

MANAGING PEOPLE DURING CHANGE

It's not the progress I mind,
it's the change I don't like, said Mark Twain.

BY BARBARA PERINO AND REBECCA WALZAK

Change is natural and necessary for companies and organizations to survive. And I daresay, the mortgage space has dealt with a continuous process around change for nearly five years. Now there are new rules, regulations, government implementation of policies and procedures, mergers and acquisitions. During periods of significant change, people experience very high levels of uncertainty, negativity, anxiety, stress, and fear. Their behavior can become unpredictable, sometimes a bit irrational and their morale, motivation and productivity can be affected.

When change is being implemented, leaders and managers typically focus on the systems, processes and outcomes of the business but fail to understand the emotional impact on the people/staff. If employees are equipped both emotionally and physically to deal with change effectively, negative impact is reduced significantly. When people are supported and well prepared properly, they are more adaptable, resilient and able to stay more positive and proactive when it comes to doing something differently.

For example, a large bank was downsizing an entire division including shutting down the facility. Management and leadership was relocated to a more central location in another state and the division being downsized, (hundreds of people) were literally on their own except for a couple of line managers and email and telephone communication being sent from the out of state office. Fear, frustration, anger, sadness, stress were feelings that were present for a lot of people, many of whom had been with the bank for 25+ years. The downsizing process was done over a period of six months, department by department. The people, who stayed to the end, did so to be able to leave with a compensation plan offered them. At the end, they simply finished their day and left. How could this transition have been handled differently? The existing managers could have been instructed to hold weekly short meetings with their staff for updates, check-ins and to be there as support for them allowing people to vent and make the transition a bit more tolerable. Upper management could have flown in for the last day to acknowledge those who were left, thank them for their service and wish them well.



In another case an organization was going through major changes in leadership and processes. The mid-level managers (11), many of whom had been with the organization for 10+ years were not given any guidance on changes being implemented or notices that people were leaving or being transferred to different parts of the organization. The feelings of lack of trust, fear, frustration, anger were very present and it trickled down to the staff. Communication was severely lacking at all levels, which impacted the effectiveness of the organization. The new CEO knew something had to change and brought in coaching for her management team. This allowed for the company to offer clarity as to what needed to change, the definition of what their roles were and through brainstorming, the coach offer a way for the company to create ways to improve the culture, communication and buy-in of the organization's mission.

In the start-up phase of new companies, it's common practice for everyone on board to gather together regularly and celebrate victories, talk about challenges and focus on the future. When companies start growing, increasing staff and expanding, often times leadership and management get so busy that they forget the importance of communicating, getting to know people, allowing others to offer suggestions and new ideas, etc.

Managers play a key role in helping people deal with change. If the people feel listened to, valued, and empowered they are more motivated to produce, engage and be effective. The end result is less stress, less absenteeism, better job performance and the company's service levels are maintained, despite the worries and upheavals that change creates. So how can managers engage staff during change?

Self-Management. Managers have to be managing their own feelings, thoughts and actions first before they can help others. Managers need to ask themselves how they deal with change; do they have any concerns about the changes; and how positive are they during transitions? Are they angry or

upset; a target for blame and criticism from others? It's essential that management is able to understand and manager their own emotions so that they don't cause a negative impact on the people around them they influence.

This doesn't mean they are denying their feelings or are being superficial. By managing their emotions, they are behaving in such a way that they can put their own feelings aside so that they don't cause damage to others. This is very hard for some people but important to understand and practice. How they manage this determines how they affect others.

People will need to feel that they can trust management and rely on management as the steady rock during the change process. Management needs to manage their own thoughts, feelings,

thing to practice. Simply listening, acknowledging and asking open-ended questions is sometimes what people need the most.

Range of Emotions. People follow an emotional path when dealing with significant change very similar to many life issues. The more managers understand this, the easier it will be for them to relate to how people feel. The feelings range from shock, denial, anger, frustration, depression, to bargaining, acceptance, moving on. It's important that people know management cares; keep giving them information and updates that can be shared.

And most importantly, managers need to be the guides and navigate people safely through the changes into the future. Involve people as much as possible so that they feel they have some

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behavior so that they are cool, calm, collected and objective.

Understanding Others. It's vital that management understand and acknowledge people's emotions. It's important to learn to listen to people and take time to understand their specific fears: What are they concerned about? How strongly do they feel about what is happening? What is their perspective of the change—is it a good or bad thing?

Everyone is different, so management cannot judge people by their own reactions to change. Things they don't consider stressful or worrisome may be really scary for others. Empathy and understanding to the feeling and perspectives of others is really important. Management can really help people by being open to conversations on concerns, fears and allowing people to articulate their reasons for these. Not being critical or disagreeing is some-

control over change, which in turn will help reduce their stress, frustration and resistance to change. Managers need to be very clear and honest about the limitations of their own roles and influences. Get comfortable standing firm on what can and can't be changed but communicate clearly to people, and it should be done in a non-confrontational style of conversation.

Management needs to share with people what is not changing. This gives people one less thing to worry and stress over and it also gives them an anchor, something to hold on to in the face of uncertainty and change.

Communicate, communicate, and communicate. Management has an essential role in helping people to understand. People want to know what changes are happening, when it will happen, how it will impact them and why (why is it happening now? why

can't things stay the same? Why is this happening to me?)

As early as possible, define the change to staff in as much detail as you are allowed. Keep providing updates as things develop and become clearer and tell people what is going on. Rumors

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and innuendo can proliferate and can be extremely harmful, effecting morale. Being proactive in seeking or clarifying information for yourself is very important so that you can correct misleading information (misinformation) and address rumors before they blossom.

Self-Care. Change is stressful for everyone, including managers. Management is probably struggling to accept the changes themselves and because they bear a huge responsibility to help implement the changes, they could feel torn between supporting staff and implementing directions from above. They may feel anger and criticism directed at them, and because of this, experience high levels of stress. It is therefore essential that they look after themselves. Managers need to figure out how to be mentally strong, emotionally resilient and physically healthy. Eating healthy, drinking lots of water, reducing alcohol and caffeine intake, getting proper sleep, exercising and using simple relaxation techniques make a big difference. They also need a support system possibly from a peer, a leader, colleague, friends and family.

Harvard Business Review published an article by Rosabeth Moss Kanter – “Ten Reasons People Resist Change.” The article states that leaders need to understand the predictable, universal sources of resistance in each situation and then strategize around them.

Her list of the most common resistance types are:

- **Loss of control** – allow choices; invite others into planning and ownership
- **Excess uncertainty** – fear of the unknown needs to be dispelled

- Surprise, surprise – it's better to plant seeds, sprinkle hints of what might be coming and seek input
- **Everything seems different** – wherever possible keep things familiar
- **Loss of face** – celebrate those elements of the past that are worth worry around skills being obsolete honoring but the world has changed
- **Concerns about competence** – over-invest in structural reassurance, providing abundant

information, education, training, mentors, support systems

- **More work** – reward and recognize participants if there is more work
- **Ripple effects** – must consider all affected parties and work to minimize disruption
- **Past resentments** – heal the past before sailing into the future
- **Sometimes the threat is real** – be honest, transparent, fast and fair

Diagnosing the sources of resistance is the first step toward good solutions. And feedback from resisters can even be helpful in improving the process of gaining acceptance for change.

“We win half the battle when we make up our minds to take the world as we find it, including the thorns,” said Orison S. Marden.

Managers can't waste time and energy wishing people were more predictable, rational, positive, etc. Instead they need to focus on opening and maintaining clear channels of communication with staff, so that they themselves understand what is coming; what it means to them as managers and how it will impact them as managers. Staff will appreciate management for it and will thus be more productive before and after the change(s). ❖



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rjbWalzak Consulting, Inc. was founded and is led by Rebecca Walzak, a leader in operational risk management programs in all areas of the consumer lending industry. In addition to consulting experience in mortgage banking, student lending and other types of consumer lending, she has hands on practical experience in these organizations as well having held numerous positions from top to bottom of the consumer lending industry over the past 25 years.

