

Servant Leaders Are Good at Leading Organizational Change

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Leading organizational change is a challenge. It requires patience, compassion, courage, wisdom, and humility. It can turn out to be a very complex process. It can give rise to serious disagreements. People may not agree on the facts, the values to be applied, or the goals to be reached. There are usually arguments between the head and the heart. A change that makes sense intellectually may be hard to accept emotionally. And it is difficult to accurately predict the end results of a change process. There always seem to be unintended consequences.

Servant leaders are good at meeting the challenge of organizational change. There are a number of reasons. They do not use organizational change as an excuse for building their own power and position. They do not make changes based on personalities, factional politics, and competition between rivals. Instead, servant-leaders focus on meeting the needs of the organization and those it serves. Servant leaders only seek changes that truly improve the organization's service.

Servant leaders care about their colleagues. They understand the stress and pain that organizational change can cause. They empathize with their colleagues and pace the rate of change so that their colleagues can adjust. They seek out a wide range of information and ideas. They include and consult others when deciding what and how to change. They pay attention to who will lead the change, what resources they will need, and who will be impacted. As a result, people understand the change process and their own roles in making the process a success. Servant leaders also see the change process as an opportunity for people to grow and perform at higher levels.

The stress and pain

Servant leaders know that people have reasons for resisting change. People find it hard to give up doing things the way they are used to doing them, even if they can see that new ways will be better. In addition, the change process often requires more hours of work in order to keep the organization running while new systems are learned and introduced. People also fear that however good the change

may be for the organization and those it serves, the change may not be good for their own jobs and careers. For these reasons, change can be stressful and painful for individual employees.

The stress and pain do not affect everyone in the same way or to the same degree. For example, some people are used to change, while others are not. Some people grew up moving from place to place, constantly adjusting to new schools and communities, while others did not. Some people have moved often during their careers, changing jobs or communities or both, while others have not. Some people not only like new experiences, they seek them out. Others don't. We vary in our experience of change and our tolerance for it.

However, even if we have the *same* backgrounds, a specific change will affect each of us differently. A change that is a big change for one person may not be a big change for another person. For example, if an organization moves its workplace to the other side of town, it will become easier for people who live on that side of town to get to work, while making it harder for others. If the organization embarks on a special project requiring overtime, that will be hard for employees who need to leave work on time to get their children to soccer practice, but it will not be much of a problem for people without those kinds of family responsibilities. Discontinuing a product line will affect those who produce and sell that product, while having little or no impact on anyone else.

And so it goes. We are different in our attitudes toward change, and we are impacted differently by specific changes. Servant leaders keep these differences in mind.

Head versus heart

The change process often involves a struggle between heads and hearts. People may accept the reasons for the change process, but when it is time to implement the change, they just can't bring themselves to go along. They complain, or even attack the leader. Their attacks can be bitter.

Sometimes people know intellectually what must be done, but that does not mean that the change will feel good when it happens. Intellectual agreement can be followed by emotional pain. This is when the leader's empathy is needed most. People are grieving. They are losing something. Some of the old ways are dying. They need compassion. They need the leader's patience and support as they adjust.

Even if they are not grieving, people often have doubts. A change process can take time— months or years. It is common for doubts to emerge during the change process. Is this change really necessary? What was it that we were trying to accomplish? The benefits of the change have not yet been achieved, so people only feel the costs. They only feel the extra work, the stress, the confusion, and the pain. Compared with those costs, the past looks pretty good.

Servant leaders acknowledge the doubts of their colleagues as they go through the change process. They stay close to their colleagues, listening and encouraging them. They remind them of the benefits that will eventually be achieved if everyone stays on course and stays together.

Because of the pain and stress, a servant leader never launches a change process unless changes are truly necessary. The only moral justification for putting people through the stress and pain is that the changes will result in an organization that can better serve its mission, its employees, its customers, and society at large.

Important questions

Before launching a change process, servant leaders work with their colleagues to reach an understanding of the purpose that is served by the change. What are we trying to achieve? Will the change help us to fulfil our mission and vision? Is it true to our values? Will the change help us to serve our customers better? Will the change help us to serve each other better? Will the change lay a strong foundation for us to continue serving others in the future? These questions need to be discussed and answered within the organization before any change is initiated. The change process should not begin before there is a broad-based understanding and acceptance of the purpose.

Unfortunately, it is common for the new leader of an organization to take up her or his position and start issuing orders or proclamations. It is very dramatic, but rarely successful. The new leader fails to connect with others; fails to take a variety of facts and views into account; and issues orders that nobody wants to implement. There is foot-dragging, intentional confusion, resistance, and even sabotage among employees, so the plan doesn't get implemented. When the plan doesn't get implemented, the leader is fired and replaced with another leader who arrives and does the same thing. The sad cycle of failure continues.

Servant leaders know that, in general, people are willing to change when they are consulted, they understand the need for the change, they understand what

the change is about, they have the time and resources to make the change, and they are kept informed during the change process. That means that a lot of people need to be included and consulted before and during the change process.

David Herold and Donald Fedor, in their book, *Change the Way You Lead Change*, pointed out that leaders need to understand how change will impact their colleagues. Understanding the impact on others helps decide what to change, how fast, and with what resources. There are fundamental questions to ask when leading change. What do we think needs changing? Why? Who will lead the change? Who is expected to follow? What is the internal context like? What is the external context like? Servant-leaders ask these questions and work with their colleagues in seeking the answers.

The servant leader knows that she or he does not accomplish the change. The change is *guided* by the leader but is actually *accomplished* by teams of colleagues working throughout the organization— colleagues who have contributed to the planning process and are committed to implementing the change.

The consultative approach

In the 1970s, I worked part-time in a securities company in Tokyo. I became interested in how Japanese and American businessmen negotiated and made deals. I learned that the Japanese were slow to make a decision because they involved their teams. Once a decision was made, however, they were quick to implement it, because everyone on the team understood what needed to be done and was ready to do it.

The Americans, on the other hand, were quick to make a decision, because they didn't involve their teams. Once a decision was made, however, they were slow to implement it, because the team back home did not understand the decision and was not ready. Sometimes the team members resented being left out of the negotiations and were not cooperative during the implementation stage.

That's why servant leaders don't just issue orders. They don't just send a memo. People may not understand the memo, or may not have the time, ability, or resources to do what is requested. Even worse, people may not want to do what is requested, and may find ways to resist.

Instead of issuing orders, servant leaders use a consultative approach to decision-making. This approach takes more time up front, but that investment of

time pays off later. The consultative approach balances the need to make a decision in a timely manner with the need to implement the decision in an effective way. The leader seeks broad-based input, so that the decision will be appropriate and people will be willing and able to implement it. The goal is not to make a decision. The goal is to *make a decision that can and will be implemented*.

Consultative decision-making sits between autocratic and democratic decision-making. Autocratic decision-making can easily produce bad decisions when the autocrat does not listen and does not have enough information. Since others are left out, his or her ideas may be resisted or resented. Democratic decision-making is necessary in our politics, but within an organization, it can easily lead to decisions that are hard to implement. Because the majority only has to get 51 percent of the votes, they can ignore the ideas and concerns of the other 49 percent— ideas and concerns which could be crucial during implementation.

The goal in consultative decision-making is to get input from a variety of sources in order to collect all the ideas, facts, and concerns, pro and con, relating to the decision. By gathering a variety of views, a decision can be made that has the best chance of being implemented because it maximizes the positive and minimizes the negative impacts.

Consultative decision-making can result in broad-based support within the organization. When people are consulted about a change process, they know that their views were respected and considered. Also, because they were part of the process, they understand the facts and the choices that led to the decision. They might have preferred a different decision, but often, because they were included in the process, they are willing to support the decision that was made.

Consulting even in emergencies

People who assume that consultation is good may say that there are limits. For example, in an emergency, the leader needs to act quickly and decisively without stopping to get input from others. There just isn't time.

It is true that in an emergency, other people may not be *available* to provide input. But if people are available, asking for input is still important. Here is an example.

In his book, *Leading Change*, James O'Toole reported on a series of cockpit simulations that were run by the National Aeronautics and Space Administration

back in the 1970s. They put three-person crews into flight simulators and measured their effectiveness in responding to computer-generated crises. Those crises could be caused by hypothetical air traffic problems, equipment failures, bad weather, and so on.

They found that some pilots would react by barking out orders, while others reacted by asking the other two members of the flight crew for input. In each case, there was no question that the pilot was in charge and would make the decision. The difference was that some pilots consulted the crew, and some did not. What the researchers concluded was that the pilots who asked for input made better decisions.

The researchers reviewed real-life data and established that, in almost all crisis situations, crews have at least thirty seconds in which to act. Asking two questions and listening to the responses takes only five to fifteen seconds, giving the pilot fifteen seconds or more to make a better decision—a decision that could save lives. Even in a crisis, even when there is almost no time to decide, consulting with others can still be the best approach.

The Delphi story

In addition to the consultative approach, a change process can offer opportunities for people to grow. This was the case during the dramatic change process that occurred at the Delphi brake assembly operations in Dayton, Ohio. In 2006, the 1,600 employees were told that their operations would close in 2008. The business was sold to another company, which needed two years to build their plant and train their people before taking over the business.

Employees were angry and frightened. Some had worked for GM and Delphi for decades. Hundreds left immediately, so their replacements had to be hired and trained.

The challenge was to keep producing high quality brakes until the last day, two years later. That meant building one million assemblies of brake components per month. The brakes had to be high quality—they were essential to the safety of every car. This high quality had to be achieved by employees who knew that they all would be losing their jobs.

Tom Green was the plant manager and Mary Miller was the human resources officer for the brake assembly operations. They shared their story in an essay, *Servant Leadership in Hard Times*.

Tom and Mary were told by corporate headquarters that there was no ready-made plan to help them deal with the closure of their operations. They were on their own. This turned out to be a blessing. It meant that in facing the crisis, they could do what they had always wanted to do—they could apply servant leadership principles.

They applied four principles. The first principle was: *Listen, don't talk*. The second principle was: *Ask employees, "what do you need?"* The third principle was: *Set aside time every day for foresight and planning*. And the fourth principle was: *Ask, "do those served grow as persons?"*

Rather than focusing on the fact that everyone would be losing their jobs, they sat down with employees and asked them how they could make the best use of the final two years to prepare them for their *next* job. Did they want additional training? Did they want to finish a college degree? Did they want job rotation, to broaden their resume? How could this time be used to grow personally and professionally?

They came up with an individual development plan for each employee. They checked back every few months to make sure that the individual development plans were implemented. While they did many things to manage the crisis, this was a key to the plant's success during the last two years.

And the success was dramatic. During its last two years, the brake assembly plant became one of the safest manufacturing plants in the United States. Defects were single digit— 9 or less per million. On-time delivery was 99.5%. And they saved \$160 million in operating costs, which was the most profitable they had been in decades. On their last day of work, they were the best they had ever been. Servant leadership was the reason.

Changing oneself and growing others

Walter McFarland and Susan Goldworthy, in their book, *Choosing Change*, agreed that developing employees is a key factor in successful change efforts. However, they pointed out that leaders have to be willing to start the change

process by changing their *own* behavior. If the leader is not willing to change, how can the leader expect everyone else in the organization to change?

A good example is Capt. Michael Abrashoff, who took command of the *USS Benfold* in 1997. At the time, retention was poor in the US Navy. Morale seemed to be especially bad on the *USS Benfold*, whose crew members cheered when the previous captain left the ship. It was close to being the worst-performing ship in the Navy. A year after Capt. Abrashoff assumed command, it was rated the best in the fleet—with the same crew.

At first, Capt. Abrashoff didn't know how to turn the situation around. Yes, he knew all about command and control, but that had obviously failed his predecessor. What should he do? After watching and listening, he concluded that retaining people sometimes requires changing their lives. But first, he had to change himself. He had to become an entirely different type of leader.

Instead of barking orders and relying on his power as commander, Capt. Abrashoff met with each sailor, one-on-one, to get to know them and ask for their advice. "It's your ship," he would say. "How would you make it better?" He delegated more and more responsibility for running the ship. He created a shipboard learning center where sailors could take college-level distance learning courses.

Capt. Abrashoff said that the only way to achieve his goals— combat readiness, retention, and trust— was to help his people grow. It worked. The *Benfold* set all-time records for performance and retention, and the waiting list of officers and enlisted personnel who wanted to transfer to the *Benfold* was pages long. It was a long wait because very few aboard the *Benfold* wanted to leave. Capt. Abrashoff started the change process by changing himself, and then he helped others to change. The results were extraordinary.

Pressures for change

Empathy, consultation, and growing people— these will always be important to successful change efforts. However, the specific situations faced by servant leaders will vary. That's because there are many reasons that organizations need to change.

Most organizations must change on a regular basis due to changes in the world around them, and the fact that employees and leaders of the organization

come and go. The world continues to change in terms of socio-economic conditions, political trends and governmental regulations, technology, and the natural environment. Organizations are also affected by competition from other organizations, and changes in the market for their programs or products. There are a lot external factors pushing organizations to change.

There are internal factors as well. Organizations change as people come and go. Turnover is a fact of life. We are most aware of that fact when the new person is the leader. It is estimated that in 2015, 17% of the globe's largest public companies saw their CEO's leave their firms. However, any change in employees has an impact on a company. It is estimated that the average employee turnover rate in the United States was 18.5% in 2017.

As a result of turnover in their leaders and colleagues, employees may experience changes in work assignments and their relationships with other team members. They may find themselves in a different office space, a different work location, or a different work environment. They may need to learn new skills or exercise more initiative or leadership. These can be big changes in a person's work life, with impacts on his or her family as well.

When leading change due to these factors, the servant leader focuses on understanding changes in the external environment, and how to respond to those changes in ways that keep the organization relevant and successful. Does the organization need to create new programs, products, or services? If so, what is needed, and how do we know? Whom should we ask? What research should we undertake? The servant leader also focuses on training and team building, since new people need to be trained and new teams need to be formed. The training can include cross-training in other jobs, so that people are able to step into those different jobs when vacancies occur.

Leading change at failing institutions

Depending on how well organizations respond to these constant external and internal pressures, they may fall into one of three groups: (1) organizations that are failing and must change in order to survive; (2) organizations that are growing, and the growth requires new ways of doing things; or (3) organizations that want to change in order to better serve their employees and customers.

First, an organization may be failing and must change in order to survive. A failing institution is usually failing for a number of reasons. One is simply denial, a

refusal to recognize new realities. Another is that leaders do not have the courage to make hard decisions, such as cutting positions and programs in order to reallocate resources to areas that are more promising for the future. Another reason is that nostalgia for the past may be so strong that a significant number of people in the organization would rather see the institution close its doors instead of changing so that it can survive. It may also be that the institution has lost sight of its mission.

Many years ago, I worked with a friend and colleague, Dr. Edward Kormondy, to do a research project. We studied college and university presidents who led turnarounds at their universities, saving their campuses from closing their doors. What problems did they face, and how did they handle them?

We gathered survey data from thirty-six college and university presidents. We learned that thirty-one of the thirty-six presidents said that the major issue was that their institutions simply *didn't know where they were going*. They had lost focus and direction.

These presidents did a number of things to bring about change, but they gave priority to strategic planning and restructuring the senior management team. Once they figured out where they needed to go, they needed new leaders who were committed to going there. One of the sad aspects of leading change at a failing institution is that the people who got the institution *into* trouble will probably not be the people who can get it *out* of trouble. New leadership is needed.

A servant leader who is invited to be one of those new leaders at a failing institution may find that the problems and solutions are fairly obvious. The challenge is to help people to understand the situation and develop a realistic plan of action. Implementation of the action plan will take courage, persistence, a thick skin, a lot of compassion, a relentless focus on the organization's mission, and a renewed commitment to whomever the organization serves.

Leading change at a growing organization

The challenge is different at an organization that is growing. The challenge may be that the organization has grown beyond its original organizational structure. Often the challenge is that the organization has grown beyond the leadership capacity of its founder or its early leaders.

Organizations are often the dream of an individual, the founder, who risks time and personal resources to get the organization started. A small group of others

join the founder, equally committed to the organization's mission. The team is small, there is a lot of interaction between team members, and there isn't much formal structure. The business is started in the founder's garage or living room, and the team lives on passion, prayer, hope, and peanut butter and jelly sandwiches. Those days are indeed exciting days, later known as "the good old days."

Then success comes. More people need to be hired, so the garage or living room is no longer big enough. Offices are rented, and people don't see each other as often. Communication systems have to be set up, meetings have to be scheduled, rules have to be adopted, and there is a first hint of office politics. Still, the founder and the original team are leading the effort and are involved in all of the decisions.

But the growth continues until the business is so big that the founder and the original team can no longer make all the decisions, or they are no longer willing to make the changes needed to manage the growth, or they no longer have a vision for the future. It is at this point that some entrepreneurs sell their businesses and go back to their garage or living room and start another one. If the founder is a servant leader, he or she will continue leading by sharing decision-making and supporting the growth of other leaders. The organization will focus on its mission, rather than its founder.

But founders who are not servant leaders will want to stay in control. They are unable to delegate decisions, and as a result, they limit the growth of the organization. This is known as "founder's syndrome." If the organization is to grow, the founder has to resign or be forced out of his or her leadership role. That is a sad situation that often leaves deep scars.

Leading change at a successful organization

The third situation is an organization that is not failing or growing, but an organization that wants to do better. Since the organization appears to be doing just fine, the need for change may be harder for people to accept.

John P. Kotter has written a number of books on change. He says that the first step in leading change is establishing a sense of urgency. In *The Heart of Change*, he tells the story of a company that had decentralized its purchasing process so that individual factories had their own suppliers and did their own purchasing. The company's purchasing managers thought they could centralize

purchasing and save \$1 billion over five years. However, centralizing purchasing would be a big change, and there was no sense of urgency to support it.

To demonstrate the problem, a purchasing manager asked a summer student to do a small study on how many different kinds of gloves were used at its many factories. Her study revealed that their factories were purchasing 424 different kinds of gloves, and they were paying different prices for the same gloves.

The purchasing team gathered samples of all 424 kinds of gloves and put them on the boardroom table. Then all the division presidents were invited to visit the boardroom. They were shocked. They could see the huge pile, and they could see gloves that looked the same, but had prices ranging from \$3 to \$10. They got the point. The pile of gloves was used throughout the company to explain how money could be saved by centralizing purchasing.

Joe Patrnchak led a successful effort to introduce servant leadership principles and lead a change process at the Cleveland Clinic. The Cleveland Clinic is one of the most respected healthcare systems in the world. It has 40,000 employees and 3.5 million patient visits per year from citizens of over 100 countries. The *U.S. News & World Report* typically ranks it in the top four of all U.S. healthcare systems. But back in 2007, when Joe started work, not all was well at the Cleveland Clinic.

The change process that Joe led is described in his book, *The Engaged Enterprise*. Joe knew that people would not support change unless they were dissatisfied— unless they had a sense of urgency. So he commissioned a survey on employee engagement that showed that engagement was poor. Then a survey of patient satisfaction showed that while clinical results were superior, the overall patient experience was only average. These surveys established dissatisfaction among the leaders, who then supported a major effort to improve employee engagement. Joe suggested that they focus on improving the Cleveland Clinic as a great place to work.

The leaders adopted the statement, “we are all caregivers,” to convey the idea that everyone at the clinic affected patients in some way, even if they were not doctors or nurses. For example, the patient experience was affected by the people who maintain the facilities, and work in the kitchen, and check in the patients, and walk people to their cars when they are ready to go home.

A program was launched to bring together caregivers from different functions and levels of the organization for three-hour discussions of the mission and values of the clinic. Then Joe introduced servant leadership as the leadership model. Within two years, more than 3,000 leaders received servant leadership training.

The clinic decided to “care for the caregivers” by instituting a series of employee benefits. One was a wellness program that gave staff members free access to Weight Watchers and Curves. Over 12,500 employees participated in the wellness program, and they lost a total of 75,000 pounds. As a result, the clinic saved \$78 million in healthcare costs.

The change process took deep commitment, because there was resistance at each stage regarding each new program. It also took a long-term commitment, because it was two years before improvements in employee engagement showed up in the surveys. However, at the end of five years, the ratio of engaged to actively disengaged employees went from a dismal 2.5 to 1 to a world class 10.5 to 1. Patient satisfaction improved just as dramatically. The change process was a remarkable success. Servant leadership was a big reason.

Conclusion

Leading organizational change is a challenge. Even when the need for change is clear, people can experience stress, pain, and doubt during the change process. Servant leaders are good at leading change because they connect with people, empathize with them, and involve them in planning the change process. Servant leaders consult extensively with others about what needs to be changed and how the change will occur. She or he seeks a wide range of facts and ideas, and develops a change process that maximizes the benefits and minimizes the costs. The servant leader knows that he or she does not accomplish the change. The change is accomplished by teams of colleagues throughout the organization who have participated in shaping the change process, understand it, and are committed to making it work.