted solely of management edicts similar to Clutterbuck, Hirst, &...
Cage’s myth of “communication as something you do to people.” (Clutterbuck, Hirst, & Cage, 2002, p. xvii) There was no feedback from the stakeholders to management to gauge how the organizational change was progressing.

Moving into the “freezing” phase, much of the damage had already been done. Even as the plans for the change were being released, the employees did not have a very good level of trust for the management due to the past secrecy.

While this is a clear instance of inadequate communications during an organizational change, there are also instances of organizations effectively managing communications during organizational change initiatives which have had a measurable success on the organizational change. (Bird, 2005/2006; DiFonzo & Bordia, 1998; Goodman & Truss, 2004)
NCR's Positive Experience

As a positive example, I would like to examine the case of NCR and the 2005 change in CEOs. Bird, Chief Communications Officer of NCR, passed on the six key “lessons learned” during this change in leadership. (Bird, 2005/2006) In the case of NCR the “unfreezing” phase began with the announcement of Bill Nuti replacing Mark Hurd as CEO. The NCR organization had a very clear strategic vision for the company and Nuti ensured this existing organizational vision was at the center of his vision. During this initial phase, Nuti felt it was vital to communicate his vision with as many stakeholders and possible. These stakeholders included employees, customers, analysts, investors, the community, and the media. During this “communicating the vision” phase of “unfreezing” Nuti focused on the 30,000-foot view of where he would like to take the company, not a specific plan of how to get there. (Bird, 2005/2006)

As the NCR leadership change progressed, the focus of the organizational communication shifted to the heart of the Lewinian model of “changing or moving.” The highest priority for Nuti was to engage employees within the first 100 days. Bird explained that employees are the most important of the stakeholders when communicating the leadership change, thus the high priority. “If you keep employees engaged and focused on their work, you can keep executing your plan, provide the quality of goods and services customers expect and, ultimately, keep shareholders and everyone else happy too.” (Bird, 2005/2006) The message during this phase began to change as well, being more specific and being transmitted via a variety of media including e-mail, updates to the NCR intranet, and face-to-face site visits as examples. These techniques mimic Schmisser & Stephens’ (2006) review of Kotter’s 1998 book which “advised managers to use every possible vehicle in communicating change.”
Nuti also kept management in the loop during this “changing or moving” phase. Bird explained this portion of the organizational communications focused was not only on keeping the management aware of senior management’s plan. It also included training management to solicit “feedback from the employees, customers, investors and other stakeholders” (Bird, 2005/2006) to gain a better perspective of the change and its affect on the business.

With NCR’s US$6 billion in annual revenues, it was important to invite the community into the change process as well as the press. While most of these groups were not direct stakeholders to the leadership change, they played a vital role in supporting the stakeholders. Bird explained, “It’s best to be up front, rather than letting talk at the local coffee shop unjustly tarnish your reputation.” (Bird, 2005/2006)

When moving into the “freezing” phase of the leadership change, NCR closed the communication loop by measuring results of the leadership change. As in the other phases, a variety of tools were utilized to ensure proper coverage of the feedback. These tools included comparing the third-quarter results to the Wall Street Journal expected results, which were exceeded by NCR. The continuation of a CEO connections website, set up during the first 100 days, to monitor employee views of the leadership. As in the other two phases, the stakeholders and communication media have remained constant; the messages, however, have changed.
Conclusion

As can be seen from the failed organizational change effort, there was a lack of communication during many of the various phases of the change. In comparison, the successful organizational change effort discussed here clearly had a strategic communication vision and implementation as the organization moved forward. As their change efforts progressed, they were able to implement the next phase of communication strategy. This continued focus on communication clearly was a contributing factor to the organizational change success in these cases.

Another very prevalent aspect of organizational change communication was the issue of trust. The literature clearly discusses and corroborates the importance of creating trust (in both directions) during an organizational change and how it is directly linked to effective organizational communication. It would be interesting in future research to review this link between trust and communication.

Additional topics for future study would be to look at changing communications to fit which phase the organizational change is presently in fits best within a Lewinian, Action Research, or Positive model of Organizational Development. There also was a strong association between organizational communications during an organizational development and change effort and the trust of the parties involved. This association may also lead to discussions regarding organizational communications and sense building during organizational development and change efforts.
References


