The Impact of Change in the Workplace

2016 Edition

RealityChek™
RealityChek™ Insights & Opinions About What’s Happening in Canada’s Workforce Today

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The Impact of Change in the Workplace

With the influx of change in the workplace driven by economic pressures, the evolution of technology, the demand for innovation, shifting workplace demographics and a spike in virtual working, organizations are feeling the squeeze as they try to navigate their ‘new normal.’ Change in the workplace can have an unsettling impact on individuals and organizations if it isn’t managed well. This can lead to disruption, frustration, diminished productivity and loss of top talent if the right communication and leadership strategies aren’t in place.

Canadian Management Centre’s RealityChek™ surveys are conducted to gather opinions and insights from employees and leaders across the country on current trends and key topics. Our 2016 edition is focused on identifying the impact of change in today’s workplace and uncovering what you need to know to maintain productivity and performance in what continues to be a Volatile, Uncertain, Complex and Ambiguous (VUCA) work environment.

The “Impact of Change in the Workplace” edition was released in September 2016. The total respondent population was 1,419 (details included on p. 15).

Key Findings

• Change in the Canadian workplace has increased significantly over the last three years, leading to stress and strain on employees and organizations.

• The uncertainty and ambiguity that emerges during times of change has a negative impact on productivity, engagement and employee loyalty.

• Organizations are not well prepared to implement change initiatives and struggle to manage the impact on their people.

• Employees lack confidence in their leader’s ability to effectively champion their needs during times of change.
Change in the Workplace has Increased in the Last Three Years.

No surprise, right? Our survey results confirmed that change in the workplace has increased significantly in the last three years. In fact, many are feeling that not only has change increased, but so has the pace.

86% agree Change in the Workplace has increased in the last three years.

95% indicated there has been on-going or excessive amounts of change in their workplace.

The volume and pace of change we’re experiencing takes a toll on employees leading to change fatigue. The risk to organizations is an apathetic workforce left feeling uninspired and less willing to adapt to new changes. Change fatigue can also lead to increases in stress and burnout.

Top Reasons for Change

While the changes we’re facing can be influenced by a myriad of factors, the majority of survey respondents indicated the top reasons for change in their organizations included:

Reorganization
Economic pressures, global expansions and a call to find more efficient ways to operate have led to organizations finding different ways to align their resources to deliver on their strategic priorities.

Change in Organizational Strategy or Focus
A rise in competitive pressures and a need to evolve to meet current market demands have led organizations to reshape their organizational strategies to remain relevant to their clients and to be seen as leaders in their industry.

Technology Changes
The evolution of technology has led to new hardware and software implementations to enhance efficiency and effectiveness. Interestingly, technology changes are one of the few workplace changes that appear to be treated as a ‘change project.’

New Manager/Management
Whether due to the surge in retiring Baby Boomers in recent years or the increase in reorganizations, many respondents have found themselves reporting to a new leader or management team.

Growth or Expansion
For some organizations, the economic downturn has facilitated the opportunity to expand their reach into different markets or to grow through merger and acquisition. For others, growth or expansion has been a function of competitive pressure and necessity.

Respondent Perspective:
“Too much, too fast and too little too late! We don’t even get over one major change and are moving on to the next thing. There isn’t time to breathe between the changes.”
Emerging research in neuroscience is providing insights into the impact of stressors in our work environment and the related impact on our ability to perform. Our brains are expertly trained to maximize rewards and minimize threats. This means we will naturally gravitate towards doing more of what feels good and will work to reduce what we don’t like or don’t understand.

Our brains are often described as ‘lazy’ because they will work to find the most efficient way of getting the job done. Once we discover a method that works well and gets us the results we want, a neural pathway is formed. As this neural pathway gets used over and over again, it gets engrained in our brains. This can make it easy for us to learn something new with practice, but when it comes to changing the way we do something, we can often get stuck in our preferred approach.

It is possible to ‘rewire’ these neural pathways and to adapt to a new way of doing something. Our motivation must be influenced (need to understand the ‘why’), we need to know how it’s going to impact us and we also need to have the capacity to reflect on what we need to do in order to adapt.

Resistance is a natural reaction to change. ‘We’ve always done it this way’ and ‘If it ain’t broke, don’t fix it’ are the brain’s way of preserving the efficient mode of operating it has created to ensure it gets the results it wants.

Perceptions of Change
Our brains catalogue our experiences with change and form a perception of what change means. Some of us may hold negative associations with the outcomes of change which can create an invisible barrier that our leader and organization will need to overcome. We asked respondents to provide one word to describe what comes to mind when they think about change in their organization. Here’s what they shared:
We all respond to change differently. What influences our reaction is usually very personal and connects back to our experience with change, perception of change, our understanding of the need for change and ultimately our willingness and ability to change.

For most, change is stressful since it calls on our brains to shift out of comfort and habit into a new way of doing things. This can be challenging, but the difficulty is intensified when we lack the time to focus on learning something new or to do something differently. Even for those who may be catalysts for change, adapting to a new habit simply takes more energy.

**Experiencing Brain Drain?**

Consider the last time you tried to learn something new. It likely required some quiet time and space so you could focus, concentrate and practice. Well, it turns out, the general ‘busy-ness’ of our day-to-day work lives doesn’t leave a lot of opportunity for us to carve out time so we can focus, concentrate and practice.

The Prefrontal Cortex (PFC) is located at the front of our brains. It is referred to as the ‘Executive Suite’ because it is responsible for critical functions like planning, problem-solving, critical thinking, and creativity.

The PFC has a battery life of 1.5 to 2 hours of concentrated use before it needs to be recharged. For most of us, we burn through this precious brainpower in endless meetings, responding to emails and fighting fires so that by the end of the day, we’ve got some serious brain drain. Not only does that mean we find it difficult to adapt to new things, we also find it challenging to quiet the noise of our work environments to tap into the executive brain functions to push through our day-to-day work.

**Respondent Perspective:**

“I love change. However, when it comes to work, my boss seems to think [they] can just pile the changes on me with no guidance and great expectations. This can be very stressful. Sometimes I want to run!”

48% of survey respondents indicated they experience unreasonably high or elevated levels of stress at work.

Whether it is the pressure and pace of working, the push to do more with less, or our highly digital and tethered world, we’re constantly trying to manage the expectations of our employers to be ‘always available’ and our own urge to be ‘always connected.’ Canadians are feeling the side effects of elevated levels of stress at work. Those in leadership roles who are responsible for managing direct reports appear to be more stressed than employees (52% of leaders vs. 42% of employees).

72% indicated their stress levels were a direct result of the amount of change they experience in their workplace.

The majority of those who indicated unreasonably high or elevated levels of stress specified a direct correlation between their stress levels and the amount of change they’re currently faced with at work. Not a surprising result when we consider the havoc that change can trigger in our brains. Change fatigue results from chronic stress and can lead to psychological and physiological impacts on employees.
**Top Barriers to Successfully Implementing Change**

Survey respondents shared their perspective on the top barriers they’ve seen to managing the impact of change effectively:

- **Lack of Leadership Effectiveness:** Not equipping frontline leaders with the knowledge, skill and confidence they need to help build resilience in their teams and navigate the phases of change.

- **Poor Communication in Times of Change:** Not providing enough communication or the right communication to help employees understand what’s changing, why it’s changing and what is needed from them.

- **Lack of Planning and Processes for Managing The Change:** The lack of a playbook that maps out what will happen, and when, can lead to confusion, productivity slowdowns and frustration from employees (and in some cases, customers).

- **Ineffective at Getting the Buy-In for Change:** Failure to answer the question ‘why’ is often cited as one of the common causes for failure in a change management initiative. Getting buy-in means creating a compelling case to help people understand why they need to change.

- **Too Much Change (Change Fatigue):** For some, there have been cumulative effects of poorly managed change that can lead to change fatigue. The result is a severely compromised ability to get onboard with new changes.

**Respondent Perspective:**

“In my experience, [unfortunately] the implementation of change occurs whimsically without putting thought into the impact on employees and their workloads.”
More than half (53%) identified Lack of Leadership Effectiveness as the top barrier to successfully implementing change inside organizations.

41% lack confidence in their leader’s ability to successfully navigate through ambiguity and change. This insight begins to expose the gap in the leader’s approach to adapt to the individual needs of their employees. They must help them understand the need for the change and get them aligned with what needs to be done. For each respective employee, their personal style, experience with past changes, and current capacity to adapt are going to significantly influence their willingness to change and more importantly their ability to sustain the change.

The Generational Factor

More than half of survey respondents represented the Gen X and Millennial cohorts. Notorious for their pleas to collaborate and have more involvement, it would appear this is consistent when it comes to change. Feedback from survey respondents in these generational groups indicate a desire for more two-way communication. Not only do they want to understand the rationale for the change, they want to be asked for their input, to have a voice and to have their leaders be ambassadors for their needs by influencing up to senior leaders. The perceived lack of leadership effectiveness in managing change would indicate that employees are currently leery of whether or not their leaders are able to successfully champion their interests during times of change. With employee loyalty being an ongoing concern for these generational cohorts, the risk of losing talented employees during periods of ambiguity and uncertainty is a very real challenge for organizations today.

Respondent Perspective:
“If you want to change, support the people and remember that not everyone takes the same amount of time to change.”

The Leadership Gap in Change Management

During times of change employees look to their leaders for direction and support to manage through their response and reaction to change. Their leaders need to help them understand how change will impact them, all while they process the change themselves. Leaders are unprepared to support their teams. This gap has resulted in employees lacking confidence in their ability to help them navigate through the ambiguity and uncertainty of change.

What Could Your Leader Do Differently to Effectively Manage Change?

37% Communicate More
25% Involve Me and Ask for Feedback
19% Get Us The Information We Need
12% Champion our Concerns to Senior Leaders
12% Share the Process, Help Me Understand Why

Respondent Perspective:
“Leaders are so critical to change management. If they don’t have the skills, organizations are doomed. Employees model their behaviour and expectations according to their leader.”
The View from the Top

The seat of an executive leader is often lonely during times of change. Their good intentions and brilliant ideas may unknowingly be transformed into frustration and failure. Many Senior Leaders are left puzzled as to why employees haven’t seamlessly integrated the shift they’ve been championing and why their enthusiasm for the change isn’t matched by their teams. Helping organizations navigate through change and supporting employees in coping with change is regularly identified on the list of critical human capital trends by Senior Leaders. The answer to this mystery is multifaceted, but generally encompasses three central components outlined below.

Senior Leaders Need to Answer the Why of Change:
It is the role of executive leaders to answer the ‘why’ for change. As active sponsors for the change, they need to articulate and communicate the business reasons for the change. More than one-third (36%) of survey respondents believe Senior Leaders inside their organization are ineffective at providing the rationale for the change and the related impact on the business. Communicating more was identified as the #1 strategy for keeping employees informed and involved during times of change. This includes providing the business rationale for the change.

Senior Leaders Need to Be Effective Sponsors of Change:
Senior Leaders become ‘the face’ of the change. As a result, they need to be seen as credible by employees. They should be supportive of an established change strategy, visible in a thoughtful communication plan, and active in championing the change. Many sponsors start out on the right track, but their focus dwindles as other competing priorities capitalize their time and attention. A deviation in their focus will translate to a diminished focus by employees. Senior Leaders could benefit from coaching on how to be an effective Change Sponsor.

Senior Leaders Need to Enable The Change:
A consistent theme highlighted in the results is a desire for more communication and more opportunities for involvement and input. Communication during times of change has traditionally been top-down and leave little to no room to engage employee involvement or to seek input in understanding any potential resistance to change. 22% of survey respondents indicated Senior Leaders could be more open to feedback from employees about the change. Involvement early in the process will increase buy-in and readiness to change.

Respondent Perspective:
“Senior Leadership does not understand how important planning is and how involving people across different levels could help manage and reduce the stress and uncertainty.”

Respondent Perspective:
“Executives need to understand that top-down change is a thing of the past. Start with the challenge and get input from the bottom if you want change to be successful.”

Respondent Perspective:
“Those who plan the battle, rarely battle the plan. Involving those to be affected with the change is critical for successful change.”
The Impact of Change on Productivity and Performance

As leaders and employees navigate through uncertainty and ambiguity, there is an undeniable impact on productivity and performance. As we’ve seen from the impact of change on the brain, we know the amount of stress employees and leaders are faced with can have a negative effect on their ability to effectively problem-solve, think creatively and make sound decisions.

32% of respondents experience lost productivity and/or inefficiency during times of change.

Productivity can be lost for a host of reasons ranging from a lack of direction, stalls in projects or deliverables, resources being redirected to other initiatives, a lack of clarity on processes and collaboration that happens in silos. While the overall business can suffer, it is often your top talent that experiences the greatest frustration from a lack of clarity and momentum in their ability to move projects forward. This creates a retention risk.

50% of respondents have seen employee morale and engagement decline when change is poorly managed.

As committed as individuals may be to their leader, team or organization, they are going to be very interested in understanding the WIIFM (What’s In It For Me?) of change. Understanding the benefits of changing and the risks of not changing are paramount to helping influence an individual’s readiness to change. Senior Leaders play a critical role in helping employees understand the ‘why’– but it is up to their direct leader who will help them develop the willingness to adapt and sustain the change.

Respondent Perspective:
“[Our] management team does not respond well to input and this has caused increased fear and problem with morale.”

Employee Engagement is Essential for Change to be Successful

Employee engagement, defined as the willingness of each employee to strive to do their best at work on a daily basis, is the leading factor of performance and competitiveness across all organizations today.

Build a Better Workplace¹ research found that Canadian employees expect their manager to keep them informed about the things they need to know in times of change. Managers who keep employees informed have more motivated teams than those who do not.

These results clearly support the common thread between engagement factors, a readiness to change and ultimately productivity and performance.

¹Build a Better Workplace™ (2013). Canadian Management Centre & Ipsos Reid
Strategies to Change the Way You Change

Organizations need to recover from the legacy of past change failures and work to build the resilience of the individuals and teams inside their organization. While some of these strategies may seem foundational, the bottom line is that most organizations are ineffective at applying them consistently. A lack of attention to building these capabilities will limit your ability to successfully implement change and will result in damaging and lasting negative impacts on productivity, performance and business results.

Strategies for Success:

Communicate More

What you communicate and how you communicate are of equal importance. Senior Leaders must speak to the ‘why’ and ‘what’ of change to provide a perspective of the impact on your business to change (and the risks of not changing). Leaders need to be equipped to communicate about the ‘when’ and ‘how’ to help employees personalize the change and to increase their readiness. A well laid out plan should be mapped out to ensure multiple touch points. Leveraging different modes of communication is essential for sharing details of what they need to know. Where possible, face-to-face (Skype or Web Conference when virtual) is recommended.

Involves Employees

The traditional top-down approach to change management is not effective today. Employees want the opportunity to provide their input and expect that leaders will champion their interests up to Senior Leaders. By involving employees in planning and managing the change, you increase readiness, foster greater alignment to desired outcomes and overcome resistance by soliciting feedback on why this will work and more importantly, why it might not. Resistance won’t go away by ignoring it. In fact, it will come back more powerful and will put your change initiative in jeopardy of failure.

Prepare Your Leaders

Leaders often struggle to navigate their way through change in addition to the many other responsibilities and accountabilities they’re managing. You may find they end up being some of the greatest resisters and/or victims of change fatigue. Equip your leaders with the knowledge, skill and confidence to be effective change agents. Help them recognize the triggers they’ll experience and observe within their teams and prepare them with tools and tactics to lead effectively through ambiguity. Give them the ‘permission space’ to manage up and share feedback. Supporting them will ensure success.

You Can Do More...

53% of survey respondents want access to more training and resources to help them manage change in the workplace.

Turn the page and find out how you can do more.
Preparing Your Team to Thrive During Times of Change

There are many stakeholders involved in navigating through the ambiguity and uncertainty that change creates. Whether you’re recovering from past change failures, embarking on a significant change initiative, trying to build the credibility of your change leaders or supporting employees with tools to be more resilient, there are several options available to support the unique needs of your team.

Leading Through Change
Organizational change is constant. And yet many people react to change with denial or resistance. As a change leader, your ability to help people overcome their reactions and get onboard with new initiatives is critical to your success. In this workshop, you’ll gain practical tools that will enable you to manage reactions to change and communicate in a manner that inspires followership and optimal productivity through any change initiative.

Change Management for the Accidental Change Manager
Professionals at all levels of an organization are frequently required to manage change. From minor process changes to upgrades in technology to major reorganizations, you need effective change management skills. However, many of us lack the tools needed to usher in change successfully. This toolkit has been designed to help you navigate through three phases of change management: Preparing for Change, Driving Change, and Sustaining Change.

Communicating Your Strategy
Have you ever been part of a change initiative that failed to produce results? Most common diagnosis: Ineffective communication. This course is designed to provide you with proven strategies to overcome persistent communication challenges, enabling you to capitalize on the work invested in your change strategy and plan. Transform your communication approach to help build greater alignment and engage the people you need to make change happen.

Resilience – Embracing Change
If you’ve ever felt overwhelmed or stressed out by the hectic and fast-pace of change, you’re not alone. When we’re stressed, our emotions can take over and we’re not thinking at our highest level. New research in neuroscience is helping us learn more about what happens to our brains during times of change that influences our behaviour and actions. In this session, you’ll learn more about how you can build greater personal resilience to help yourself and others approach change with a more adaptive mindset.

Target Audience:
Frontline Leaders
Duration: 1 Day

Target Audience:
Accidental Change Managers
Duration: 2 Days

Target Audience:
Senior Leaders
Duration: 1 Day

Target Audience:
Employees & Leaders
Duration: ½ Day
Worksheet: Reflect on Change in Your Workplace

Take some time to review the RealityChek™ insights shared and reflect on the Impact of Change in Your Workplace.

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<th>What changes are you currently experiencing or are on the horizon in your organization?</th>
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<th>How would you evaluate your organization’s overall success implementing change?</th>
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<th>What is your organization’s biggest barrier to successfully implementing change?</th>
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<td>□ Lack of Leadership Effectiveness □ Poor Communication □ Lack of Planning and Processes □ Ineffective at Getting Buy-In □ Change Fatigue</td>
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<th>What are the risks to your organization if you don’t manage the change effectively?</th>
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<th>What insights from RealityChek™ 2016 can you leverage to build the business case for a focused change management strategy?</th>
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Let Us Help You Outperform

Want to maximize the performance and potential of your people? Tap into resources and solutions that will help you manage the impact of change in your workplace.

Free Resources
Get access to a wealth of free on-line resources including articles and webinars. cmcoutperform.com/free-resources

Talent Development Consultation
Benefit from expert advice on how you can enhance the way your organization approaches change management. cmcoutperform.com/corporate-learning

2016 Course Guide
Access additional details on courses that may be of interest to support the impact of change in your workplace. cmcoutperform.com/course-guide

Build a Better Workplace
Learn more about our Employee Engagement Research. cmcoutperform.com/BABW

RealityChek™: Generational Perspectives in the Workplace
Find out more about our 2014 edition of RealityChek™: Generational Perspectives in the Workplace. cmcoutperform.com/RealityChek

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We've assembled a collection of quotes from survey respondents. There was such diversity in experience and points of view on the topic, we felt compelled to share them with you.

**Voice of Respondents**

- **Lack of transparency is a big issue [for us].** Change should include a measure of openness and collaboration.

- **Change in the workplace requires a very collaborative management style from the top down and as this improves, so will the approaches to how change is introduced, discussed and implemented.**

- **Engaging employees early in the process is key to successful change management: communicate, communicate, communicate! Say it in many different ways and then say it again many times over.**

- **As an active change agent I would like to see our formal leaders recognize opportunities to engage informal leaders who are and can support other people during the change.**

- **Any business must change to survive and meet customer expectations - our company is no different. I’d be worried if we weren’t changing as often as we do.**

- **Although management may have the power and the right to make decisions for those below it should be a collaborative approach. Buy-in from employees means a happier workplace as well as more productive which means they are happy to do more with less because they care and are not being ‘ordered’ to do so.**

- **Being in customer service, I am often one of the first to get a request that might lead to change in the organization, then the last to get word of the change being made. As much communication [as possible] at different intervals, is valuable from where I stand.**

- **In the current environment employers who are not constantly changing and improving are left behind. Change stimulates the younger employees especially when their creative thinking can be incorporated into the change.**

- **It often appears as though change is for the sake of change. A new manager or executive wants to show they are proactive and taking charge so they change things up. It is often more about their needs than the needs of the organization.**

- **When change is being planned behind closed doors, it increases fears and starts rumours. Better to keep the lines of communication open. In 2016, employees should be treated as adults, not like children to be told what to do and protected.**

- **The ambiguity is the toughest part. I am driven to make a difference and have been in limbo for nine months, and will be in limbo for another seven months, if I choose to stay.**

- **Change is healthy, necessary and inspiring when done correctly. When all involved are surveyed and teams are identified to be trained and to proactively support the change, then employees feel they are part of the change and will embrace it better.**
Survey Respondents
1,419 Respondents | June-July, 2016

Select the title that best describes your role in your organization:
- Team Leader, Supervisor, Manager: 45%
- Employee/Individual Contributor: 37%
- Director, Vice-President: 14%
- General Manager, President, C-Level: 5%

How long have you been employed with your organization?
- Less than 1 year: 5%
- 1-3 years: 17%
- 4-9 years: 31%
- 10-15 years: 21%
- 15+ years: 26%

How would you describe your level of engagement at work?
- Highly Engaged: 48%
- Moderately Engaged: 44%
- Not Engaged: 7%

For Leaders:

How many direct reports do you currently have?
- 15+: 10%
- 11-15: 8%
- 6-10: 20%
- 1-5: 47%

No Direct Reports: 15%

How long have you been a leader?
- Less than 1 year: 4%
- 11+ years: 28%
- 6-10 years: 25%
- 43%