

The Intentional Engagement of Informal Leaders in Large-Scale Organization and Culture Change

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Case

This chapter focuses on the intentional engagement of an organization's *informal leaders* in culture change initiatives. These persons sway a lot of influence that can be directed to either support or resist a change effort. The importance of engaging them is underscored by the need to move culture change efforts forward more quickly than can be done by use of only the formal hierarchy. In this chapter I attempt to show the necessity, and the power, of engaging informal leaders in driving change and describe, from a case example, some methods for identifying, inviting and involving them in a large-scale culture-change effort. These ideas should have wide relevance in today's dynamic business world by creating new leverage for leading large-scale change efforts.

Introduction

It's been long known that culture change requires leaders to obtain the support of a critical mass of employees for that change effort to get off the ground. These persons need to do more than support the change effort; they also need to help to lead it as they interact with the people they touch during each work day.

The larger the critical mass, the greater the ratio of supporters and leaders to those who need to come on board. The sooner this critical mass is created, the more likely that the change effort will overcome inertia and not stall. The problem, of course, is where to look for and how to enlist needed support. The most common first group to enlist is the cadre of formal leaders, those in the management hierarchy. Another, often overlooked group of leaders are *informal leaders* – people who may not be a part of the formal hierarchy, but who exert influence nonetheless. I'll first examine the role that formal leaders play and then examine the important role that informal leaders can play if targeted to support a change effort.

Enlisting The Support Of Formal Leaders

We often look first to an organization's hierarchy to identify leaders. Soliciting the support of first line, middle-management, director-level and executive-level leaders is clearly critical to successful change efforts. Not only do we need the support of formal leaders to validate the change effort, but we need them to lead at their level.

Let's look at what this could mean. Formal leaders have authority that gives them the ability to set agendas, direct work efforts, provide performance reviews, and reward effectiveness. To the extent that leaders align these traditional hierarchical leadership roles with a change effort, they help align their people to new goals consistent with the new direction. This is important, but not enough.

Formal leaders also need to "walk the talk" in support of the change effort; to become visible symbols for the change. Followers would be hard pressed to hold back their own efforts in support of change when their direct boss behaves in ways that supports it. In a similar vein, when formal leaders endorse a change agenda, they legitimize it to all who see their support, far beyond their direct reports. In this way they leverage their influence. Finally, when formal leaders embrace the change agenda, they are more likely to lead face-to-face. In this role, they can challenge others to participate in the change effort and confront those who are not behaving consistent with the change agenda, as well as support and reinforce those who pick up the mantle for change.

Clearly, there is a need for formal leaders to play out this set of roles in leading large-scale change. The problem, however, is how long it can take for formal leaders, across the hierarchy, to "get on board" and enact these leadership roles.

In many large businesses, change is cascaded down the hierarchy, from one level to the next. Senior leaders attempt to influence those who report to them who, in turn, attempt to influence those who report to them and so forth. This can be a long, slow process ... and one that is built on the metaphor of a chain. It only takes one weak link to break that chain, and in the reality of a business setting, only one weak leader in the hierarchy to lower the likelihood of those below to buy in to and support the change agenda.

What would happen in the chain broke near the top? What would happen if several hierarchical chains were to break? How long can a change leader wait to gain the support of all hierarchical leaders? These are not trivial questions.

In addition, even when formal leaders support the change, their influence is limited to when they come in contact with direct reports, which can be infrequently. Culture change in many ways is like trying to remove a thread from a woven fabric – a formal leader only touches one part of that thread – and everyone else combines to touch the entire length of that thread and, and thus, hold it place. Culture change is difficult exactly because so many touch points diminish the influence of formal leaders. When we see culture change in this light, we can readily see that formal leaders represent only one group who can influence the culture fabric. Others are also needed to reinforce new culture values when they are put to the test.

When we don't see the need for multiple influence touch points, the result will look like the often quoted statistic that from 70 to 80 percent of large-scale change efforts fail. It's a recipe for "Big-Change-Slow," and often translates into no change at all. We need additional ways to create a critical mass by identifying additional sources of influence - not avoiding the management hierarchy, but adding to it.

Big-Change-Fast

If major problems in culture change efforts stem from weak links in the chain of command and slow change processes, then we need a new mindset that starts with the goal of "Big-Change-Fast." There are pragmatic business reasons that suggest that large-scale change efforts need to be faster than previously considered possible. The business environment is swirling too fast to accept any change goal that isn't yoked to a short timeline. Slower change efforts, even if successful, may miss taking advantage of opportunities as well as avoiding threats. Thus, we need to learn how to lead change inside our organizations at the speed of change outside of them.

Once we have a mind-set that puts change strategy on a short time line, we need to consider additional approaches beyond, and in addition to, reliance on the formal hierarchy. We will always need to engage the formal leaders in change efforts. When we attempt to accelerate change, however, we need to look beyond formal leaders and consider additional avenues that would compliment formal leadership and move faster than the hierarchy is capable of moving with less risk of being stopped by weak links.

Over the past two decades, we have seen use of a variety of change accelerators. They help address the speed issue by creating non-orthodox approaches to getting to solutions without relying on the mechanics of formal organizations and everyday ways of doing business. For example, large group interventions (e.g., Future Search Conference, Real Time

Strategic Change, AI Summit), learning interventions (e.g., use of a tool called Learning Maps), and a variety of ad hoc improvement team methods (e.g., GE's Work Out or IBMs ACT processes) are now commonly used in efforts to create Big-Change-Fast. As an example, I have been part of several large group interventions where from 64 to 124 persons, representing microcosms of their organizations, had the opportunity to consider and address a real problem or opportunity in a 3-day period. The assembled group is provided with information, given the opportunity to share their views, and invited to consider those of others. They often learn that they share a picture of what a good solution or vision would look like. More than that, these interventions often result in an actionable plan toward that shared solution or vision, and because they had a role in creating that plan, they have a higher level of commitment to contribute to its successful implementation. Importantly, these same problems would have taken several months, at best, to address had more traditional change methodologies been employed.

Another way to accelerate a change effort is to identify additional groups of people who can contribute to the critical mass needed to move the change effort forward. When we accept the fact that speed has to be part of a culture change challenge, we have the opportunity to rethink how to obtain a critical mass of leaders. Clearly, we want to engage the hierarchy. Clearly, in order to add speed to the change process, we need to engage more than the hierarchy in an intentional fashion. The suggestion here is to identify those persons who already lead and attempt to align these informal leaders in support of the change agenda. Thus, I am suggesting that change leaders create an intentional strategy to engage informal leaders.

Enlisting the Support of Informal Leaders

Informal leaders exist in all organizations, and they exert influence in a variety of ways that are important to change initiatives. Like formal leaders, they can legitimize the change agenda, model the change, challenge people to get on board, confront those who resist, and reward those whose efforts move the change agenda forward ... or not. The important conclusion, then, is that informal leaders will impact those who follow them to support or resist the change effort. The important question for change leaders is whether they are intentionally attempting to engage the support of these informal leaders.

While it was Malcolm Gladwell who popularized what happens when an innovation "tips," it was Everett Rogers who explained how

this tipping phenomenon occurs. Rogers laid the conceptual foundation for the importance of informal leaders in his research on the diffusion of innovation. Rogers studied all kinds of innovation and discovered a characteristic pattern to explain when innovation takes root and what is necessary for it to “tip.” He found that about 84 percent of any population is unlikely to change its behavior solely based on arguments of merit, or data, or training, or communication campaigns. Rather, innovation didn’t begin to spread until highly credible informal leaders, people whom Rogers called early adopters, embraced the new idea. When that happened, others would begin to try the new behavior (or process or tool or technology or ...) and inertia would be overcome as the early majority fell in line. In Gladwell’s terms, it would tip, and eventually, a later majority would follow suit and innovation would not only have taken root, it often would flourish.

The same is true in organizational change efforts. In many organizations, there seems to be a conspiracy against taking up the cause for change or working to implement it. Corporate culture is often the named culprit here, where people push back collectively against innovations. In this type of business environment, the forces of inertia run high and getting the change to tip simply requires more than reliance on formal leaders and hierarchy. Informal leaders, however, can play an important role precisely because they are not in the hierarchy. Their presence can be felt in the meeting room and the lunch room, in formal meetings and informal gatherings. Informal leaders, those with credibility and who engender trust, have impact on the change effort because they have no vested interest (like a formal leader would have) in the change outcome. When they support the change effort, therefore, their endorsement carries real meaning to those who look up to them; those who follow their lead.

Case Example

When Jim Holt (fictitious name) was named company president of a large defense contractor, all visible business indicators pointed to a positive future. As the former vice president of the company’s largest product line, Holt was aware of a far different reality. Their voluminous business backlog was shrinking rapidly, and there were no firm new orders in the pipeline. This was not surprising, given that the previous owners’ corporate strategy had been to “milk the backlog” and spend as little as possible on infrastructure or growing the business.

Shortly before Holt assumed the presidency, a government contract competition was announced for a new product line that was critical to

the company's future. He knew that if the company failed to win this competition, all he would preside over, at best, was becoming a sub-contractor to the winning company or, at worst, the organization's demise. In the coming months, Holt and his senior staff would try to sell a message to the work force that changing the culture was a critical variable in both winning new business in a price-conscious international marketplace, and more importantly, in winning a federal contract that could secure their future deep into the first half of the 21st century.

Holt began attacking the problem like the good leader he was -- systematically. Over a period of months, he and his senior staff defined clearly the kinds of behaviors that were choking innovation. Advised by internal and external consultants, they went through a process of interviewing employees and documenting stories that helped them see how their culture affected their ability to meet their business challenges. At the end of this exploration, they had a clear idea of the culture that would help them meet their business challenges and win the federal contract competition.

Holt and his senior staff had a clear and measurable goal, a sound way of measuring change, incentive pay tied to executive team success, and a robust plan that included cascading the culture change methodically down the chain of command. After months of deliberating, Holt announced, with great fanfare, the beginning of the new culture change initiative.

And nothing happened.

Well, actually, committees were formed to drive change initiatives forward, lots of meetings were held, presentations were made, surveys were conducted, and easy, low-impact, employee-friendly changes were made. But, survey scores and anecdotal evidence showed that nothing of substance was happening ... if one doesn't count an increase in cynicism because nothing of substance was changing. Holt began to wonder if the culture change effort would share the fate of prior unsuccessful organizational innovations.

Holt was comfortable with using a traditional top-down approach for managing and did the same for cascading the change down and through the organization. He made an enormous effort to communicate the need for change and the change strategy to the two levels immediately below the senior staff in monthly "briefings." He demanded progress reports, held review meetings and even promised to remove those who weren't on board. Unfortunately, the president spent most of his time on the road in a high-level sales role. That left a lot of time for nothing to happen!

It soon became painfully clear that there was a lack of grassroots support for the change effort. The prior culture was deeply entrenched and the hierarchical “cascade” approach to leading change was met with little more than perfunctory compliance.

Finding Leverage For Change. It was at this point, and in response to consultants’ suggestions, that the leadership team began to look for leverage in an entirely different way. To find a way around the bulkhead of resistance and, therefore, to speed up the change effort, they focused on the informal influence network and informal leaders. Because the group of informal leaders was likely to have many divergent social ties and be linked to multiple informal networks, the consultants suggested that the senior team focus on and attempt to enlist the support from about 500 or so informal leaders. We argued that if these 500 or so leaders were engaged, they would be a key to gaining more rapid support of the remaining 13,000+ employees. To the senior team, this was a breakthrough idea. Influencing 500 people seemed a much more doable task than attempting to influence the 13,000+ had been!

Informal leaders were identified in a rather straightforward way – by asking survey respondents to identify up to three trustworthy people whom they most respected. After some tabulation, a list of persons whose names were mentioned frequently was created. This proved to be an easy and reliable identification method. The names were given to willing Vice Presidents who agreed to pilot an “Informal Leader Engagement Strategy.”

One such person, Joseph Hunt (fictitious name), the successor to the president’s previous job as vice-president of the largest product line, was the first to engage informal leaders. Hunt met with groups of 50-100 informal leaders in 2-hour orientation sessions. His first step was to help them understand the role they already play as informal leaders. During these two hours Hunt made his business case for change. He helped informal Leaders see how past behavior had cost — and in the future could kill — the company. He told them how their peers had identified them and described potential roles they could play in supporting the change. Hunt made it clear that their involvement would be voluntary. They were not being asked to be management cronies, but rather to be independent partners in change. He pledged to support their efforts and offered to be a good role model for the change effort. At the conclusion of each session, he asked for interested persons to volunteer to attend a follow-up meeting where they would work together to define ways to partner in creating change in his part of the organization.

The follow-up meeting was critical. It allowed this group of informal leaders to dialogue with Hunt about the need for cultural change, to push back at what they didn't agree with, to hear first-hand examples of how the culture had harmed everyone, and to identify and discuss critical issues that needed to be attacked. Informal leaders initially served as advisors to Hunt in reviewing culture change strategies, and as conduits of meaning and intent to the rest of the organization, by helping others understand more than any official communication could ever explain about these strategies. For example, senior business leaders were in the process of making what would have been a very controversial decision about pay policies. As rumors leaked out, employee reactions were quick and negative. When Hunt first learned about this, he started to meet with groups of his informal leaders to discuss this subject. In these sessions Hunt shared the business problem, the proposed solution, and the inevitable tradeoffs being faced in any solution set. These dialogues created change all around the table. Based on input from the informal leaders, executives tweaked their pay policy plans, and informal leaders, by seeing the positive intent of senior leaders and appreciating the complexity of the issues, changed their opinions. While the company emerged with a better plan, it also emerged with a hundred or so highly credible, "in-the-trenches" leaders who helped explain reasons and issues more deeply than the senior staff could ever hope to in an audience of thousands of cynical people. This leadership lever seemed to be working.

Roles that Informal Leaders Can Play. While informal leaders began in this advisor/conduit role, many seized different leadership opportunities. Some helped formal leaders teach skills to their peers that supported the culture change goals. Some were asked to give feedback on proposed decisions and actions. Others helped lead improvement efforts through 6-sigma events. Yet others volunteered to serve on teams that focused on aligning HR systems and practices with the new culture.

The most important impact of informal leaders, however, is not in the headlines; it is in the cafeteria lines. Informal leaders reach into every conversation, every meeting and every decision made in an organization. The question is whether they are influencing these interactions positively or negatively? For example, one informal leader told me that in meetings, people would "go off" on senior management any time someone mentioned the change effort. She said she would stop the conversation and engage the people in a brief conversation about whether the negative

comments were justified, and would provide new data or provide insight or lend her support to company leaders in ways that had the people in her meeting reconsider their prior opinions. She led, face-to-face, in the very circumstances that formal leaders might not even be present. In this role, informal leaders are disruptors of the habitual ways that people think about their company and the change effort. They add a new voice to the conversations, and, as a result, help to change the stories that lock those thought patterns in place.

The Impact? Beyond anecdotes, it is always hard to disentangle cause-and-effect in large-scale organizational change efforts. This case is no different. A large number of discrete change initiatives were implemented in cascading and overlapping ways throughout this organization.

What can be done is examine data that speak to all change efforts and see if results are consistent with the timing of particular interventions. In this case, the regular survey results provide some insight into the impact of this change strategy. Survey results over the first year and half of the change initiative indicated no meaningful change in any relevant metric. This changed at the fifth survey administration, which occurred nearly two years after the change effort began. We found statistically significant ($p < .001$) and meaningful shifts in survey results consistent with the timing of the informal leader engagement strategy. It was during the last nine-month period prior to this survey that most activities involving informal leaders (orientations, follow-up meetings, review panels, feedback sessions, improvement events, etc.) were being held. Further, the informal leader engagement strategy was being implemented in two of the largest professional areas within the company, along with several smaller areas. In effect, this strategy touched over 70% of the workforce by the final survey administration, and if informal leaders do make a difference, their impact should have started to be seen by then. In fact, the survey results demonstrated that measurable progress only began on the heels of serious work to engage informal leaders.

Summary

Leaders begin culture change efforts, but it is the informal organization that ultimately determines their success or failure. In this chapter, I have attempted to show the necessity, and the power, of engaging informal leaders in driving change. I've also described some methods for identifying, inviting and involving informal leaders in one kind of change (culture change), and provided some support for the effectiveness of this

approach. Given that all change initiatives ultimately comes down to human change, I suggest that these ideas have wide relevance in today's rapidly changing, dynamic business world by creating new leverage for leading large-scale culture change efforts.

Discussion

1. Companies need to involve their formal, hierarchical leaders in support of change. What roles do these formal leaders play in leading change?
2. What are the limitations of relying on formal leaders in leading culture change efforts?
3. Why are change accelerators useful processes in large-scale change efforts?
4. What is an informal leader and why does it make sense to intentionally pursue these leaders, given that they are not necessarily part of the management hierarchy?
5. How can informal leaders influence change?
6. How can change leaders invite informal leaders in the service of a change initiative?

Key Lessons

1. Relying only on formal leaders is risky in large-scale change efforts.
2. Formal leaders cannot touch others frequently enough to create momentum in culture change efforts – other sources of leadership need to supplement hierarchical leadership.
3. Large-scale change efforts have a bad report-card, in part because they are designed in ways that take too long.
4. Change accelerators can shorten the time required for large-scale change, increasing the likelihood of successful change initiatives.
5. Informal leaders are found in all organizations and they exert influence that can support or oppose a change initiative.
6. Change leaders can harness the power of informal leaders by developing an intentional strategy to engage them and solicit their support.

References

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BIOGRAPHY

Larry Peters is Professor of Management and Leadership Development in the Neeley School of Business at Texas Christian University. He received his Ph.D. in Industrial/Organizational Psychology from Purdue University in 1975. Dr. Peters teaches MBA, PMBA and Executive MBA courses in organizational effectiveness, leadership and change, and consulting.

Dr. Peters has been the recipient of four university-level awards for teaching excellence. He has published over 60 papers in leading journals and books, co-authored two books, and was Senior Editor of the first edition of the *Encyclopedic Dictionary of Human Resource Management*. His research has been funded by the National Science Foundation, the U.S. Air Force, and several major business organizations. Recent papers have been published in Best Practices books, and he has a chapter on evaluating leadership development efforts that was recently published in a book by the Center for Creative Leadership. His current work and writing is on how to help assure that the promise of training and development are realized in the work setting. He was a nominee for the *Chancellor's Award for Distinguished Research* at Texas Christian University and was voted to Fellow status in both the Society for Industrial and Organizational Psychology in 1992 and American Psychological Society in 1993 for career contributions to scholarship.

Over his career, he has been active in the Academy of Management, where he has been elected to a number of leadership roles. He served on the executive committees of the Organizational Behavior, Human Resources, and Research Methods Divisions.

BIOGRAPHY

Professionally, Dr. Peters is founder and *President of LH Peters & Associates, LLC*. He has provided consulting, custom training design, training, meeting design, facilitation, and applied research services to business, non-profit and government organizations. He has worked extensively in the organizational development and change areas. Clients have included Alcon Laboratories, Alliance Data, Bell Helicopter, Ben E. Keith Foods, First Command Financial, Ford Motor Company, Johnson & Johnson, Lockheed Martin Aeronautics, Lockheed Martin Missiles and Fire Control, McNeil Nutritionals, McNeil Consumer Healthcare, NASA, Nestle, Inc., Sabre Holdings, Sun Microsystems & TTI.

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