

REVISED & EXPANDED

# TERMS OF ENGAGEMENT

SECOND EDITION

NEW WAYS OF LEADING AND  
CHANGING ORGANIZATIONS



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FOREWORD BY PETER BLOCK

An Excerpt From

***Terms of Engagement:  
New Ways of Leading and Changing Organizations,  
Second Edition, Revised & Expanded***

by Richard H. Axelrod  
Published by Berrett-Koehler Publishers

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## PREFACE

I was an eager fourteen-year-old when I started working part-time in my father's model airplane factory. My early excitement soon dissipated as I learned what assembly line work was all about. Putting balsa wood parts in boxes hour after hour is not exactly exciting work. I measured my time by the number of minutes until my next break. The time clock became my best friend. I punched in and punched out.

All of my colleagues had ideas about how to make work easier. For the most part, these ideas remained idle chatter on the line. Disengagement grew as the boxes went by one by one. With no outlet for our ideas, boredom set in as we watched the clock and waited for the buzzer to alert us that our next break had begun. Sure, I could lobby my dad over dinner or on the drive home, but that communication line was not available to everyone.

George, my supervisor, would often take me aside and give advice on how to get through to "the old man." George's advice was helpful at work and at home. Yet when I would offer ideas to George about how to improve productivity, despite my being the boss's son, the message was pretty much "Shut up and do what you are told." George was a good guy; he just believed that because he was the boss, he was right.

I graduated from line work to become a machinist's helper. There, I learned to put tools back in their exact place, not one centimeter to the right or left. I didn't know why Fred, the machinist, was so fussy. My job was to do whatever Fred told me to do. What I really wanted to do was learn how to work the lathe. Instead, day after day, I swept the floors clean, only to clean them over and over again. I learned disengagement firsthand.

## LEARNING THE BUSINESS TAUGHT ME WHY ENGAGEMENT IS IMPORTANT

Work in my dad's factory had engaging moments as well. I had jobs where the clock was irrelevant. These jobs gave me responsibility. They challenged me to think. I ran the shipping department and learned the intricacies of working with truckers and shippers. I navigated a testy relationship with an alcoholic freight-elevator operator. I worked in the front office and learned the importance of cost accounting and inventory control. I worked on special projects to improve productivity and yield. Through these experiences, I learned that everyone has ideas about how to increase production while making work easier.

I was privy to my father's musings about how to motivate the workforce. Today, people would call him paternalistic in the most positive sense of the word. He really cared about the people who worked for him. He often stayed late into the night so that the machines would be in good working order the next day. He felt responsible and didn't want people who worked for him to lose a day's pay because the machinery didn't work. His efforts to engage people frequently did not bear fruit. Had *Terms of Engagement* been available to him, he would have

devoured it. But it wasn't. He did the best he could, but unfortunately, it wasn't good enough. He was deeply hurt when the workers unionized.

## MY FATHER INITIATED CHANGES WITH GOOD INTENTIONS—BUT THEY FAILED

He puzzled over why people didn't accept the changes he initiated. In his mind, his changes would benefit everyone. Seeing my father's name in graffiti on bathroom walls was hard to take. It made me realize something was wrong. I began to observe what worked and what did not. The vision behind this book began to take shape.

In college, not surprisingly, I studied industrial management as the heir apparent to the model airplane world. One day, in a class on time and motion studies, the professor droned on about motivation and incentive piece rates. He characterized human beings solely as economic commodities. I felt as if I were listening to someone from another planet. I recalled my working experiences. I knew his thinking was shallow and primitive. It was not in sync with the creativity and ingenuity I had encountered daily. At that moment, I knew there had to be a better way to motivate people, and I knew it was starting to take shape in my mind.

So I made it my job to study motivation at work in the military, as a young second lieutenant. I experienced one incident that taught me that leadership is more than giving orders. One morning during officer training, someone we did not respect was leading my squad and me. There was grumbling in the ranks as he strode toward us. When he shouted "Follow me," no one moved. We made a statement: we would not follow orders from someone we did not respect. I learned a powerful lesson:

officers had the power to give orders; soldiers could choose how to carry them out. (Does this sound similar to anyplace you've worked?)

When I left the military, I was fortunate to participate in early organization development experiments in the Bell telephone system. As the repair service manager for Chicago's southwest side, I led an organization that serviced about 180,000 people and Midway Airport. Team building helped my group become the top performer in the city in every productivity and customer service measure. I was especially proud of our safety record. Every day we put eighty-five trucks on the Chicago streets. We went an entire year without a traffic accident. We did not build that record by increasing the number of safety lectures or demonstrations. Instead, we changed the relationship between the supervisor and the crew.

At General Foods, I participated in early experiments in self-directed work teams. There I learned that when you increase autonomy, provide timely performance feedback, and offer the opportunity to learn and grow on the job, productivity climbs.

## **THEN I BECAME PART OF THE PROBLEM!**

In 1981, the Axelrod Group began consulting to industry. Our primary method for bringing about organizational change in those days was what I now call "the old change management." You know how it works. Leadership hires a consultant and together they decide what is best for the organization. They then seek to create "buy-in" by selling the solution to the organization. We thought we made an improvement by adding steering teams and design teams to help with the work. In the end, however, it was still the same—the few deciding for the many. Change management needed changing.

In the late 1980s, we began to realize that something was terribly wrong. The change management practices we were using took too long and did not sufficiently engage the organization. Meaningful change did not occur. We tinkered with this method for a while, adjusting first one aspect and then another, but to no avail. The time was right for a totally new approach.

## A NEW MODEL OF CHANGE CHANGED EVERYTHING

In 1991, we developed the Conference Model, a radically new approach to organizational change. The Conference Model engaged large numbers of people in the redesign of organizational structures and processes in a series of conferences (two- or three-day workshoplike events) and “walkthrus” (smaller sessions involving those not present at the conferences). The results were astounding. More people were engaged in the process. Accelerated implementation occurred. Organizations created a critical mass of people who cared about the outcomes. Capacity for future changes grew. Productivity and customer service levels rose.

We were not alone. Sandra Janoff and Marvin Weisbord were perfecting Future Search. Kathy Dannemiller was inventing Whole Scale Change. Harrison Owen was experimenting with Open Space, and Robert Jacobs was creating Real Time Strategic Change. Many others were experimenting with new ways of getting “the whole system in the room.”

Our thinking has matured and developed since the early days of the Conference Model. In the beginning, we focused on getting the techniques right. Now our attention has shifted to the principles and practices behind not just the Conference Model but all large group processes.

We looked at our own work and the work of others and identified four principles we have in common. These methodologies all

- *Widen the circle of involvement* by including stakeholders from inside and outside the organization.
- *Connect people to each other* using a variety of dialogic methods and techniques.
- *Create communities for action* by creating forums for people to have a voice in change that impacts them.
- *Promote fairness* throughout the process.

Taken together, these principles and the leadership practices of honesty, transparency, and trust constitute what I am calling “the new change management”—a process that puts an end to the few deciding for the many; a process based on honesty, transparency, and trust. A proven process that creates increased employee engagement, which in turn increases customer service and productivity.

## LIFE FORCED ME TO WALK MY TALK

In 1992, an event in my personal life reinforced everything I’d learned about change during the previous twenty-five years of consulting to businesses. I had emergency triple-bypass surgery and spent twenty days in the hospital because of surgical complications. Having your chest cracked open is a life-changing event, one I do not wish to repeat. As a result, I radically changed my lifestyle. I changed my diet. I added daily aerobic exercise and yoga to my life.

My engagement with this lifestyle change has ebbed and flowed. Sometimes, it feels effortless. Some days, I feel doubtful or even indifferent.

Nothing is more basic than changing the way you eat. Every meal becomes an exercise in decision making. Restaurant dining becomes an assertiveness test. What I have learned from this experience is that even when the stakes are high, even when one's very life is at stake, engagement does not come easily. Observing my own engagement with these lifestyle changes has given me new insights, patience, and understanding about what it takes for meaningful change to take root.

You can decide to change in an instant, but more is required in order for change to take root. I remember the instant I decided to change my lifestyle as I lay in a hospital bed, tubes running in and out of my body, my postsurgical scars on display for the world to see. Deciding to change is a necessary first step. But lasting change requires persistence. It also requires acknowledgment, feedback, and support from others. You can't get there alone.

## NOW WE ALL HAVE A GREAT MODEL FOR CHANGE MANAGEMENT

In 2000, the first edition of *Terms of Engagement* hit the bookstores. People began applying the principles and practices. The most gratifying result of authoring published material is to hear how people with whom we never worked successfully applied the ideas we put in print. For example, I received a call from Billie Alban and Barbara Bunker, authors of *The Handbook of Larger Group Interventions*. They said, "Hey, Dick, did you know that American Airlines used your principles to transform the company? We're including the story in our book." Silence on my end of the phone. "No," I finally replied.

The American Airlines story, "Back from the Brink at American Airlines" (Bunker and Alban 2006, 86–96), cites the

principles of *Terms of Engagement* as the basis for American Airlines' active engagement process. This process "fostered significant changes in involvement, transparency, understanding, and collaboration, which, combined with process improvements, saved AA 1.8 billion dollars" (ibid., 85). These savings helped American Airlines effectively overcome pervasive low-cost competition and the devastating aftereffects of September 11, 2001.

## A LOOK BACK AND A LOOK FORWARD

First edition readers of *Terms of Engagement* were able to apply its lessons on their own. My hope is that you will do so as well. I have included a "Questions for Reflection" section at the end of each chapter to encourage you and support your learning. The most heartwarming outcome of writing a book is to know people have taken your ideas and applied them. I look forward to getting one of those calls that starts with "You don't know this, but . . ."

I'm very excited about this new edition of *Terms of Engagement*. In it, you will find the latest insights and practices for creating an engaged organization. It's been a labor of love and a joy to write. Talking with the dozens of people I interviewed as background for this edition was a graduate education in itself. By the time I was finished, I had more than four hundred pages of transcripts from which I extracted key engagement practices and stories to drive the lessons home. Welcome to the conversation—and to the possibility of a truly engaged group of people where you work.

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## INTRODUCTION

# Engagement Makes a Difference

**W**e're about to start a change process, and I think we're going about it the wrong way."

Hank Queen, soon to become vice president of engineering and product integrity for Boeing Commercial Engineering, and Charlie Bofferding, president of the Society of Professional Engineering Employees in Aerospace, were present for a talk I was giving about the four engagement principles that are core to *Terms of Engagement*. Boeing was just coming off of the largest white-collar strike in U.S. history, where more than fourteen thousand employees walked off the job, and Charlie had suggested that Hank come and hear what I had to say.

At the break, Hank pulled me aside, and with those words, "We're about to start a change process, and I think we're going about it the wrong way," launched a change process that ultimately affected the entire engineering organization. This process, based on the four principles that make up the new change management, resulted in a 40 percent improvement in employee satisfaction, along with many productivity improvements.

Three years later, the same employees who went on strike voted by a margin of more than 80 percent to renew their

contract. Today, new programs, such as the 787 Dreamliner and Multi-Mission Maritime Aircraft, have added six thousand new jobs in Washington state. Production rates for commercial airplanes are increasing, and orders are up.

Every leader faces the eternal question, How do I engage people in the purpose of the enterprise? You might be like Hank, trying to rebuild a culture; or Carol Gray, trying to improve access to health care in Calgary, Alberta; or Jan Mears, trying to implement a global SAP process at Kraft Foods, Inc. *Terms of Engagement* provides the answer.

In my work with leaders in organizations large and small, I find them grappling with a turbulent environment where rapidly changing technology makes yesterday's innovative ideas obsolete. Reorganizations happen so fast, it is almost impossible to keep track of the entities' names. The job you had yesterday is not the job you have today, and it is not the job you will have tomorrow, if you have a job at all. Organizations find themselves existing simultaneously as competitors and partners. Leading in this world requires all of the physical and emotional resources leaders can muster.

Globalization requires organizations to find ways of working that span culture, time, and distance. All of this is taking place in a world where people have more access to information today than in the entire history of civilization, yet they are increasingly lonely, isolated, and disconnected. Extreme wealth and poverty live side by side, while the gap between them increases exponentially. Authoritarianism and violence are rising in a world where people say they want peace.

The changes are so profound and occurring so rapidly that drinking from a fire hose feels like a leisurely cup of tea. Yet

this is our reality, and in this world, success belongs to organizations and leaders who respond effectively to this complex, chaotic environment.

## HOW BIG A DIFFERENCE DOES ENGAGEMENT MAKE?

In the first edition, I responded to those who said the cost of engagement is too high by asking, “What is the cost of disengagement?” Now we know.

- Disengaged workers cost the economy more than \$300 billion a year (Gallup 2010).
- McKinsey & Company, in a global study of successful organizational transformations, identified cocreation, collaboration, and employee engagement as key success indicators (McKinsey & Company 2010).
- Northwestern University found that organizations with engaged employees have customers who use their products more, and increased customer usage leads to higher levels of customer satisfaction (Cozzani and Oakley n.d.).
- ISR, a Chicago-based consulting firm that has one of the largest databases on employee engagement, discovered that engaged organizations are 52 percent more profitable than their disengaged counterparts (MacLeod and Clarke 2009).
- Hewitt Associates has an Employee Engagement and Best Employer Database of fifteen hundred companies. In companies with 60 to 70 percent engaged employees, average total shareholder’s return (TSR) stood at 24.2 percent. In companies with only 49 to 60 percent engaged employees, TSR fell to 9.1 percent. Companies with engagement below 25 percent suffered negative TSR (Wellins, Bernthal, and Phelps 2005).

- A recent poll by Challenger, Gray & Christmas, Inc., found employee engagement to be a top priority for Chicago-based senior HR leaders (Challenger, Gray & Christmas, 2010).

## THE OLD CHANGE MANAGEMENT

If you look at any major corporation or government entity worldwide, this is what you will see: leaders with an army of consultants creating new organizational directions—the few deciding for the many. Often, leaders and consultants try to soften the blow by creating steering teams and project teams. But most people end up feeling that their voices don't count. They are left on the outside, wondering what is going to happen. This approach to organizational change is so pervasive that few question it. It's just what you do.

Four beliefs are the hallmarks of the old change management: the few decide for the many; solutions first, people second; fear builds urgency; and inequality is the norm and life isn't fair. These beliefs are so ingrained that leaders and consultants do not consider their approach to change as “the old change management.”

## WHY DO CHANGE MANAGEMENT INITIATIVES FAIL?

Most change management initiatives, while professing the importance of people, forget real human beings are involved. When change management processes identify people as “change targets,” they deny their humanness. Peter Koestenbaum, noted author and philosopher, says, “The essence of being human is the freedom to make choices; there is no escape” (P. Koestenbaum, pers. comm., October 27, 2009). Whether you

are trying to create an engaged organization or engage people in the latest business imperative, leaders and those who work with them make choices.

Leaders make choices daily about the principles they follow, the methods they use to bring about change, and the ways they interact with others. Organizational members make choices about whether they will sit on their hands or engage with the organization's goals. These choices have consequences. Ultimately, they determine whether change will meet with foot-dragging resistance or wholehearted energy.

## IS YOUR PLATFORM REALLY BURNING?

Popular theorists like Daryl Conner and John Kotter reinforce the notion of plug and play, order, and predictability. They aren't the only ones, just well-known theorists who reinforce the old change management.

Conner (1992) popularized the notion of burning platforms as a key ingredient for change: the way to get people to change is to light a fire under them. We'll see later how neuroscience research is showing how lighting fires may shut people down rather than start them up.

While not advocating burning platforms, Harvard professor John Kotter (1996) wants leaders to create guiding coalitions populated by senior management, which in turn produce strong visions for the organization to follow. These ideas represent the old change management—a series of leader-directed moves where the few decide for the many. In the old change management, leaders seek to create “buy-in” to a predetermined solution. Buy-in turns leaders into salespeople and employees into consumers, thereby creating engagement gaps that increase resistance instead of decreasing it.

Henry Mintzberg, the John Cleghorn Professor of Management Studies at McGill University in Montreal, writes in *Harvard Business Review*, “Kotter’s approach sounds sensible enough and has probably worked. But how often and for how long? What happens when the driving leader leaves?” (Mintzberg 2009, 2). Mintzberg goes on to say that building community is key to successful organizational change, and I’ll talk more about this in chapter 8.

## THE NEW CHANGE MANAGEMENT

The new change management is a set of principles and practices that provide people with a voice in change that impacts them. Unfortunately, just as “Coke” is the universal word for soft drinks, “change management” has become the universal term used to describe all organizational change efforts.

Many believe the term “change management” is an oxymoron. I understand that you offend people when you think you can manage them into changing. I have chosen to fight this battle by offering a different way to approach change management. And instead of coining a brand-new term, I’ve chosen to put the word “new” in front of “change management” to symbolize the difference.

Every change process is different. Every organization is different. No matter how much planning you do, there will always be unintended consequences. After all, you are dealing with people, not machines. A principle-based approach to change is not only necessary, it’s practical. The principles and practices of the new change management build a solid foundation for change, and they provide guidance when you don’t know what to do.

Here are the new change management's principles and practices:

#### Principles

- Widen the circle of involvement
- Connect people to each other
- Create communities for action
- Promote fairness

#### Practices

- Honesty
- Transparency
- Trust

Taken together, these principles and practices create engaged organizations. In an engaged organization,

- People grasp the big picture, fully understanding the dangers and opportunities.
- There is urgency and energy as people align around a common purpose and create new directions.
- Accountability distributes throughout the organization as people come to understand the whole system.
- Collaboration across organizational boundaries increases as people connect to the issues and to each other.
- Broad participation quickly identifies performance gaps and their solutions, improving productivity and customer satisfaction.
- Creativity is sparked when people from all levels and functions, along with customers, suppliers, and important others, contribute their best ideas.

- Capacity for future changes increases as people develop the skills and processes to meet not just the current challenges but future challenges as well.

## WHAT'S NEW IN THIS EDITION?

So what is new in this edition of *Terms of Engagement*?

- *Success stories—in the leaders' own voices.* First, you'll read new stories from leaders describing results from applying the new change management in organizations large and small. In the first edition, the stories and examples came from our own practice. In this edition, I've "widened the circle" by interviewing dozens of leaders outside of our own practice. You will learn from people like Gaetan Morency, Vice President of Global Citizenship at Cirque du Soleil, and Chris, a checkout clerk at Best Buy. You will learn the dramatic results they achieved and what it takes to successfully engage people in change. Most of all, you will learn the importance of honesty, transparency, and trust in today's world.
- *Setting conditions for successful change management.* Second, you will learn how everyday conversations and your regular staff meetings can become the fastest-track engagement opportunities there are. I'm using the phrase "everyday" in two different ways: in the sense that you can participate in these conversations daily and in the sense that they are easily accessible.
- *New phrasing for a tested concept: "promote fairness."* Third, I changed the title of the fourth principle from "embrace democratic principles" to "promote fairness." I did this with a lot of heartburn, but many people have confused the notion of embracing democracy with a political democracy. People

from outside the United States often said, “While I support the ideas in this book, I could not talk about embracing democracy in my country as it would be seen as advancing the U.S. political agenda.”

If you want to increase engagement, people must have a voice in issues that impact them; they must sense fairness in what goes on. Employees are often skeptical of leaders’ motives, their own abilities to influence decisions, and the idea that they may actually have to take responsibility for outcomes. The true essence of “embracing democracy” is coming together to discuss issues where everyone has a voice, where information is transparent, and a sense of fairness exists.

- *Designing work with engagement built in.* Fourth, I’ve added a chapter on work design. It is possible to design work with engagement built in. Engagement increases when your work provides meaning, challenge, autonomy, and feedback. These proven design elements apply whether you are a janitor sweeping the floor, a researcher working in the lab, or the CEO.
- *Findings from neuroscience.* Fifth, you’ll be introduced to the SCARF model and learn the neuroscience of engagement. You’ll learn how the threat/reward response impacts engagement and how the new change management lights up the innovative, collaborative part of the brain.
- *Introductory illustrations.* Sixth, each chapter begins with an introductory illustration. This illustration provides easy access to the chapter’s main ideas.

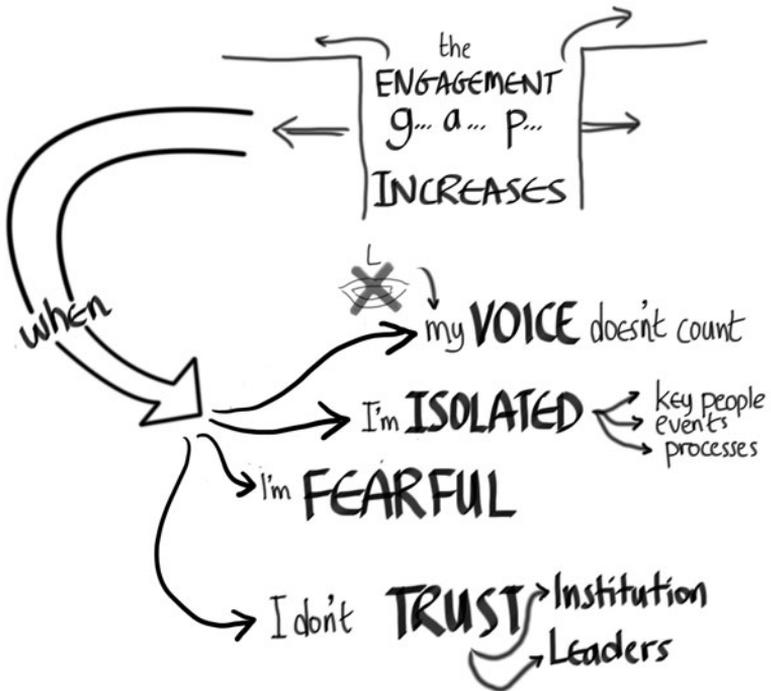
In every chapter, you will meet people and organizations who follow the four engagement principles and use the three engagement practices to create engaged organizations.

the  
**OLD CHANGE  
MANAGEMENT**

works against  
**CREATIVITY  
&  
INNOVATION**



When people  
don't have a  
**VOICE** in change  
they will **RESIST**



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## CHAPTER 1

# Why Change Management Needs Changing

*T*hat didn't work. Let's do it again."

In organizations around the world, this is how change happens. You, the organization's leader, identify a problem and hire an expert consulting organization to create the solution. The consultants bring in their legions and you get your answer. Next, you try to sell the plan to the rest of the organization. But instead of excitement, you're met with indifference and resistance. Getting people on board becomes a full-time obsession. Your elegant solution, wrapped in a handsome binder, sits in silence on your bookshelf, an expensive reminder of what might have been.

"That *still* didn't work. Let's tweak the model."

This cycle has repeated often. To deal with the apathy and resistance that accompanies many change processes, consultants developed a change management structure to ensure buy-in. This structure consists of a sponsor group, a steering committee, and design teams representing a cross section of the organization. This streamlined organization strives to reduce the barriers to change that exist within the wider organization. But these groups and teams often fall into the same trap that exists when consultants work solely with leaders.

They go on to create the solution, and then, after making all of the key decisions, they seek to create buy-in from the rest of the organization.

Whether you are developing a strategic plan, improving a process, or redesigning an organization, the process is the same. This way of working is so ingrained that few question it.

## THE DETROIT EDISON STORY, PART 1—WHAT NOT TO DO

For over a year, Detroit Edison managers had been working to improve their supply-chain process. They were following the acknowledged best change management practice, complete with a sponsoring group, a steering committee, and a set of commodity teams, along with an army of expert consultants from one of the big four consulting firms. Despite the hard work of many people from inside and outside the organization, they had little to show for it: lots of good ideas, none of them implemented. The lack of progress frustrated the sponsors, the steering committee, and the commodity teams—they just could not understand why they could not get the organization to support the changes they were proposing.

In spite of its critical importance to the organization, most people greeted the supply-chain improvement process with yawns. The only ones who seemed to care were members of the various committees—and even they were starting to show signs of disillusionment.

Fortunately, this story has a successful conclusion. The next installment—in chapter 2—describes how Detroit Edison abandoned the old change management approach to supply-chain improvement in favor of the new change management with dramatic results.

Four beliefs are at the core of the old change management:

- 
- *The few decide for the many.* The change process works best when a select few—that is, leaders, consultants, and members of the sponsor team, steering committee, and design teams—decide what should be done. Populating these groups with the best and the brightest ensures success. This multi-level, cross-functional structure puts all key decision makers in the room. As a result, people within the organization will feel represented.
  - *Solutions first, people second.* Because getting the right answer is crucial, developing the plan becomes everyone’s focus. The groups work hard, often in isolation because they don’t want to be distracted from the task at hand, to develop strategies, redesign organizations, and develop new cultures. While giving a nod to participation, they believe the best approach is to focus on the solution first and people second. The prudent course is to make the important decisions first and then move to widespread participation.
  - *Fear builds urgency.* The best way to motivate people is to alarm them. A sense of urgency occurs when you light a fire under people, thereby creating a “burning platform.” When people are concerned about their jobs or their future, they take action. Nothing of consequence ever happens without a burning platform.
  - *Inequality is the norm and life isn’t fair.* At an early age we learned life isn’t fair and not to expect equity in our dealings with others. The title of Harold Kushner’s book *When Bad Things Happen to Good People* says it all. Because life is capricious, we must constantly be on guard. It’s a mean world out there; do not expect equity or to be treated fairly. As the saying goes, no good deed goes unpunished.

## THE ENGAGEMENT GAP

These four beliefs combine to increase the engagement gap that naturally occurs in any change process. Any change initiative necessarily begins with a group of people who initially grasp the need for change. At this point, an engagement gap opens between those who want change to occur and the rest of the organization.

The old change management seeks to address this problem by creating sponsor groups, steering committees, and design teams. The problem is that as these groups immerse themselves in their work, the engagement gap widens between those who are part of the instigating groups and everyone else. Increasingly, these groups tend to objectify those not involved in the process as resisters and isolate themselves from the rest of the organization, fearing that time spent away from their work will cause delays.

As the engagement gap widens, resistance increases. This engagement gap, first identified by Peter Senge and others (1999), is an inescapable part of organizational change. No change effort can succeed for long in the face of an ever-widening engagement gap. Consequently, success depends on narrowing, rather than widening, the engagement gap. Why, under current change management practices, does the engagement gap widen?

### *Your Voice Doesn't Count*

Whenever a change initiative is structured around a small group (representative or not) that designs and develops the overall change process, there is a risk of widening the engagement gap. The smaller the group and the less open the members

are to soliciting input from the larger system, the greater the risk. When the gap widens, people come to believe that their voices do not count.

In such cases, people commonly resist plans in which they weren't included and, as a result, don't feel any real ownership. Or they have concerns about the decisions reached but feel blamed if they raise their concerns. Or they feel they have no choice but to accept the inevitable.

Excluded from the planning process, the "opportunity" occurs to decide how to implement plans. This typically does not feel like an opportunity at all but more like a manipulation. Is it any wonder that this process increases resistance rather than reduces it? When people are excluded from the planning process, the only opportunity they have is to implement the plans.

### *You Are Isolated from Key People, Events, and Processes*

The old change management committee structure isolates leaders and organization members from one another, thus further increasing the engagement gap. The top of the organization has one view of the world, the middle levels another, and the lower levels a still different view. And customers, suppliers, and other stakeholders add another dimension. Instead of working together to bring their combined knowledge to bear on an issue, these groups work separately on their own discrete parts.

Here is a scenario I have witnessed repeatedly that demonstrates the problems of isolating leaders and organization members from each other. The design team works feverishly to develop a set of proposals. It then spends as much time preparing for their presentation to the steering committee as it did developing its proposals because the team knows how important it is to present the ideas well. At the steering committee

### WHAT HAPPENS WHEN YOU LEASH THE LEADERS?

Relegating leaders to the role of sponsors is a significant flaw. In this role, leaders are frequently isolated. This prevents them from contributing valuable knowledge, expertise, and insights to the design teams that make up the parallel organization. The only time they can contribute is when they review plans for approval.

meeting, the committee members put design team members on the hot seat. Soon everyone becomes defensive. Steering committee members, usually midlevel managers and union officials, feel that they are raising legitimate concerns based on their understanding of the organization.

On the other hand, design team members begin to believe that the steering committee has already determined the answer it wants. The design team goes back and tries to give the steering committee what it wants while staying true to its own beliefs. The steering committee waits for the next report, not quite understanding why the design team members are so defensive. After a number of iterations of this process, the steering committee arrives at a decision it can support. Then the process repeats itself when the steering committee members review the proposed changes with the sponsor group.

### *You Are Fearful, Withdraw, and Close Down*

The inability to develop critical support for necessary changes results from the decision to use fear as a motivator. We have all

### HOW TO STRUCTURE FAILURE WITHIN AN HOUR: AN EXERCISE

Fear has roots in a lack of information. To demonstrate this, divide your participants into two teams. Call the first team the “planners,” and call the second team the “doers.” Charge the planners with developing a plan for how the doers are to put together a puzzle. (Choose a puzzle that can be put together in fifteen minutes.) Tell the doers that they will execute the plan.

Typically, the planners send the doers out into the hall while the planners develop their plan. While the doers are in the hall, the separation and lack of information produce negative feelings among the doers toward the planners. Some doer groups manage their fear by figuring out how to sabotage the work of the planners.

Once they develop their plan, the planners summon the doers and give them instructions. When the two groups operate in this fashion, they rarely complete the exercise within the prescribed one-hour time frame. But occasionally, the planners invite the doers into their deliberations and they develop and execute the plan together. When this occurs, the participants usually complete the task within fifteen minutes.

The old change management thinking is behind the scenes in the first method. It involves relatively few people in the development of the plan for change; then once important decision are made, it shifts its emphasis to implementation and buy-in only.

seen what occurs when widespread organizational fear takes over. People shut down. They stop working. Instead of focusing on improving the organization, they focus on self-preservation.

## You Don't Trust the Institution and Its Leaders

When leaders believe inequality is the norm and life isn't fair, their actions often produce a lack of trust. Because people in

### TELEPHONE COMPANY'S BREAKTHROUGH FAILS TO BREAK THROUGH: WHY?

Consider a telephone company's recent experience. The change management committees created a brilliant design for a new organization aligned with its customer base: they replaced the previous organizational silos with integrated business units. Both the sponsors and the committee members believed that they had created a breakthrough for this stodgy old organization.

Yet paralysis gripped the organization. Why? For more than a year, the design group had made decisions behind closed doors. Although the design group actively solicited opinions, not all departments and levels of people felt included in the process. When the time came to roll out the new organization, there had been so many rumors that people were negatively disposed toward it.

In the end, the design group could not bridge the gap to the new organization, with its greater responsiveness to customers and increased collaboration and teamwork. From the very beginning, people believed that fairness was absent. So they rejected ideas that would benefit them and the organization.

the organization come to believe that fairness is not present, they distrust leadership's motives, and any change process the leaders initiate is doomed before it starts.

## A NEUROSCIENCE VIEW OF THE OLD CHANGE MANAGEMENT

Neuroscience helps explain how the old change management actually works against creative problem solving. Simply put, there are two human responses: we move away from threats and we move toward rewards. When the threat response in the brain kicks in, creativity and innovation decrease. When the reward response in the brain kicks in, creativity and innovation increase.

According to David Rock, author of *Your Brain at Work*, "Engagement is a strong reward state . . . Rewards activate the reward circuitry of the brain that increases dopamine levels in

TABLE 1.1

### HOW THE OLD CHANGE MANAGEMENT PRODUCES ENGAGEMENT GAPS

Old change management beliefs . . .	produce engagement gaps
The few decide for the many.	Your voice doesn't count.
Solutions first, people second.	You are isolated from key people, events, and processes.
Fear builds urgency.	You are fearful, withdraw, and close down.
Inequality is the norm and life isn't fair.	You don't trust the institution and its leaders.

your pre-frontal cortex, decreases cortisone levels. It literally makes it easier to make connections, makes it easier to learn, makes you more optimistic, helps you see solutions, helps you find alternatives for action . . . So when you get an increase of dopamine in your pre-frontal region, you have essentially much better decision-making and problem solving, emotional regulation, collaboration, and learning” (D. Rock, pers. comm., December 22, 2009).

Rock (2009) has developed the SCARF (Status, Certainty, Autonomy, Relatedness, and Fairness) model to identify those factors that influence the reward response. When you apply the SCARF model to the old change management, it is easy to see how

- *Status* fades away when the few decide for the many. Status is about your relative importance to others. It’s difficult to feel important when you know your voice doesn’t count.
- *Certainty* diminishes when you are isolated from key people, events, and processes. You just don’t know what is going on and you end up feeling more threatened.
- *Autonomy* shrinks when you don’t feel you can influence your own situation. A feeling of helplessness sets in, fear takes over, and you withdraw and close down.
- *Relatedness* decreases as leaders and organizational members become isolated from each other at the very time you need connections between people.
- *Fairness* lessens when the change process appears to ignore evenhandedness. Self-interest takes over when you need people to look out for the good of the whole.

## KEY POINTS

- ▶ The old change management works against innovation and creativity.
- ▶ When people do not have a voice in change that affects them, they will resist even if the change benefits them.
- ▶ Engagement gaps increase when
  - You believe that your voice does not count.
  - You are isolated from key people, events, and processes.
  - You are fearful.
  - You don't trust the institution and its leaders.

## QUESTIONS FOR REFLECTION

- ▶ What are your own beliefs about organizational change?
- ▶ To what extent do a lack of voice, isolation, fear, and low trust exist in your organization? What are the causes?
- ▶ What are the upsides and downsides for you and your organization to continue using the old change management?

this material has been excerpted from

***Terms of Engagement:  
New Ways of Leading and Changing Organizations,  
Second Edition, Revised & Expanded***

by Richard H. Axelrod

Published by Berrett-Koehler Publishers

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