

## **From A to Zoo**

*Healthcare company Philips used the knowledge of basic human instincts to effectively manage change in the organisation. Managing director Harry van Dyk and HR director Jo Hilyard reveal their experiences in learning from the animal world*

We had reached the stage of change fatigue. Our organisation had been through so many changes over the last four years, we thought any more change would be too much for our managers and staff to cope with. And then along came a global restructure. We didn't know how we were going to get through this one. Fortunately we became aware of a useful approach to planning and managing change using the knowledge of human instincts. We never looked back.

### **The situation**

Philips Healthcare sells and services medical equipment including patient monitoring and high-end medical imaging. Our customers are public and private hospitals, and independent medical clinics.

In late 2009 the company made a decision at the global level to restructure away from business units and into geographic units. Called Organising Around Customers and Markets (OACM), the change created a single interface with clients through local offices and consolidated the support teams. The Australian/New Zealand business had come to a similar conclusion, that the geographic structure would be the best way to service the market.

### **The challenge**

The problem was that we weren't confident in our competence as an organisation to manage the change. We didn't have a change model that would help our leaders to manage the change confidently and in a consistent way. We needed to quickly provide our leaders with a way of knowing what difficult questions might be raised by their staff so that they were not thrown by surprise when these questions did arise, and they would be able to handle these questions confidently when they did arise.

We were also conscious that the changes would affect our senior leadership team, and we needed to give them a framework that would enable them to understand their own reaction to the change. There would be some leaders whose role was enhanced (the geographical leaders) and there would be others who would feel that their role was diminished (such as the line-of-business leaders). We needed to help the leaders before we could expect them to be able to lead others.

If the leaders weren't seen to be competent and in control, then the confidence of their people would be eroded and we would find ourselves in a nasty downward cycle: decreased engagement, staff attrition, reduced sales and distraction from servicing customers. On the positive side, we had an

opportunity to equip our leaders to manage the change better than we had done in the past.

### **The solution**

These fears and challenges were on our minds when we happened to attend a half-day showcase at Sydney's Taronga Zoo on the role that basic human instincts play in the workplace. The approach of applying human instincts struck us as being practical, delightfully simple, and most of all, not too hard. So we decided that our managers should experience the same journey – to absorb the body of knowledge and to plan our change using the instincts framework.

We took all of our 30 leaders to Taronga Zoo for two days. The focus of the workshop was on the nine hardwired instincts of humans and the implications of these instincts for the leadership of organisations, including the management of change.

The zoo was an ideal place to take a fresh view of humans. We gained an insight into our own animal instincts through a comparison with chimpanzees. We heard from the chimpanzee keeper and the Jane Goodall Institute about the behaviours that come as part of being a social, hierarchical animal, and we visited the chimp community at Taronga. The comparisons between chimps and humans are numerous and revealing, and provided a whole new perspective on solving work challenges.

One of the key insights was that the conventional wisdom that claims people resist change is wrong. We learned that humans, rather than being resistant to change, are actually hardwired to avoid loss. Upon hearing about a change people instantly screen their environment for the risk of loss. If we detect loss, we resist the change. If we detect gain, we support the change. If we are unsure about the impact of the change (and this is the big swinger), then we assume loss. This means that for organisational change we often have people unnecessarily erring toward loss and resistance, merely because people were unable to make sense of the impact of the change for them at the moment they first learned of it.

In understanding that people will screen for loss before moving forward, we identified the most important topics that our people would first want to know. We decided that they would want to know:

- Whether they have a role in the new environment
- Where their name is on the organisation chart
- If they have a new manager.

Knowing this, we did a number of things differently. At the meetings where the restructure was confirmed, we immediately invited people to go to the walls of the conference rooms where the new organisation charts were posted. There was a stampede. But once those first-order issues had been covered, we could then talk about the reasons for the change, the implications for the way we work, and the outcomes we were seeking for our customers.

As humans, our radar first and foremost screens at an emotional level. Our first response to change is emotional, and the influence of this first response is critical. We were able to use the method of 'the first seven words' to communicate effectively at the meetings where we made our key staff announcements. Before learning the instincts framework we might have (well, would have) erred toward having a fair dose of spin in our communication. Now we make our words clearer and more direct, as this allows the audience to classify the meanings of the words more easily.

Humans naturally gossip, and this gives us an opportunity as change managers to use this form of social grooming positively and proactively. Some of our managers used gossip to effectively seed the grapevine. And once we learned that one of the roles of gossip can be to improvise news delivery, we set about making sure people had what they wanted to know so that they didn't have to make it up for themselves. This helped us to be direct, clear and consistent in our communication.

We learned about the role of empathy in acknowledging people's understandable concerns. We knew that for the few staff who were indeed facing loss, we needed to handle that for what it was. So for the few people whose roles were being made redundant, we shared that outcome with them quickly. This allowed us to assure everyone else during the announcement that anyone who was to be made redundant had already been spoken to. Others didn't have to fear that unknown.

We learned of the critical role that our family and community sized groups have in forming a person's identity. So we structured the management of the change to enable people to immediately form bonds in their new 'communities', and to enhance the role of the community leader. HQ leaders were immediately the supporters of 'village' leaders rather than the other way around. Staff could clearly see that the geographical leaders were indeed building their teams and driving the business.

We left the two-day workshop confident that we had the approach necessary to manage the change in a more constructive way than how we would have carried it out previously. Our managers had a framework for understanding why people behave as they do, so that we could make more intelligent leadership choices. Our managers were ready to lead.

### **The outcome**

Not unlike leaders in many organisations, our leaders were uncomfortable in handling things that they hadn't dealt with before. Like most leaders, they were comfortable handling the technical challenges of their role, but less confident in dealing with the people dimension. Human instincts gave them a framework. It gave them a methodology for the human aspects of their role. Through the human instincts framework they could understand what they would go through, and know what questions would arise and how to respond in a constructive way.

We knew we were succeeding when our geographic managers travelled to Singapore for a regional meeting with their colleagues. The Australian leaders at this meeting led the way. They felt that they were far ahead of their colleagues in how they were managing the change. They found themselves mentoring others in how to go about the change. That demonstrated to us convincingly that we had equipped them to lead the change.

Ninety days after the change had begun we reconvened our management team to review the changes. We were overjoyed with how the leaders had managed the change. Most of all we were delighted that they felt competent and pleased with how they had led the change.

### **The lessons**

This restructure was a bigger change than any that we had managed over the previous four years. Human instincts gave us an approach that made the change so much easier – or perhaps we should say, much less difficult – than we thought it would be.

The key lessons for us in having applied human instincts in managing the change are:

1. The framework makes sense of human behaviour. As leaders, we were no longer surprised with where we found ourselves. Behaviour had been normalised. We had given our managers a predictive, practical and proactive way to manage change.
2. We knew how to deal with issues. Without this knowledge we would have tended to have categorised people who raised tough questions as just being difficult. But almost always the behaviour was explained by the nine human instincts (see above box). That allowed our leaders to shift from defensive (thinking badly about someone) to constructive thinking (working towards a resolution). Instincts provided a platform from which everyone could move forward.
3. We had a common language that enhanced collaboration among the management team and allowed them to support and guide each other. We would often find ourselves saying to each other, “What human instinct are we dealing with here?”
4. We no longer needed to be apologetic about implementing change. In the context of sustainable human communities, we realised that our leaders have to lead a response to the external environment so that our business is in a better place.

Managing change is often made harder than it needs to be. The role of management is to keep business simple. Human instincts provided the means to do that with our change. We'd hate to think where we'd be if we hadn't used instincts.

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