

Why do people oppose change?

Change is, almost without exception, difficult and the main reason is people's opposition to change. People often feel threatened by possible changes. They will worry about the consequences and may go to some lengths to avoid it – or even to sabotage it. Obviously, for anyone trying to lead or implement change this is an obstacle that must be overcome. Unless all the people involved in organisational change can be made to understand and support the change, then there will be a much reduced chance of success. In this chapter we will look at some of the reasons for this fear and opposition, examining some of the ways in which this can be dealt with.

At this point it is useful to note that this fear is not confined to people to whom change happens – it is often also felt by the people who have to decide upon, plan and implement change in organisations. As we said in earlier chapters, change is inevitable so all managers will have to deal with it and, if they have some of the natural feelings that make them feel antipathy towards change, then this must be overcome.

The psychology of change

Change can result in a variety of psychological effects including the two main ones – arousal and loss of control. In the initial stages people will be aroused by change. This has both positive and negative behavioural effects. The positive effects include curiosity and excitement at what may be about to happen. This will carry some of the workforce along in the early stages of change but may not last long enough to bring about any real change benefits. The negative effects include fear plus confusion and tension. As the change process continues, fatigue may set in and performances will decline. This deterioration in performance will affect morale, problem-solving skills, communication and negativity, and this in turn leads to a loss of control of the project. With loss of control comes a range of emotions, all of which can lead to an attempt to sabotage (whether consciously or sub-consciously) the change process and these emotions include aggression, stress and anxiety. Any manager planning a change project in an organisation must be aware of these emotions and allow time and resources in the plans for the necessary communication, extra time to do the work and training that will help people to deal with both their emotions and the change. This will avoid some of the problems that will result from people's psychological reactions to change.

Of course, all managers will also have to deal with their own feelings about change, and an awareness of how change commonly affects people will help with this. It is a manager's job, during a change project, to ensure they maintain a positive attitude both individually and in the workforce. It is essential that managers do all they can to create a working environment where everyone is able to make sense of what is going on and to cope with the changes. If change is simply imposed, without sufficient discussion, consultation and explanation, then most people will have far more difficulty in reacting positively.

As a counterpoint to this rather pessimistic-sounding aspect of change, it can be useful to note that some people – especially if the change process is well-managed – will actually welcome change. The reasons for this may include:

- Taking on a new challenge – many people look for a challenge in their working lives.
- It is good experience. Going through a major change programme in an organisation can be viewed as something that will enhance career prospects and give valuable experience that can, if necessary, be put to good use in other organisations.
- If the team leader is respected and has the confidence of the team, then team members may willingly follow the leader through any change programme.
- Change may make work more interesting.
- If team members have been closely involved with the decision to make a change and in planning that change, they will feel that they own it and will willingly play their part.
- If people are fully convinced that the change will produce appreciable benefits for themselves as well as for the organisation, then they will welcome it.

It is obvious from this last section that although many people fear change, there are others that will welcome it. In any event the change must be well managed if it is to be successful. Overcoming the various barriers to change is a starting point for managing change and that is what we will cover in the next section.

Overcoming barriers

First let's look at what the barriers to change are. Many of these barriers are put up by people who simply do not want to change and this is the focus of this chapter. However, there are lots of external and internal obstacles and we will examine them briefly here. These can be termed **operational barriers** and include the following.

A stable organisation

When things have remained the same for many years this can become a barrier to change. Tradition can be a strong force against change and where things have been done in the same way for years, in an environment that encourages an old-fashioned outlook and a pride in keeping up traditional values, change can be more difficult to achieve. Extra work will have to be done to explain the need for change and to convince people that the organisation will be improved by the change. As always, it will be necessary to explain what will happen if the organisation does not change.

Relocation

Where a change of premises becomes necessary in order to take the business forward, the problems that come with relocation will sometimes become a barrier to change. These problems will include the possible loss of key members of the workforce who may not be willing, or able, to travel to the new premises, transferring and reinstalling machinery, the training that may become necessary for new staff in the new location, extra costs incurred and so on.

Technology

Old technology can keep an organisation mired in an ever-worsening situation where meaningful change without appreciable investment in new technology becomes impossible. There may be a reluctance to spend on new technology and also on the extensive training that will become necessary.

Systems

This could also be referred to as bureaucracy. Where an organisation is large and is structured and controlled in a bureaucratic manner then change will be difficult to achieve. Extensive training in new systems will be necessary and widespread communication efforts will have to be made to overcome the inertia that a bureaucratic system can produce.

Success

If an organisation is perceived as successful and has functioned well over a long period of time, then creating the impetus for change will be hard. This is the 'if it isn't broke, don't fix it' syndrome and a case will have to be made for the improvements that can be made over the long term.

Failure

Conversely, failure as well as success can be a barrier to change. If changes have been tried and have failed in the past then it can

be difficult to try again. Managers may back off any drastic changes when they have seen the response that change has produced previously and it may be difficult to motivate them to lead the changes. Other members of the workforce who have seen the results of previous change initiatives will also be sceptical.

Fear of unemployment

Although this fear is part of the behavioural group of barriers to be discussed next, it is also an operational fear in that senior managers will often want to avoid the situation where they will have to make people redundant and this may stand in the way of change plans.

All of these operational barriers will cause change to be delayed or avoided altogether and it is management's job to overcome these barriers. At the same time, they will have to take into account a second set of barriers – ones related to **behaviour** and **people's feelings**. These can include the following.

Lack of understanding

If the workforce does not have sufficient detail about what is happening and what the objectives of the change are, then they will not support it. They will not have confidence in the change and this will result in a resistance to change and poor performance.

Fear

When change is planned, there will always be fear among the workforce. There does not always have to be a concrete reason for the fear but people will often fear a loss of status or will simply experience a fear of the unknown. The antidote to this, of course, is communication. When they know and understand what will happen and how it will affect them, most people will lose some of the fear they feel.

Insecurity

This is, of course, linked to fear but is a fear of something specific. People undergoing change or who know that change is imminent, will often worry that their jobs will disappear or will be made so difficult that they will not be able to carry out their work roles with any success. Again, an explanation of the predicted outcomes of the change will help.

Familiarity

There is a natural impulse to stay with what you know and when changes are proposed the current situation can quickly be reasoned into becoming something that is perfect and therefore does not need changing.

‘Office politics’

In many organisations there will be internal barriers caused by how different departments and teams deal with each other. Sometimes people become very protective of themselves and their work group and they will guard information, keeping it to themselves instead of sharing it. This is because they may fear that letting others in on a discovery they have made or a way of doing something will give the advantage to another team or individual. This is a self-defensive action. There will inevitably be rivalry and competition between departments but this cannot be allowed to impede innovation and change.

All of these behavioural factors will result in a resistance to change that needs to be overcome if change and improvement are to be achieved.

Communicating with your team

The most important tool that a manager has in overcoming either operational or behavioural barriers is communication and the thing to remember about communication is that it must be two-way – managers should listen to what staff are saying and not just tell them what they want them to hear. Let’s look briefly at the main principles of effective communication.

Communication must be easy to understand

This is the first rule of communication. It is important to remember who the communication is aimed at. Using language that can be

understood by the target audience is essential. The message must be clear – if there is any suggestion that there is a hidden message or that the full information has not been given, then this will result in suspicion and a diluting of the effectiveness of the message. Rather than digesting and acting upon the real message, people will start to wonder – and to discuss between themselves – exactly what the communication really meant and what is being hidden from them. This can be avoided by adopting a straightforward tone in memos, emails, meetings and discussions.

Keep it positive

Communication must be positive whenever possible – if the tone of the communication is positive then there is a far greater chance that the recipients will take action. If the communication is negative, then people may simply ignore it at best, or will be discouraged by it at worst. However, if negative news does have to be conveyed, then it should be kept short, clear and precise.

Make it direct

All communications must be direct – this again is in an attempt to ensure that communications are not viewed with suspicion and produce a negative reaction. The impression that something is being hidden must be avoided and a direct, straightforward approach is the best way to do this. Keep to the point.

Keep it brief

Communications must be as brief as possible – in recent years they have become shorter. News reports are, in some cases, limited to little more than headlines while letters, memos, emails and many books are dominated by brief bullet points in an effort to convey information as quickly as possible. And consider the discipline of messages on Twitter, the social networking website, where messages, or ‘tweets’ are limited to just 140 characters. With online communications it is generally accepted that people cannot be bothered to read large chunks of text. This all means that communications in our working lives must be concise. Long, rambling memos, emails and meetings will not get the message across as effectively as a concise, to-the-point item.

Written communications, must be succinct and unambiguous as there will often be no opportunity to query what has been asserted. Also, all the reader has to go on is what is on the paper – they cannot judge what you mean by your tone of voice or appearance. Good written communication will follow these rules:

- Keep to the point.
- Say exactly what you mean.
- Don’t use jargon.
- Use some ‘white space’ so that the layout does not look cluttered.
- Avoid sarcasm – it does not come over well in written communication.
- When you’ve finished writing the message, check it – does it say what you mean, are the spelling, punctuation and grammar OK?

As we said, communication must be two-way. A manager must receive information from the team as well as transmit it; and must be receptive to the messages that a team will be giving out. Listening skills are an important part of any manager’s skills set.

Listening in the following way will help:

- Pay full attention – don’t try to think up counter arguments as this will disrupt your concentration.
- Make eye contact – but don’t glare or intimidate.
- Don’t interrupt without good reason.
- Note the main points that are being made and try to relate them to what you already know.
- Think rationally, not emotionally.
- Make allowances for people who are perhaps not as articulate as you are – they still have a point to make.
- When the person has finished speaking, summarise what they have said. This will help you to understand and will also show the speaker that you have understood them.

Of course, messages can be conveyed in more ways than simply verbally. Body language and actions taken must also be noted. If, for example, someone looks restless when you are speaking, consider whether it means they are bored, need a break, they’ve lost track of what you were saying or are impatient to put their own message across. And if members of your team agree with everything you say but then do the opposite of what you wanted them to, you will have to review your own communication skills.

Office politics

Dealing with office politics is often difficult, as the natural competition between departments can be something that assists the organisation if it leads teams to strive for improvements. However, in many cases it can be very damaging and where it may stand in the way of change, it must be dealt with. There are a number of ways that this can be done.

Encourage competition

As competition is the positive side of office politics it can be beneficial to capitalise on this by setting up innovation challenges. Here, different departments can compete to find the biggest savings resulting from innovation or to see which department can come up with the most ideas for change.

Encourage social activities

Anything that gets people together – either within their teams or cross-departmentally – will help them to bond and will increase the amount of idea sharing. Encouraging people to take their lunch together or laying on an ‘away day’ for staff where they can take part in an activity together will help to forge alliances that can ensure that barriers to change are broken down.

Keep people informed

Make plenty of information about the different teams’ activities and successes available (perhaps via newsletters or the organisation’s intranet) – the more everyone knows about what is going on in different departments, the less can be hidden.

Plan activities

Activities such as brainstorming sessions, change programmes and special projects that are specifically made up with members from different teams can all help to break down barriers and foster

understanding – rather than enmity – between different teams and departments.

When the type of unhealthy competition and negative communication that comes with office politics is allowed to become entrenched, then the effects on communication within the organisation will be severely detrimental. If, in the efforts that go in to protecting their individual positions or departments, members of staff begin to guard information and treat it as a resource to be traded or restricted to the ‘chosen few’, then it is the manager’s responsibility to disseminate information as widely and by as many methods as possible to break this hold. People can begin to treat information as a source of influence and management will have lost control if this is allowed to happen.

Transforming behaviour

There are two aspects to transforming behaviour. One is that despite the fact that there may be many team members who feel uneasy and insecure about change, you will still need to get all your staff working in a positive direction towards change. The other is that you may have one or more members of the team who are actively working against the proposed changes. Let’s look first at ways in which you can motivate your team so that they are not daunted by change.

There are three main ways in which, if you are the manager who has to make change happen, you can get your team to view the change more positively and so avoid some of the problems that can be caused by negative attitudes to change. First, as we have said so many times, you must communicate. The more your team know, the less likely members are to be afraid, uncooperative or behave negatively. Also, if the team feels involved and you can show that you value its input then there will be a far greater chance

of success. Second, you will need to gain your team's full cooperation. You will, of course, have to have built up its trust in you as a leader prior to the change programme but how you deal with members during the planning stage and the duration of a change programme will also affect how they feel about the change. Third, you must try to develop a cohesive team. In this way the optimistic, reliable members of your team will help to drive the progress and attitudes of the less positive members.

Most people, as we have discussed previously, have a fear of change. It is a fear of the unknown and also a reluctance to move from a comfortable situation towards one that may not be quite so comfortable. This can be a particular problem if the organisation is successful and profitable – people will naturally feel, we're OK where we are, why fix something that isn't broken? But, as we have said, change is inevitable. It can't be avoided so we all have to learn to deal with it. So, overcoming a fear of change must be a priority at the start of any innovation. Communication is, as it often is, the key to success here. You will need to set up ways of getting the right messages out to all the members of your team and also give them the opportunity and encouragement to get their messages, fears and problems back to you. So, what do you need to let them know? Try this brief list:

- Set out your objectives for the change right from the start. State clearly what you want them to achieve – and why. You should use more than one method of doing this. Giving your message once will be effective in settling the fears of some team members, but not all. Plus, even these people may not take in all of your initial message. So, for example, you could call a team meeting and discuss future plans then follow this up with a written memo (perhaps sent by email) giving them all the same details. Of course, the tone of these communications should be positive and optimistic while being reassuring.

- Explain how dangerous it can be for an organisation to get too complacent. It is easy to think that you have a successful product range and don't need to change a thing but then the market changes and you are left behind.
- Acknowledge the risks of change but explain that not changing carries even greater risks. There are plenty of examples of how organisations who have refused to change have gone out of business.
- Point out that change will happen to us no matter what we do. Far better to make our own changes voluntarily and in a controlled manner than have them forced upon us.
- Draw on their experiences with customers. Ask them to evaluate whether all the customers that they come into contact with are 100 per cent satisfied. If, as is always the case, customers have complained or made suggestions about what they would really like, then that can be sufficient reason to change.

The second problem you may need to resolve is that of the disruptive team member. Having got a relatively hard-working, successful team up and running on a change project, you could find that there is one person who displays negative behaviour. They may continually avoid work or criticise management. This one person can easily 'poison' the attitudes of the whole team if not stopped. Some of this may be the result of fear that the individual feels but some people are naturally negative and will sabotage your efforts to change and to motivate your team if you do not deal with the problem. One way of trying to get this type of person onside is to ask their opinion on how to make things better. Trying to involve them more fully in the change programme and making them 'own' an idea is a good way to change their behaviour.

INSTANT TIP

Make sure that your team is given plenty of examples – stories of how other organisations have succeeded and also ones about how companies have failed because they did not change. Think of examples such as typewriter companies going out of business when they did not change to producing word processors.

The important thing to remember is that behaviour that is not helping the change – whether it be through fear or vindictiveness – cannot be allowed to derail the process. It must be dealt with in whatever ways are necessary.

Dealing with stress

Too much stress can be very damaging and all employers have a duty to protect their employees from undue stress as it can lead to serious illness. Any stress can in fact be detrimental in that it can lead to poor decision making and absenteeism, so it is in everyone's interests to avoid it. It will be useful at this point to give a brief definition of stress. The Health & Safety Executive define it as 'the adverse reaction people have to excessive pressure or other types of demand placed on them'. We have all been under pressure from time to time – pressure to meet a deadline or to get to an appointment on time, to revise for an exam, to achieve targets or to improve our performance at work. The consequences of too much pressure, which leads to stress, include:

- health problems – these can include exhaustion, heart conditions, burn-out, and high blood pressure

- increased absenteeism
- depression
- lower productivity
- decreased motivation.

However, some stress is inherent in most workplaces so what can be done to manage it? Human resources policies and occupational health schemes can help to recognise and treat stress and also put in place practices and systems that can help to prevent it occurring. Let's look at the possible causes of stress at work:

- conflict in the workplace
- bullying and harassment
- too few staff to cope with the workload
- lack of information and communication
- poor work-life balance
- long hours
- change
- boredom
- pressure to achieve improvements.

In terms of managing change, the possibility of stress must be taken into account during the planning and implementation of any change programme. Projects can be designed so that undue stress is taken into account and there are six areas where senior managers should pay particular attention:

1. Demands – when designing change programmes, the workload of each member of the team must be taken into account, along with the working hours, work patterns and the team's work environment. It is a manager's job to match the demands made upon each team member and the responsibilities they are given to their skills and abilities. Making unreasonable demands on a worker is one of the prime causes of stress in the workplace so a

- manager needs to know the workers. Asking too much can be counter productive.
2. Change – many people find it difficult to cope with change and constant change that is not well managed and where the reasons for the change are not communicated properly can cause stress. Even small changes can be stressful so care must be taken to manage the communications around the situation and to ensure that workers are coping well.
 3. Control – change can cause workers to feel out of control and this in turn will cause stress. Of course, a manager's job is to manage, but they must also make employees feel that they have a reasonable degree of control over their work situations.
 4. Role – understanding their role and what is required of them is vital for an employee in order to avoid undue stress that will cause health problems. Again, communication is key. A manager must ensure that all team members fully understand what they have to do. The uncertainty that surrounds a badly defined work role can cause stress and fear, so clear role definitions and good communication about expectations is vital.
 5. Support – even very difficult, pressurised work situations can be made less stressful by the right support system. Managers in organisations must put this system in place for all their workers so that they have team structures that help them to cope with the workload, the right resources to do the job that is asked of them and plenty of support from their line manager and colleagues.
 6. Relationships – management must promote good working relationships with respect and consideration being afforded to all employees. If there is bullying or harassment in any area of the organisation it is management's responsibility to deal with it and to protect the employee concerned so that undue stress is avoided.

What this all amounts to is that organisations have a clear responsibility to look after their employees' well-being in relation to stress. Demands made on employees must be reasonable and tailored to individual employees and management must put in place the appropriate communication and support systems. Although the emphasis here has been on avoiding stress in order to protect the health and well-being of workers, there are benefits for organisations in ensuring that stress is kept to a minimum in the workplace. If stress can be controlled then productivity will be increased and the motivation of the workforce will be correspondingly higher, leading to a better retention of staff and lower sickness absence.

Recognising achievement

Whenever people have done well then their achievements should be recognised. There is a theory of 'positive reinforcement' that says that if good performance is rewarded it will be repeated and that is, of course, a desirable result of recognising achievement, but it is not the only benefit. There is a noticeable improvement in performance throughout an organisation when achievements are recognised and rewarded. This could be attributed to the 'feel good' effect of any reward scheme. If people feel that their efforts are being noticed then they will invariably work harder. This seems like a win-win situation, so that all organisations should implement a programme of rewards leading to inevitable success. But this is not the case. In some organisations, rewards and bonus schemes have been put in place that have had detrimental effects on the performance of individuals and of the organisation as a whole. This is because it is easy to set up bonus schemes that reward the wrong behaviour and often difficult to focus on the behaviour that will produce the right sort of results for the organisation. Sometimes bonus schemes can be manipulated so that bonuses are paid without their having produced any benefit for the organisation.

However, there are a number of gains that an organisation may make as a result of an incentive scheme that is well thought out.

More motivated staff

If the workforce believes that it will be properly rewarded for performing well then it will work harder and more productively. Care must be taken to set the right goals and to make sure that everyone understands what is required. A badly set up and explained scheme will have the opposite to the desired effect and may well mean that some members of the workforce work more slowly or less productively if they do not believe that the targets set are achievable or if they do not think that the scheme is fairly set up. Similarly, staff morale and loyalty will be improved with a good incentive scheme.

Better focus

A good incentive scheme will focus the minds of both management and employees. By deciding and then disseminating what is important to the organisation and building the targets of the scheme on this, everyone will be aware of what is needed not just to earn a bonus but also to improve the results of the organisation.

Improved teamwork

Teamwork will improve as a result of a scheme aimed at making people work together to achieve a common goal that will benefit both team members and the organisation.

Increased productivity

Increasing productivity and performance are what the objectives of the scheme should be. Good behaviours that are rewarded will usually be repeated and improvements should become continuous.

Retention of good staff

Competent staff will usually stay where they feel appreciated and rewarded. A good incentive scheme will ensure that an organisation is competitive in the labour market without involving an across-the-board pay increase, so it will be more cost effective.

Easier recruitment

An incentive scheme will often make future recruitment easier. The organisation's reputation for recognising achievement will be enhanced by a good incentive scheme and therefore good quality applicants are likely to come forward when new staff are needed, attracted by the organisation's reputation.

Management's positive reputation

A scheme can reinforce management's attitude to performance. A good incentive scheme that is taken seriously by both staff and management helps to promote the idea of continuous improvement and shows that management is fully behind the efforts. The goals that are set as part of an incentive scheme will reinforce the workforce's understanding of what is required.

Rewarding performance

So, how should good performance be rewarded? There are two main types of monetary incentive:

1. Bonus schemes – these are often paid annually to the entire workforce or to a section of the workforce and can be based on results achieved such as sales or production figures. The main disadvantage of bonuses is that many workers will usually receive a standard bonus calculated on results achieved by a team or by the organisation and individual effort may not be directly rewarded.
2. Savings percentages – these are used to recognise innovative achievements that result in cost savings to the organisation. This is a type of scheme that is often used in a manufacturing situation where potential cost savings have been spotted. The disadvantage with this type of scheme is that it can be difficult to pinpoint the person or persons who should receive it. Savings from innovations are rarely the work of just one person but these schemes often reward the one person who came up with (or can lay claim to) the original idea. But, of course, all ideas need work to turn them into something that will result in savings so many people who may have worked hard to make the idea work may be ignored in this situation. Also, cost savings directly relating to a single action or idea can be difficult to isolate and measure.

Apart from formal monetary incentive schemes, there are a number of ways – some of them relatively inexpensive – of recognising and encouraging good performance including:

- gift vouchers for local stores
- tickets to the theatre or sporting events

- vouchers for a meal at a local restaurant
- a gift such as a television
- a trip abroad
- a special awards ceremony
- a break at a luxury hotel.

Most managers will be able to come up with many more of this type of incentive and will be able to tailor them to the workforce, local circumstances and, of course, the budget available. The main advantage of this sort of incentive, apart from the low cost, is that it can be given quickly so that the reward can be closely linked to the good performance. With bonus schemes and schemes that pay a percentage of improvement savings there is an inevitable delay in getting the reward calculated and out to the workforce or to the person directly responsible for the savings, and this delay tends to dilute the motivational effect of the scheme.

While bonuses and incentive schemes are a popular way of recognising and encouraging good performance and innovation, they are not the only way. An extremely effective way of marking achievement is to simply make a fuss. Publicise the success both internally and externally. This can be done in a number of ways:

- in the company newsletter
- on internal notice boards
- on the organisation's website
- in the trade press
- in the local press
- on the company's intranet.

In general, people do like to see their name in print and this sort of action following a success sends a message to a number of different audiences. It tells the employee's colleagues about the good performance and will encourage them to try to emulate the success. It informs potential applicants for jobs in the organisation that there is a culture of improvement and of recognition of that

improvement. It also tells competitors that the organisation is having some success. Recognition is a good motivator and will create a good impression with the workforce and with the wider public.

When designing an incentive scheme of any type the following should be taken into account.

Objectives

Be clear about the objectives of the scheme. In addition to improving profitability and productivity, many organisations use incentive schemes to retain staff or to encourage the recruitment of top quality new staff or to build stronger teams. Set clear goals and make sure everyone involved understands the performance criteria.

Look at your competitors

Check out what other organisations in your business area and locality are offering. You must make it competitive. This will ensure that the current workforce is satisfied and also that future employees will be attracted by the scheme.

Consultation

Make sure the scheme is seen as a real incentive by the people it is aimed at. The best schemes are usually the result of extensive consultation with staff and, where applicable, unions.

Payment intervals

Consider having scheduled payouts at relatively short intervals. A big payout once a year will not necessarily motivate and reward staff as effectively as quarterly or monthly targets and payouts. It can be difficult for a team to keep working towards a goal that is a long way off.

Limit the scheme's membership

Limit the number of different areas that the organisation is including in the incentive scheme. There are lots of areas that can be successfully incentivised but do not be tempted to try them all at once. Choose what is important for the business and that can be clearly measured. This may include a selection from customer retention, customer satisfaction, output per person, profit targets, quality-related targets, innovative projects and so on, depending on the priorities of the business.

Measure and monitor

Plan how you will measure the results and make the results known to every member of the team as you go along. Obviously there will be some element of surprise as to the exact payout at the last minute but people should always know if their current performance is good enough to earn the extra rewards. That is the point of incentive schemes.

Keep it on track

Make sure that you highlight areas where there are deficiencies while working towards the goals set by the scheme – by way of regular reviews – and that there is an opportunity to put things back on track with extra effort. Being seen to support staff in pursuit of an incentive payment is important.

Consider a scale of payments

Consider having a scale of payments so that progress towards the ultimate goal can be recognised with interim payments or with a scale of payments at the end of the bonus period according to how close to the goal employees have got rather than taking an ‘all or nothing’ approach.

Make it flexible

The scheme should meet the current needs of the business and also be suitable for adjustment so that future requirements can be taken into account. A scheme that can be changed from time to time has the extra benefit of keeping staff interested and motivated to work towards different goals to suit the business.

Use personalised goals

Try to incorporate personal goals for all individual team members in addition to the organisational objectives such as improved profitability and so on. Encouraging teamwork by having a

corporate goal can be very successful in making sure that everyone works in the same direction but having their own personal goal can be very motivating to individuals and bring great benefits to an organisation.

Start small

It can be useful to try the scheme out on a small scale or over a limited time period before implementing it company-wide. Check the effectiveness of the scheme at the end of such a pilot scheme.

And finally, keep it simple.

Case study

A small manufacturing company decided to implement an incentive scheme with the aim of increasing profitability. Following extensive staff consultation – including anonymous surveys sent to every member of staff, several team meetings to generate ideas and get staff input and a review of what the business needed to move it forward – they came up with two objectives of the scheme:

1. to motivate staff
2. to increase profit by 10 per cent in the next year.

It was decided to incorporate both team goals and personal goals into the scheme and these were broken down into quarterly targets for each team and individual. The company felt that the individual goals would motivate staff while the team goals would foster better teamwork and the quarterly targets allowed them the flexibility that the business needed.

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The profitability targets took into account three different measurements – revenue, profit margins and cashflow – so that different departments could contribute to the targets and the results were objective and easy to measure and understand. The scheme was set up so that individuals had their own targets based on their work roles. For example, accounts office workers were targeted on money being collected on time, sales people were given targets linked to revenue and production staff had targets based on profit margins so that wastage was controlled and costs kept down.

At the launch of the scheme meetings were held with staff in all departments to ensure that they fully understood the scheme and knew exactly what they had to do to earn a payment. Written details of the scheme were also sent to every member of staff. The scheme included payments on a sliding scale that allowed workers to earn a bonus even if they did not fully meet their targets but had made some progress.

When the scheme was launched managers set up monthly meetings to review progress towards both team goals and individual targets and made it clear that they were there to help.

At the end of the first quarter a major review of the scheme's success was carried out by the management team and the staff were also consulted. Although the ambitious profitability target had not been fully met, the majority of scheme members had earned incentive payments, and a staff survey revealed that a general increase in feelings of motivation and significant progress towards the profitability goal had been made. It was therefore decided to continue with the scheme with minor adjustments to the way results were measured. The management team felt that it would be able to concentrate on other issues such as customer satisfaction and new product launches in the future when it had established and improved the new profitability targets.

INSTANT TIP

Consult the people involved when you are setting up an incentive scheme. The people whose performance will be measured must believe in the scheme and they will know very well just what they consider to be an incentive.

In addition to incentive schemes, where specific targets are set and rewards are given for meeting them, an organisation can offer perks to attract and retain staff. Perks are things, such as private health cover, that can be given in addition to salary as part of a pay package. Items that could be offered as perks include:

- Private health cover – this can have extra benefits for an organisation in that employees may be able to plan when to receive treatment or absences may be reduced.
- Company cars – these are usually offered to employees who need to travel in the course of business and will attract a tax liability for the employee.
- Expenses – this could be for travelling or meals during the working day.
- Pensions – a generous pension scheme can be an important incentive for many workers but is becoming increasingly more expensive for an organisation to provide.
- Share option schemes – these allow employees to buy shares at favourable rates and there are tax benefits to be gained.
- Flexible working – this can attract good workers to an organisation.
- Gym membership – this can also have extra benefits for the organisation as staff will generally become fitter.

- Enhanced holiday entitlements – longer holidays can attract applicants when new staff are needed and can also be beneficial for existing staff.
- Training – an organisation that has a reputation for training its employees at all levels will always find staff recruitment and retention easier.

INSTANT TIP

Most incentives and perks have tax implications – financial rewards will usually be taxed and non-financial perks will have a tax liability for the employee if they have an equivalent cash value, so they must have a value to the employee that outweighs the tax they may have to pay on them.

As always, with any new initiatives that are introduced, comprehensive and ongoing evaluation is essential. In the case of incentive schemes, consider the following:

- Consult with the people involved. Did it motivate them? Did they feel it worked for them and for the organisation? Did they fully understand the scheme?
- Did it work for the organisation? The results that have been produced during the operation of the scheme must be compared with the original targets and with the overall cost of the scheme. Was it worth it?
- Was the scheme easy to operate? Are the details that are needed to calculate the payouts easily available?
- Is more training for staff needed to assist them in achieving their targets – either in explaining the scheme or giving them more tools to do their jobs better?
- Does the scheme need adjustment to make it work better in future? Should different areas of the business be

targeted, for example, or the scheme broadened out to include other departments?

- Has the organisation gained other benefits in addition to the easily-quantifiable results? For example, staff motivation and retention etc.

Whatever incentive scheme is introduced, bonuses agreed or perks offered, they should be given alongside a good pay structure. If staff are poorly rewarded in terms of their monthly salary, no incentives will make up for this and the result will be demotivated staff and good staff leaving to seek better salaries elsewhere. Also, rewards will not make up for a poor management situation with a lack of communication and proper appraisals. Incentives and perks are no substitute for an attractive pay scheme and a well-managed organisation.

SUMMARY

This chapter examined why there is often opposition to change. We looked at the psychology of change and how people's emotions can be affected.

We then discussed how to overcome barriers to change including operational barriers such as tradition, location, technology, systems and the effects of past success or failure. The other set of barriers – related to how people feel – included fear, lack of understanding, insecurity, hanging on to familiarity and the effects of office politics. The main way of overcoming all these barriers is by way of good communication so we looked briefly at the principles of effective communication such as making things easy to understand, and making it brief, positive and direct.

Where office politics has the potential to damage an organisation or its change programme it must be dealt with. This can be done by encouraging competition and social

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activities among teams and between departments, and by planning inter-departmental projects.

We saw that behaviour can be changed by – as always – communicating, and by building trust and cooperation, and by developing a cohesive team. This was followed by a list of things which, if communicated well, can overcome the fear of change. This included clearly stating objectives, explaining the risks that not changing can bring and asking for input from the workforce.

Next we looked at how to deal with stress. It can lead to lower productivity, poor decision making and absenteeism (and can cause serious illness) and is often caused by conflict, bullying, overwork, lack of communication and change. When planning change, managers should pay attention to workloads, communication, employees' understanding of what is required of them and relationships in the workplace.

Recognising achievement can improve performance so next we examined incentive schemes. Gains that these schemes can produce include motivating staff, improving teamwork and increasing productivity, and can also help to make staff retention and recruitment easier. We looked at two main types of incentive scheme – bonus schemes and savings percentages – as well as several ideas for relatively inexpensive ways of encouraging improved performance. Another way of recognising achievement is to publicise it in communications such as a company newsletter or the local and trade press.

Next we examined what to take into account when setting up an incentive scheme. Particular attention should be paid to the objectives set, competitor activity, measuring and monitoring results and consulting staff involved for their input.

ACTION CHECKLIST

1. How do you feel about change – excited, optimistic, afraid, pessimistic, cautious?
2. Which of the barriers to change mentioned above do you think is the most difficult to overcome?
3. Consider the methods of communication used in your own organisation? Are they used to best effect? Can you pinpoint areas for improvement?
4. Do you have personal experience of stress? How important do you think a work-life balance is in avoiding or overcoming stress?
5. Have you ever been involved in an incentive scheme? If so, did it have the desired effect? Did everyone involved have a proper understanding of it and what was required of them?