The New Change Management: Leading Change in a VUCA World

Dale Carnegie

Change as a Constant

The world is changing at an unprecedented pace; nothing is static, certain, or predictable. Many are struggling to adjust to this new normal, yet organizations have never had a greater need for leaders who embrace change themselves, and who have the right mindset, skills, and capabilities to get others onboard with important change initiatives. Success today is about more than simply managing change; it is about leading teams that welcome chances to incubate, implement, and propagate change.

In "The Science of Organizational Change," BCG Henderson Institute contends that "the companies that win in the 2020s will be designed to constantly learn and adapt to changing realities, combine artificial and human intelligence in new ways, and harness the benefits of broader business ecosystems."[1]

We are already seeing the truth of that statement in the successes and failures of organizations reacting to the challenges of recent history. When forced to shift suddenly to dispersed teams, find ways to conduct business using technology to minimize physical contact or bypass broken supply chains, and respond to social justice concerns or political unrest, some succeeded and inspired new levels of loyalty and admiration from their employees and customers. Others fared less well.

Companies that embrace change often find opportunities in chaos. That is exactly what ePlastics did when the demand for plexiglass shields and dividers exploded in the spring of 2020. Despite global supply chain issues, their agility in collaborating with a supplier to shift quickly to rolls that could be cut and shaped more easily than individual plastic pieces allowed them to increase their sales that year by 30%.[2] Other companies with opportunities to increase sales during the Covid-19 pandemic had to change *behaviors* rather than *products*. To keep their workforce healthy and on the job in the face of significantly increased demand due to higher at-home consumption, Keurig Dr. Pepper quickly implemented new protocols designed to keep employees safe at work and at home. They achieved both outstanding cooperation and a constant stream of creative ideas in support of the new guidelines and procedures—something many other companies struggled to attain.[3]

While the goals of change leadership remain constant—creating positive, optimistic, and engaged team members with the knowledge, skills, and commitment to ensure new initiatives succeed—there are aspects of change itself that have dramatically changed. This paper examines those changes and the research on leading change, as well as the leadership attitudes, capabilities, and human-centered skills that support effective change leadership in today's business environment.

> *Businesses are no longer implementing change so much as they are living it.*

What Does it Mean to Manage Change in a VUCA World?

Each aspect of VUCA (volatility, uncertainty, complexity, and ambiguity) presents its own hurdle. Volatility refers to the volume and speed at which change happens. Uncertainty is the difficulty in making accurate predictions for the future. Complexity refers to the number of factors in play and the way each factor influences others, and ambiguity, a lack of clarity on how to interpret the available information.

In the past, leaders could control the rate of change within a company; that is less true today. Businesses are no longer implementing change so much as they are living it.

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[1] "The Science of Organizational Change." BCG Henderson Institute (2019) https://www.bcg.com/publications/2019/science-organizational-change
[2] "These Businesses Thrived as Others Struggled to Survive." The New York Times (2020)
https://www.nytimes.com/2020/12/24/business/small-business-coronvirus.html
[3] https://www.keurigdrpepper.com/en/our-company/covid-stories

Previously, businesses would identify a need for change, decide on a solution, create an implementation plan, and then employees would be informed and trained during roll out. The process today is more fluid. It is no longer just leaders who identify a need for change. Many initiatives today are prompted by customer or employee feedback, which organizations solicit, recognizing these valuable sources of intellectual capital both for identifying problems and for ideating solutions. Communication around change is also more complex. Leaders used to explain the change needed with a focus on the "what" and expect compliance from subordinates. Today employees demand transparent communication about the "why" of change; and leaders must be aware of and, ideally, use the informal communication lines that exist outside of the organizational hierarchy to transmit the message. Forward-thinking organizations no longer wait for the implementation phase to train employees on the "how"; many now try to anticipate change and train people in advance for the changes to come. These contrasts help define the difference between change management and change leadership.

- *Change Management* refers to a systematic approach to an alteration of work and how it is done, including goals, processes, and technologies.

- *Change Leadership* is focused on the attitudes, skills and capabilities of leaders that drive and support organizational transformation.

So, how does one become a change leader? First, understand and adopt the right mindset toward change. Next, focus on leadership agility, which is the capability to effectively align people, information, and purpose to drive productive change. And finally, hone interpersonal skills to create a team environment that supports broad acceptance of change.

Adopting a Positive Change Mindset

When it comes to change leadership, the first step involves developing a positive mindset toward change as an opportunity rather than obstacle.

People's instinctive reaction toward change varies, ranging from enthusiasm to skepticism or even outright fear. And depending on the situation, even those whose innate tendency is to embrace change may sometimes struggle. Feelings about change cannot be avoided, but people can learn how to think about and respond to those feelings, which has tangible consequences for performance.

> *You can conquer almost any fear if you will only make up your mind to do so. For remember, fear doesn't exist anywhere except in the mind.*
>
> *—Dale Carnegie*

Research demonstrates that a positive mindset matters: people with a positive outlook expect—and get—positive outcomes more often than those without it. Scientists theorize that positivity allows humans a broader range of potential thoughts and behaviors (as opposed to negativity, which limits them), and that, over time, this helps people build their physical, intellectual, social, and psychological resources.[4]

Research also supports the logical assumption that these individual advantages have cumulative effects at the organizational level: in a study of more than 1,800 professionals by the research and advisory firm, i4cp, high-performance organizations were nearly three times more likely than lower-performing companies to see change as an opportunity and to describe it as "expected" and "manageable". In contrast, the lower-performing firms were far more likely to view change as bad for business with the majority describing it as "overwhelming," "wearing us down" or "a threat."[5]

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[4] Fredrickson B. L. (2001). The role of positive emotions in positive psychology. The broaden-and-build theory of positive emotions. *The American psychologist, 56*(3), 218–226. https://doi.org/10.1037//0003-066x.56.3.218

[5] "Three A's of Organizational Agility: Reinvention Through Disruption." i4cp Report (2018) https://hrexecutive.com/the-3-as-of-organizational-agility

Rather than pass judgment on ourselves or others for our initial feelings toward change, it makes sense to work on techniques for thinking about change as an opportunity. This reframing is a critical first step to effective change leadership.

Developing Leadership Agility

To enable ongoing, productive change, leaders need to be skilled in aligning people, information, and purpose. That alignment begins with the organization's purpose. More than 8 in 10 executives agree, believing a business' transformation efforts will have greater success if integrated with its purpose.[6] When purpose serves as the lens through which employees view change, the "whys" for change become obvious: fulfilling that purpose in better and more efficient ways. Purpose serves as the focal point for humans to exercise their innate creativity. When people know what the end goal is, they can be remarkably resourceful in achieving it. When there is a real connection to purpose, it both provides a focus for change ideas and makes change easier to accept. Good leaders make that connection for their employees.

Effective leaders also model an openness to new information and encourage that mentality in others. Motivation for change comes from exposure to new information. With data collection easier and more pervasive than ever before there is no shortage, but we must have the courage to listen to it. In many organizations, there is room for improvement.

In 2019 Dale Carnegie Training conducted an online survey of nearly 4,000 employees (about 60% leaders with direct reports and 40% individual contributors) across fourteen countries and territories. Only 31% of respondents strongly agreed that people in their organization have a generally positive attitude toward new information.[7]

Sharing information across an organization is another challenge. Dispersed teams, which are suddenly more common than ever before and likely to remain widespread, can worsen the issue. Encouraging this vital information flow is an important leadership capability given that competitiveness today stems primarily from intangible assets such as information, data, and knowledge transfer. [8]

Leadership agility involves conveying a clear and compelling purpose, connecting it to change initiatives, and supporting openness to new information and ideas no matter where (or who) they come from; it motivates and enables teams to use information in a purposeful way to drive productive change and innovation.

We have a generally positive attitude toward new information
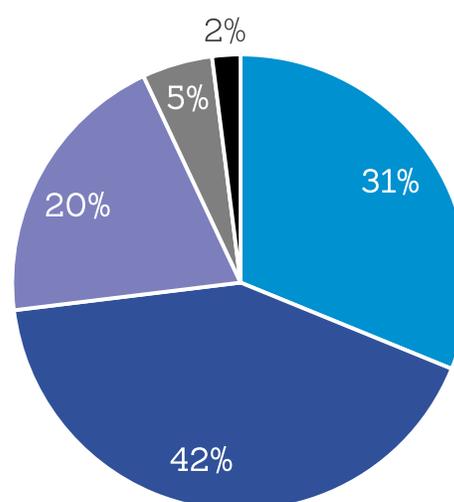
- Strongly agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Strongly disagree

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[6] "The Business Case for Purpose." Harvard Business Review, EY (2015) hbr.org/sponsored/2015/10/the-business-case-for-purpose.
[7] In 2019 Dale Carnegie & Associates conducted an online survey of 3,992 employees in the U.S., India, China, Taiwan, Germany, U.K., Sweden, Norway, Italy, Canada, Brazil, Saudi Arabia, Australia and New Zealand.
[8] Davidavičienė, Vida & Al Majzoub, Khaled & Meidute-Kavaliauskiene, Ieva. (2020). Factors Affecting Knowledge Sharing in Virtual Teams. Sustainability. 12. 6917. 10.3390/su12176917.

Interpersonal Skills for Change

Even when the case and plans for change are clear, the speed and mechanics of change adoption can be sped up or slowed down by human factors, which are heavily influenced by leaders' interpersonal skills.

The first factor is psychological safety, which refers to people's perception of the consequences of taking interpersonal risks. Examples of these risks include asking questions, raising ideas, challenging the status quo, speaking truth to power, or admitting a mistake.

In assessing whether to take such a risk, a person asks themselves, often unconsciously, whether they are likely to be seen in a negative way: as ignorant, incompetent, negative, uninformed, or disruptive.

You cannot continuously improve interdependent systems and processes until you progressively perfect interdependent, interpersonal relationships.

—Stephen Covey

An environment of psychological safety fosters change in at least three ways: by supporting risk-taking, encouraging the sharing of novel ideas and divergent perspectives, and by boosting team effectiveness.

In contrast, a psychologically *un*safe environment puts hard brakes on change since resistance to change is often driven by fear and uncertainty. In that setting, people prefer to work within their comfort zones rather than attempt unfamiliar behaviors and risk failure. This hinders the adoption of new ways of doing things.

If you decide that you're going to do only the things you know are going to work, you're going to leave a lot of opportunity on the table.

—Jeff Bezos

In a classic example from more than a decade ago, Amazon solicited ideas for a new loyalty program from its employees. Because of the climate of psychological safety, people were confident their ideas would be met with consideration rather than ridicule. Famously, a junior engineer named Charlie Ward, who in many companies would never have dared proposing such an audacious idea (one certain to involve enormous costs for the company) felt comfortable submitting his suggestion for free two-day shipping. The idea's realization, now known as Amazon Prime, marked an important change in the business model and is credited with driving tremendous growth.[9]

From conception to implementation, successful change depends on team effectiveness. Psychological safety has been shown to be the number one driver of team effectiveness through hypothesized impacts on creativity, individual and team learning, knowledge sharing, problem-solving, and process improvement.[10] In short, psychological safety reduces barriers to change. Developing it requires the conscientious application of human relations principles that build trusting, professional relationships.

To further accelerate change, another relationship-based strategy is available to leaders with strong interpersonal skills: leveraging influencers or change advocates. These are team members with the ability to influence others' beliefs and actions via their professional networks. This type of peer influence has

[9] "10 years later, Amazon celebrates Prime's triumph" Seattle Times (2015)
https://www.seattletimes.com/business/amazon/10-years-later-amazon-celebrates-primes-triumph/
[10] Kim, S., Lee, H., & Connerton, T. P. (2020). How Psychological Safety Affects Team Performance: Mediating Role of Efficacy and Learning Behavior. *Frontiers in psychology*, *11*, 1581. https://doi.org/10.3389/fpsyg.2020.01581

gained importance as people's inclination to trust their colleagues over company leaders has grown.[11] Informal advocates have been shown to have a powerful effect on how quickly change happens.[12]

Change advocates build momentum for change initiatives by exhibiting a positive attitude toward the change, stepping up to help make early wins happen, surfacing issues and barriers to success as an intermediate communicator, and by encouraging others to get on board.

Here again, the skilled application of human relations principles is essential for leaders. Change advocates must be willing champions whose help is earned, not demanded. They must be kept well-informed with transparent communication and closely listened to, as they often bring forward the sentiments of the larger group. They should be sincerely appreciated for their positive impact and given opportunities to spread their influence.

Among interviews conducted for a 2019 study by Dale Carnegie Training was a good example of leveraging change advocates. The world-renowned Swiss-based hospitality school Ecole Hótelière de Lausanne (EHL) had plans to introduce AI to automate specific IT and administrative tasks toward a goal of improving the student and guest experience on campus. Anticipating some initial skepticism, the CIO hosted a series of staff information sessions to explain the intention behind the pilot AI projects, demystify them for students and faculty, and focus attention on the potential gains from the automation of these and other processes. The support she built through open, transparent communication was rewarded and after completing the successful pilot project she had identified champions willing to help propagate the change. She created a dedicated Centre of Excellence team to explore additional ways to implement AI capabilities, with five permanent and two rotating team members to spread the enthusiasm.

The speed of successful change adoption is directly related to the human factors just discussed, and change leadership requires giving them their due attention.

The Bottom Line

Dale Carnegie said "Keep your mind open to change all the time. Welcome it. Court it." In this short declaration of advice, he captures the essence of change leadership and what it takes to achieve enduring success.

By beginning with the right attitude toward change, leaders equip themselves with all the advantages that a positive mindset brings. By communicating change through the lens of purpose, they welcome others to join in change creation–helping people see the end goal and rallying their team to find better, more efficient ways to deliver on their purpose. And they can court change using the interpersonal skills that reduce barriers and speed adoption. This isn't just managing change—this is leading it.

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> *—Dale Carnegie*

To learn more about how Dale Carnegie Training can help you develop the capacity for change leadership in your organization, contact your local Dale Carnegie office today. Please go to: dalecarnegie.com/office

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[11] *Edelman Trust Barometer Archive.* (2010–2020). Edelman. https://www.edelman.com/trust/archive
[12] Katzenbach, J. R., & Khan, Z. (2010, April 6). Positive Peer Pressure: A Powerful Ally to Change. Retrieved from https://hbr.org/2010/04/positive-peer-pressure-a-power.

About the Author:

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