



Communicating Change

EVIDENCE-BASED COMMUNICATIONS. INFORM. MONITOR. MEASURE. **SUCCEED**



Burson-Marsteller



“The world is changing very fast.
Big will not beat small anymore.
It will be the fast beating the slow.”

RUPERT MURDOCH

Leading change in an era of uncertainty

We are at a crossroads. After the worst economic downturn in generations and lingering fears of a “double-dip”, there are signs of recovery – but the future is still uncertain.

Many companies are debating whether to start hiring again and invest in growth, restructure or refocus their existing base, or simply continue to make do with what they have. Getting the answers right will enable these organisations to win tomorrow.

True leaders, and the organisations they manage, will be the ones who embrace and navigate the continuing uncertainty. These organisations will see change for what it is: a strategic weapon that ultimately links back to their Corporate Purpose and Performance*. In times of uncertainty, we need tools that enable us to grasp hold of what is certain and build upon it.

The research in this study, carried out by Penn Schoen & Berland Associates (PSB) between May and July 2010, equips CEOs, Human Resources and Communications professionals with the information they need to help make change successful. It is based on the insights of over 480 HR and communications decision makers across 10 European markets – the UK, France, Germany, Italy, Spain, Switzerland, Norway, Finland, Sweden and Denmark.

Why is it so critical to get change right? Because while change is everywhere, unless we manage it carefully employees will fail to grasp how these changes link back to their larger Corporate Purpose – resulting in a loss of talent, productivity, and a lack of forward thinking and innovation.

Change requires companies to be honest about who they are. Establishing a strong connection with Corporate Purpose will be the difference between success and failure. And herein lies the opportunity for change professionals to make that difference.

It’s about using the things you can count on to light your way – your people – to help your organisation emerge from these uncertain times. It’s about involving employees up front in goal setting and scoping, planning and resourcing, execution, and ongoing progress – from the inside out. A winning culture starts with empowered people, mobilised behind a united, collective goal. Uncertainty might be scary to some, but to those who embrace it and know how to navigate it effectively, there may be nothing uncertain about your chances to identify opportunity, establish an identity and seize success.

Maria Sennels
Global Practice Chair
Organisational Change and Performance
Burson-Marsteller

* For more information on Purpose & Performance please visit <http://burson-marsteller.eu/innovation-insights/purpose-performance/>

Change is the new normal

We already know that change is a constant: indeed, 85 percent of companies have experienced at least one strategic change in the past five years.

The economic climate has also been a trigger for the majority of these changes. 64 percent state that they have experienced more changes within the last two years, with the top three drivers being organisational restructuring (at 50 percent), new strategic direction (41 percent) and downsizing (36 percent). Many of these changes are externally driven or forced changes – the direct impact of the recession. (See Chart 1)

But while there are signs of recovery, 51 percent still expect to see more strategic changes over the next two years. (See Chart 2)

Not only that, but the drivers for many of these changes will be internally driven – internal restructurings, new product launches and new technologies requiring changes in how we work and operate – as companies reposition for the future. Also noteworthy is the continued importance of downsizing. While the likelihood of this happening will be half of that in previous years, downsizing is predicted to continue for almost one out of every five companies. (See Chart 3)

Chart 1

What sort of strategic changes has your company been through?

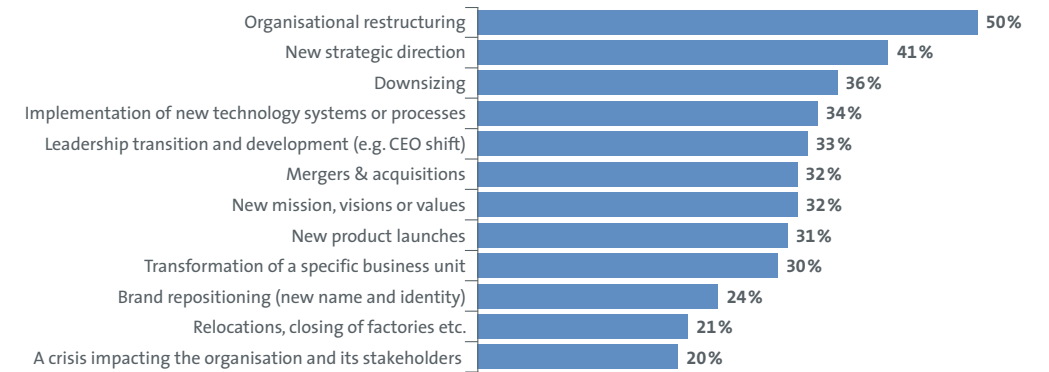


Chart 2

Would you say your company has experienced more or less changes in the last 2 years due to the economic climate? Do you expect to go through more or less changes in the next 2 years due to the economic climate?

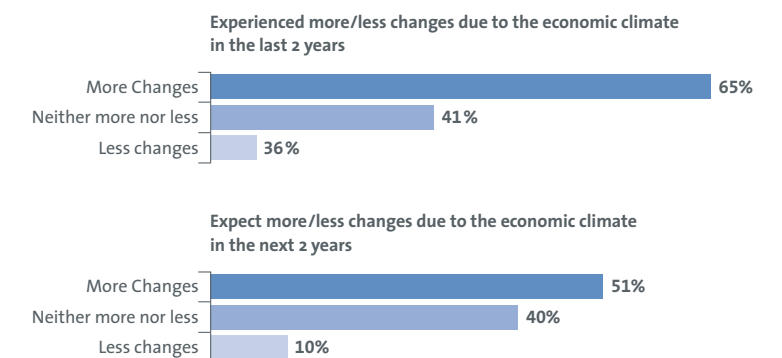


Chart 3

What sort of changes, if any, do you anticipate the company experiencing in the next two years?



Yet managing change is still a challenge

With the number of changes that have taken place, one would think that companies would feel confident in their ability to manage this process. Yet only 23 percent of companies believe they are handling strategic changes effectively.

Even less – only 18 percent – feel that the goals and scope of change are effectively communicated throughout the business. (See Chart 4)

Why is this?

One reason is that most companies do not believe they are good at communicating internally, or at engaging employees on a day-to-day basis. This makes it even more difficult to do so during times of change. (See Chart 5)

In addition, 65 percent of decision makers believe that having a change management plan in place is either very important or critically important to their companies; but only half have a communications plan in place to manage potential change.

Companies are also more likely to have plans in place for changes that they initiate, rather than preparing for likely changes that are influenced by outside factors yet which can significantly impact an organisation. (See Charts 6 and 7)

Chart 4

In your opinion, how effective was your company's strategic change process?

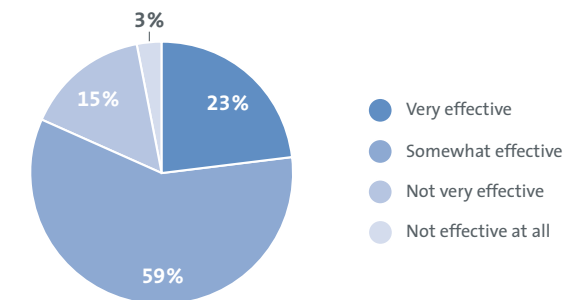


Chart 5

In your opinion, how important are the following in ensuring any strategic changes are a success? How well, if at all, do you feel your company does each of the following on a day-to-day basis?



Chart 6

Does your company currently have a change management preparedness/communications plan in case of a potential change?

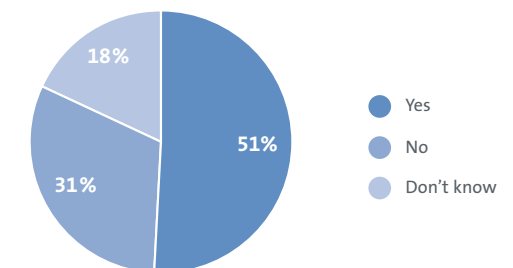
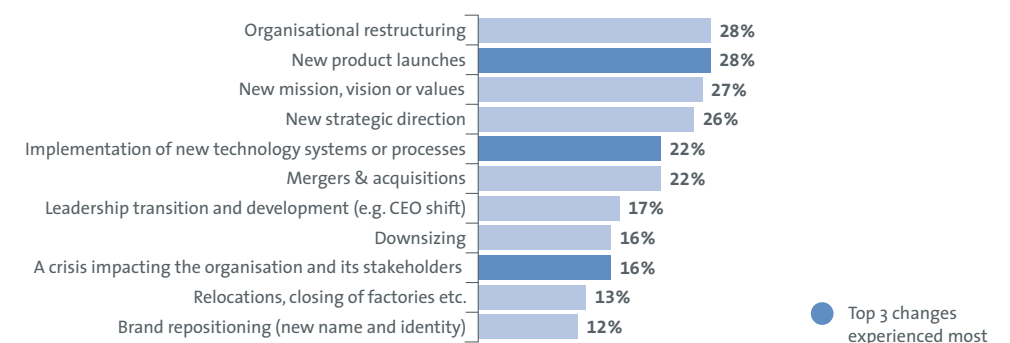


Chart 7

What types of strategic changes does your company have plans in place to address? (Among those with plans in place)



So what do companies need to do to be successful in managing change?

There are big differences between what the average company does and what the best do when managing change to ensure success.

1. Agree on what strategic change means

Strategic change can be triggered by a number of internal or external factors, but companies are far more likely to view internally triggered changes as strategic – and externally driven changes as changes that happen to them and to which they must simply adjust and cope.

Only 20 percent of companies on average, for example, see downsizing as a strategic change, even though it is the third most common change among those interviewed. This perspective ultimately affects the way in which companies approach change and their internal communications.

Chart 8 shows the variations across countries in detail, but ultimately it reveals a disconnect between changes experienced and what decision makers consider to be strategic change. This suggests that change professionals can do more to help position their company as emerging stronger from particular changes, versus simply coping with them. The truth is that in today's reality, all change can be strategic change, regardless of their drivers. The most successful companies understand and leverage this to their advantage.

2. Engage employees up front – and all throughout the change process

The most successful change plans engage employees up front during goal setting and scoping. However, only 25 percent of companies actually do this. Even less (13 percent) communicate the progress they are making through ongoing maintenance and monitoring, which is critical to increasing buy-in and support. Communicating progress also proves that the change process is making a positive impact. (See Chart 9)

Why the failure? Because most companies tell employees about change while it is happening, with little focus on follow-up or dialogue, indicating a need for change professionals to be more strategic and less transactional in how they help employees bring change to life.

Chart 8 Thinking about a business strategic change, which, if any, of the following do you consider a type of strategic change?

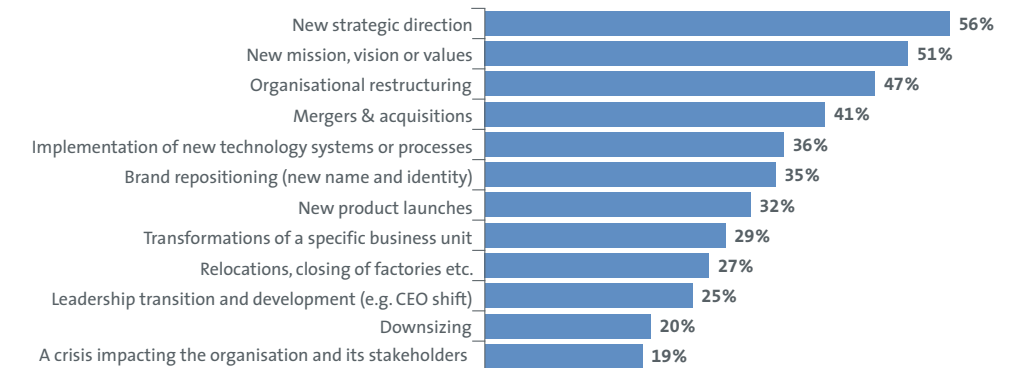


Chart 9

Companies handling the strategic change process very effectively tend to involve employees at an early stage and continue all through the process



Companies handling the strategic change process at an average level involve the employees around execution



3. Focus on creating positive dialogue, in addition to one-way communications

Findings show that the most successful two-way communications occur in structured dialogue-based formats. Staff meetings, briefings, workshops and ongoing talks are all effective communications tools when deployed throughout the change process. This also helps structure word-of-mouth communications in the right way versus leading to rumour.

In addition, only 33 percent of companies involve middle management as key conduits in the change process – a vital connection and often the most trusted source of information when bridging between what senior management communicates and what employees interpret. (See Chart 10)

4. Change is inevitable – so prepare for it

By almost two to one, companies who said they had experienced a very effective change process had full plans in place before the change started. (See Chart 11)

These companies are also more likely to make regular communication about the company's strategy, and progress against this strategy, a part of their internal communications. As a result, employees are already engaged and better equipped to understand what is happening in advance of major changes, expected or unexpected.

As companies are likely to continue to experience more strategic changes over the next two years, change professionals may want to consider how to better optimise their existing processes and protocols so that they are ready to help lead these changes, and harness their employees more quickly and powerfully as a result.

5. Manage change as a continuum, not as a series of disparate actions

The survey shows that companies which handle strategic changes very effectively tend to focus on channels that move employees across the four stages of one-way awareness, to dialogue, to involvement, and finally to channels that enable acceptance and behaviour change. Less successful companies by contrast tend to focus on one-way and to a lesser extent some dialogue-based channels. (See Chart 12)

The truth is that true transformation requires change management tools and channels across all four areas. This is because the process of getting employees to understand change and respond accordingly is the same in all stages of human behaviour. It requires awareness and information, more clarification and understanding as information is processed and internalised, involvement as commitment to the change grows, and finally behaviour and acceptance into everyday activity.

Chart 10

How, if at all, does your company usually communicate strategic changes throughout the business?
In your opinion, how should your company communicate strategic changes throughout the business?

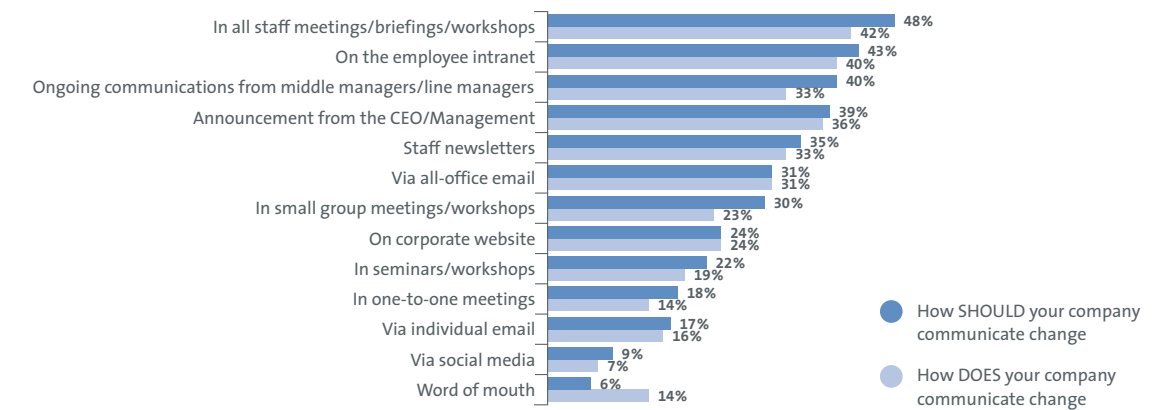


Chart 11

Did your company manage the change process using a strategic plan?

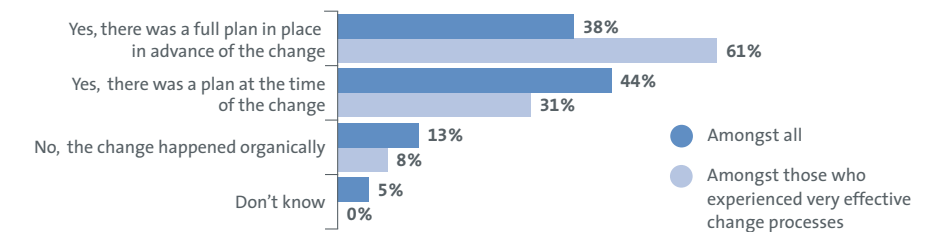
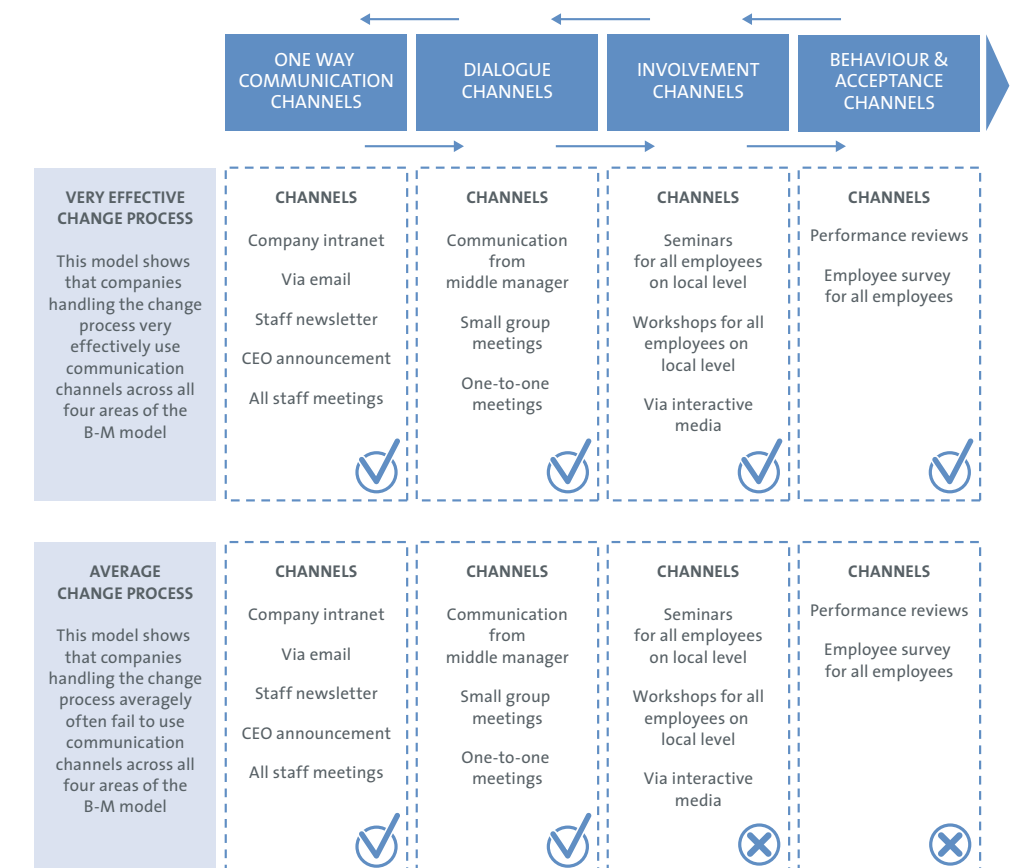
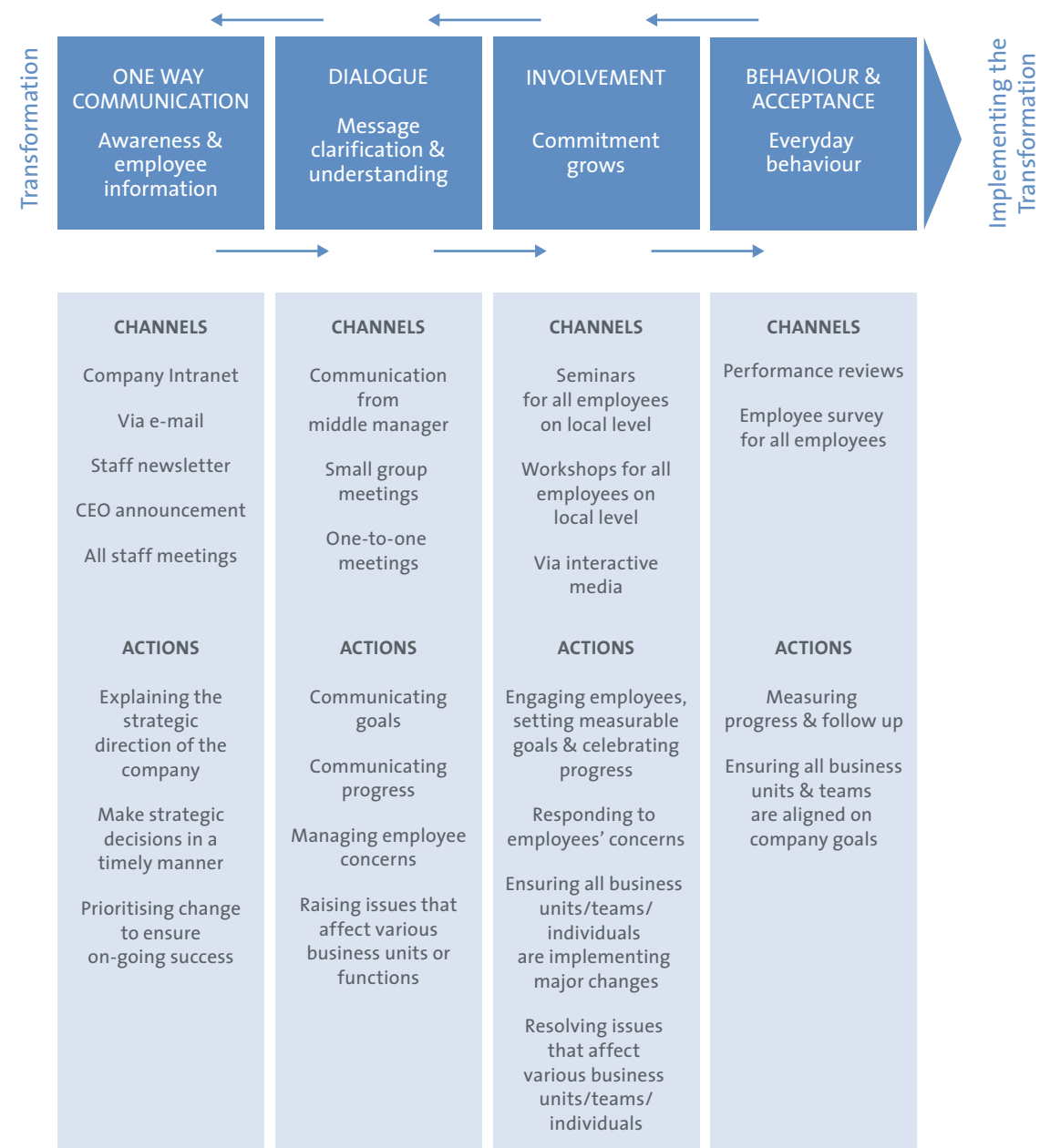


Chart 12



The Burson-Marsteller Model for Managing Employee Change and Transformation



A view to 2011–2012: Other considerations

Change can create a continual tide of uncertainty, but change is also the one certainty that all companies can count on over the next two years. The question becomes how change professionals can ensure a positive foundation for change that better harnesses employees for growth, innovation and to tap new markets.

Today's new normal is about disciplined companies running lean, and demanding that the payroll do far more with far less. While this transition has been painful, it has been necessary – and it will continue to be so. In the same ways smart companies invest their way through downturns to emerge stronger when markets turn, so too must employees also invest more of their time and energy to guarantee the success of the enterprise. It sounds strange, but smaller means bigger. Running more efficiently today means more growth potential tomorrow.

A hallmark of agile companies is their ability to hear ideas and input from their employees. For small businesses and start-ups, employees are often empowered at the very least by the size of the enterprise. Small size lends itself to collaboration, contribution and communication. For larger organisations, new technologies and a systematic approach to communications across the various layers can bring that same capability. Everyone is on the same page, performing toward the common goal. Smart, efficient, mobile, nimble, agile. Successful.

We believe that the next two years will be particularly significant for companies given the confluence of challenge, technology, competition, and survival – all of it on a global scale. There is magic in connecting people, but doing so requires an understanding of the business, and an acceptance of the priorities. Success or failure depends on communication and leadership. Now more than ever will it be critical to state one's Purpose, establish one's goals, and then empower one's people with the tools, technology and teaching to accomplish them. Those clear goals, and the methods to achieve them, become more certainties to hold onto even in the midst of so much uncertainty.

About the study

This survey was developed by the Burson-Marsteller EMEA Change Communications Practice together with PSB. It identifies:

1. Key drivers of and barriers to successful handling of strategic change processes;
2. Which types of strategic changes companies have experienced in the past five years; and
3. Which strategic changes they expect to see in the years to come.

Burson-Marsteller defines Strategic Change as a significant and complex change that is of fundamental importance to a company's business, with implications across units and functions.

Strategic Changes can be triggered by various factors. Internal triggers might include:

- CEO or leadership transition
- New strategic direction
- Merger or integration
- New mission, vision and values
- New product launch
- Organisational restructuring

External triggers might include:

- Crises impacting the organisation
- Closing of factories, relocations
- Downsizing

Methodology

Burson-Marsteller commissioned PSB between May and July 2010 to conduct online interviews with HR and Communications decision makers across 10 markets. Over 480 interviews were conducted in France, Germany, Italy, UK, Spain, Switzerland, Denmark, Finland, Norway and Sweden. Margin of error is +/- 4.46 percent for the total sample and greater for the subgroups.

HR and Communications decision makers are defined as aged over 25, a full-time or self-employed/ business owner, and having final or significant decision making power in their business, in particular relating to HR, Communications or across the organisation as a whole.

About Burson-Marsteller

Burson-Marsteller (www.burson-marsteller.com), established in 1953, is a leading global public relations and communications firm. It provides clients with strategic thinking and programme execution across a full range of public relations, public affairs, advertising and web related services. The firm's seamless worldwide network consists of 68 offices and 71 affiliate offices, together operating in 98 countries across six continents. Burson-Marsteller is a part of Young & Rubicam Brands, a subsidiary of WPP (NASDAQ: WPPGY), one of the world's largest communications services networks.

Burson-Marsteller's Change & Organisational Performance Practice commits to improving our clients' organisational performance in five business areas:

- Organisational Communications
- Employee Engagement and Commitment
- Change Communication
- Employer Branding
- Company Branding and Values

Our methodologies are rooted in the belief that employees are the best sources of sustainable competitive advantage and performance in today's global marketplace. Without them on board, even the best strategies have little impact. We also understand the impact and implications of change and organisational performance at both Board and trench level and the layers in between, across complex markets and multi-stakeholder environments and cultures, the short and the long-term.

About PSB

Penn Schoen & Berland Associates is a global market research and consulting firm. It collaborates with Burson-Marsteller to help global clients win by delivering an integrated strategic communications approach that is customised for each client's unique situation and needs. Founded in 1975, PSB brings together lessons from the campaign trail and the boardroom to create innovative strategies to handle complex situations.

Its powerful hybrid model combines both political and corporate research, recognising that the strategies used to effect change in one area can be innovative and effective in the other. The firm calls this Winning Knowledge™. Unlike most consultancies, PSB creates research that provides specific communications and business guidance and helps its clients make decisions – not just a description of the way things currently are.



Maria Sennels
Global Practice Chair
Organisational Change and Performance
Burson-Marsteller
+ 45 (33) 32 78 78
maria.sennels@bm.com

Burson-Marsteller EMEA
37 Square de Meeûs
B-1000 Brussels
+ 32 2 743 66 11
www.burson-marsteller.eu