



BEST PRACTICES

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Change management key to progress

Over the past 18 months, we have seen dramatic changes in the economic and political environment. These seismic shifts have affected all types of businesses, and changed the way we will be doing business in the future. They also are forcing companies to reluctantly incorporate changes into their organizations.

For many companies, change is difficult — and for good reason. Companies have worked hard to develop cultures and values that are widely supported by their employees and customers.

Many companies are being forced to examine their business practices and adjust them to the emerging market. Examples include:

- ▶ Companies with construction-based business are faced with shrinking or shrunken markets, so sales are down and workforce cuts must be made. This affects not only labor, but creeps up into management and administrative positions. Many company cultures reward longevity and loyalty. Employees can see layoffs, for example, as a changing culture and value system.
- ▶ Companies have had to reduce labor to help offset reduced prices. Employees often associate labor cuts with quality cuts, and therefore believe the company is no longer quality-focused.
- ▶ Employer perks go away. Little things like less doughnuts for the office, reduced office parties, no

bonuses, etc., are necessary to cut costs. But because they are highly valued by employees, they are seen as culture changing. “It’s not the same company.”

To owners, the changes are necessary for the health and survival of their companies — but so are their employees and customers. How does a company manage this apparent conflict? Here are some suggestions:

- ▶ Communicate a consistent vision of where the company is going and why the changes are necessary not only for the company, but also for the employees. A simple message of having to cut costs to save jobs, if delivered correctly, can help employees better understand the appearances of a changing culture.
- ▶ Realize some habits the company developed were actually bad habits. They did not appear that way in a robust economy because they were hidden by a good business environment that did not punish waste and other bad practices. This must be communicated in a positive way.
- ▶ All of the changes must lead to a winning strategy. Employees must be able to “see the light at the end of the tunnel.” You must be able to articulate to the employee how this is better for him or her.
- ▶ You must walk the talk. It’s not a good time to buy a new car, for example, for the contradictory message it might send. However, it could be a good time to buy equipment because the industrial market is depressed. If you do that, though, you must openly communicate the thought process and again explain why it is good for the company and employees.

The good news is some companies already have taken this tough pill and are glad they did it. They saw it not only as a humbling experience, but also one that will be good for the company in the long run. And they vow never to make the same mistakes again.

So, as owners and managers often have repeated in the past, with every challenge there are opportunities. Now is a great opportunity to fix things that just don’t feel right.

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