

## Change Can Impact Your Bottom Line

Statistics show that approximately 80% of the reasons for a company's failure including low sales and profitability are **inside** the organization. It can be as simple as an outdated production line or as complicated as a company merger. Within the range of extremes we can find some small steps to be changed that have a huge impact. Companies need to be led back to thinking about how to bring value to customers and markets.

To turn problems around, first communicate the vision and strategy to everyone in the company. One of the best ways to do this is to find an internal strategic business partner within your firm, who performs the role of a successful change leader. You choose a strategic business partner to increase productivity, sales and profits. The internal change leader performs this function as well.

### Switch the Focus

Now with your focus internal, use that person or those persons who set new standards of performance. Internal partnerships contribute to the stability inside your company and build relationships between leadership, managers, teams and employees with a common purpose to achieve business objectives and serve customer needs. Look for people who identify solutions to problems and make their point in ways that are emotionally engaging and compelling. Align the activities to maximize the success of the business strategies. To communicate your vision, give your people heartfelt messages from *real* human beings.

John Kotter gives some great examples of these situations in his book "The Heart of Change". In one example he describes a manufacturing company with numerous plants throughout the country. Gloves were required to be worn at all plants on the production floor. A few change leaders decided to research the types and costs of gloves being used and they discovered over 400 different styles and costs of the same style were being purchased by their different plants. To make their findings more compelling the team gathered one pair of each style and price and dumped them on the boardroom table so the executives could not only **see** the problem, but **feel** the impact. Without the emotional connection to the problem, change may never have happened. They were able to consolidate the purchasing and limit the number and type of gloves needed, saving millions of dollars every year.

Another example is a company whose production was becoming increasingly burdensome. The company's market share had continued to decline. In this case the change leaders from the production floor decided to video the production process. Next they brought in the employees to view the video and make comments. The workers were surprised to see some obvious delays inherent in their process. One issue was that their tools were located at the far side of the production floor causing excess time and energy each time a tool was needed. The employees became excited about making suggestions and immediately implementing changes in their process. They increased productivity and regained their competitive edge.

## **Human Capital Contributions**

Imagine if in each of these scenarios the managers, leaders, or even consultants had just done a study and presented the results in a report or email. What impact would they have made? Would anyone have actually read the reports or emails? In each of these examples first the issues or problems were recognized by the internal change leaders and they made sure the employees could **see** the issues. Next they found ways to get the employees emotionally involved with both the problems and the solutions – they could **feel** the problems, and they became vested in making the necessary changes.

Effective change leaders must first and foremost provide honest communication. Within your organization look for credible sources of change, and have them constantly available. Empower your people, then turn them loose. Remember that information is a source of power. Always be generous with knowledge and share what you know. Find ways to show people the truth and model it in your actions.

While working in Kazakhstan, I had the opportunity to experience a vastly different culture. Although I was hired to bring “Western” business practices into the corporation, the employees were quite comfortable with the “soviet mentality” that rewards obedience and punishes independent thought. Could I really make an impact here? I endeavored to speak truthfully with all the employees. As one of the staff I was seen as internal to the company and I started sharing the company’s vision and strategic plan with all the managers.

I was not able to make huge inroads into changing a culture well steeped in time and tradition, but I was able to make small changes. I did this by modeling the behavior I wanted to change in others. At this company they employed a waitress to bring tea and coffee to all the managers throughout the workday. I immediately noticed that no one ever thanked her. So each time she brought tea to my office for me, my co-workers or business clients I thanked her in Russian (the language used for business in Kazakhstan). At first others just stared at me and I am sure they thought “crazy American”, but after a while I noticed anyone in my presence would also say thank you to the waitress. I experienced a similar situation with the drivers who were employed to drive the employees to business appointments throughout the day. After I began the practice of thanking each driver at the end of each ride, this also became common practice among many of the employees.

## **See It, Feel It, Change It**

In any situation where we want to make a change and positively affect the bottom line there has to be short term wins to consolidate gains. If you are in a company where change needs to happen and the change leaders have stepped forward, or can be identified, tell your employees that the change **is** possible, they will **not** die in the process, and the end result can be very important. As Paul Hersey said, “the productivity of a work group seems to depend on how group members see their own goals in relation to the goals of the organization.” If the work group sees the need and feels the change benefits both them, and the organization, change will happen.