# How Can Organizations Make Sure That Change Endures?

That is a frequent and almost inevitable topic of conversation when I visit with clients. Change management has come a long way since I became a consultant nearly 28 years ago. We know far more about the importance of behavior, motivation, and incentives in creating change.

But there is always more to learn. My colleagues at the <u>BCG</u>
<u>Henderson Institute</u> have advanced the state of the art with <u>a recent study on change</u>.

To understand the dynamics of organizational change, the authors developed an agent-based model: a computer simulation representing employees. The model allows companies to simulate and identify the most effective change strategies without costly and time-consuming trial and error.

This approach identified four key factors that change programs need to account for:

- **Organizational Structure.** In traditional organizations, change spreads through formal reporting lines. In contrast, flatter, decentralized organizations can empower influential individuals to encourage peer adoption.
- **Social Networks.** Tightly knit informal employee networks can enhance change adoption. At organizations with looser social networks, sharing success stories, testimonials, and

- demonstrations that illustrate the benefits for individual employees will be more successful.
- **Scale of Change.** Small changes often require incentives since their benefits aren't always obvious. Major changes—an end-to-end AI transformation, for example—can be disruptive but also beneficial to employees. Leaders can motivate employees to change by effectively educating them on the benefits.
- **Certainty of Impact.** If the advantages of change are uncertain or indirect (such as a new sales tracking system benefiting finance rather than salespeople directly), adoption frequently stalls. Leaders need both to educate employees about the benefits (even if they accrue elsewhere) and reduce anxiety about the novel and unknown.

#### **Practical Steps for Implementing Strategic Change**

How can companies implement some of these insights?

- Map informal networks within the organization.

  Understand how information and behaviors spread by looking beyond the formal reporting lines: How do leaders influence their teams and what role do informal relationships among teams play? To reveal connections beyond the org chart, firms can mine Slack and email traffic.
- Assess employees' openness to change. Conduct sentiment analysis and review factors such as employee tenure and reliance on legacy systems to identify both pockets of resistance and teams ready to embrace change. Identify and cultivate influential "change champions" who can help build momentum across the organization.
- Determine how much training, time, and disruption change will entail. Conduct trials and simulations to predict employee reactions and adoption rates in order to understand the costs of change, anticipate resistance, and refine interventions accordingly.
- Identify who benefits from the change and how quickly. Leaders should map how much different teams or functions stand to benefit from the change and how soon these benefits will manifest. Coupled with insights on the

costs of change, this mapping can help define customized "change journeys" for different parts of the organization

Ultimately, successful change management requires leaders to view change as a strategic challenge, not merely a management exercise. By carefully analyzing organizational context, strongly customizing the approach for different elements of change across different parts of the organization, continuously learning during the transformation, and adapting the approach, leaders can execute the large-scale change that so many organizations find elusive.

Until next time,

Latop

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**Chief Executive Officer** 

#### **Further Insights**



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## The Key to Navigating Change with Confidence

Change leader Kristy Ellmer shares a powerful lesson on how even the most difficult transformations can open unexpected doors.

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### **Strategies of Change**

Instead of defaulting to the standard change management methods, leaders should adopt strategies of change that respond appropriately to the specific characteristics of their change context.

DRIVE CHANGE THAT LASTS