



IDEA REPORT

Change At Scale

Design an effective organizational change strategy
with the brain in mind



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Key Points

- *Even when organizations make change a top priority, they often fail to achieve their desired outcomes.*
- *Ineffective change initiatives tend to disproportionately focus on communicating why the change is a **priority** without clearly outlining specific employee **habits** that correspond with the change and the **systems** that will support the change.*
- *The **Priorities**, **Habits**, and **Systems** (PHS) framework is designed to help organizations structure their change initiatives more efficiently by focusing attention on all three facets to ensure they're aligned with one another.*
- *When designing change initiatives in the context of PHS, the primary recommendations are to:*
 - *Ensure the change initiative is prioritized and coherent with other organizational priorities and with the specific changes employees are asked to make.*
 - *Dedicate time and attention to the initiative so that employees can properly understand what to do differently by providing frequent reminders and encouragement to enable the repeated practice of new habits.*
 - *Align existing systems with the change effort to avoid contradiction, and create new systems to provide additional support to enact the change.*

EXECUTIVE SUMMARY



Change is becoming omnipresent in organizations, with 85% of executives saying ongoing changes in their markets require more agile business cultures designed to promote continuous innovation and organizational flexibility. HR professionals, in particular, are focused on enabling change, with 48% identifying change management as being one of their top priorities for this year. Despite the increased attention on change, implementing successful change initiatives continues to be a major challenge for organizations.¹

In response to the increased rate of change within organizations, The NeuroLeadership Institute (NLI) interviewed 20 HR leaders who led change initiatives in many Fortune 500 organizations. In parallel, we surveyed a random sample of 255 working professionals about their experiences of the change efforts undertaken by their respective organizations. By taking this approach, we gained a better, more holistic understanding

of the relationship between organizational change efforts and behavior change at an individual level. We also explored the implementation of Priorities, Habits, and Systems™ (PHS), NLI's change model, in organizational settings.

Our research shows that while organizations often successfully generate buy-in, they are less effective when it comes to instilling the desired habits and creating systems that can foster those habits. We believe that, ultimately, change initiatives fail due to a lack of coherence between what organizations want to change and how they plan and execute that change. Thus, for organizational transformation at scale to be successful, employees need to understand why the desired change is **prioritized**, build the **habits** that align with that change, and have access to **systems** that reinforce and support their new behaviors. In this report, we present findings from our research, challenge conventional wisdom about how organizational change works, and offer science-based insights about how to change behavior at scale using the PHS model.

¹ Gartner Top 5 HR Trends and Priorities for 2022. Gartner. https://www.gartner.com/en/human-resources/trends/top-priorities-hr-leaders?utm_campaign=RM_NA_2022_HRL_PP_BS1_TOPHRPTY22HCI

A HOLISTIC APPROACH TO CHANGE

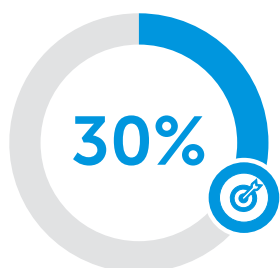


Despite the importance of organizational agility, change efforts often fail completely or fall short of the desired outcome. It has been estimated that between 50% and 70% of change initiatives fail to achieve the desired goal, primarily because of employee resistance and lack of managerial support.²

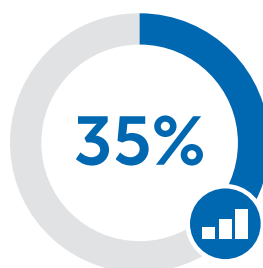
Our data aligns with previous studies that show only one-third of employees thought the change

efforts in their organizations succeed in reaching their intended objectives. Moreover, only one-third of employees said “yes” when we asked if their organizations had become more effective after change efforts or if the change efforts enabled them to work more efficiently (Figure 1).

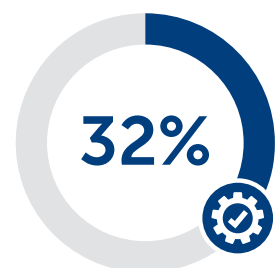
Figure 1: Employee Perception of the Effectiveness of Change Efforts



Thought that the planned change effort **achieved its goals**



Thought their organizations have become **more effective** as a result

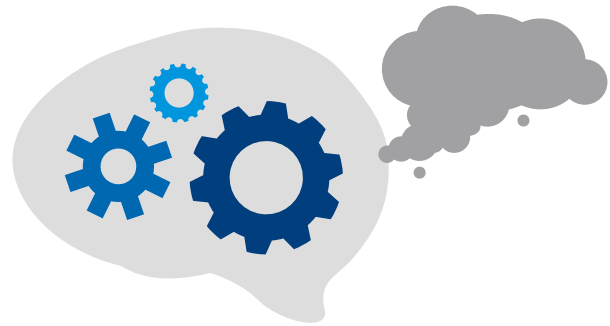


Said people have begun to **work more effectively** as a result

² Ewenstein, B., Smith, W., & Sologar, A. (2015, July 1). *Changing change management*. McKinsey & Company. <https://www.mckinsey.com/featured-insights/leadership/changing-change-management>

Conventional wisdom³ holds that change initiatives fail because they are often perceived as overwhelmingly complex. One-third of business professionals even view change as bad for business.⁴ As one talent professional put it:

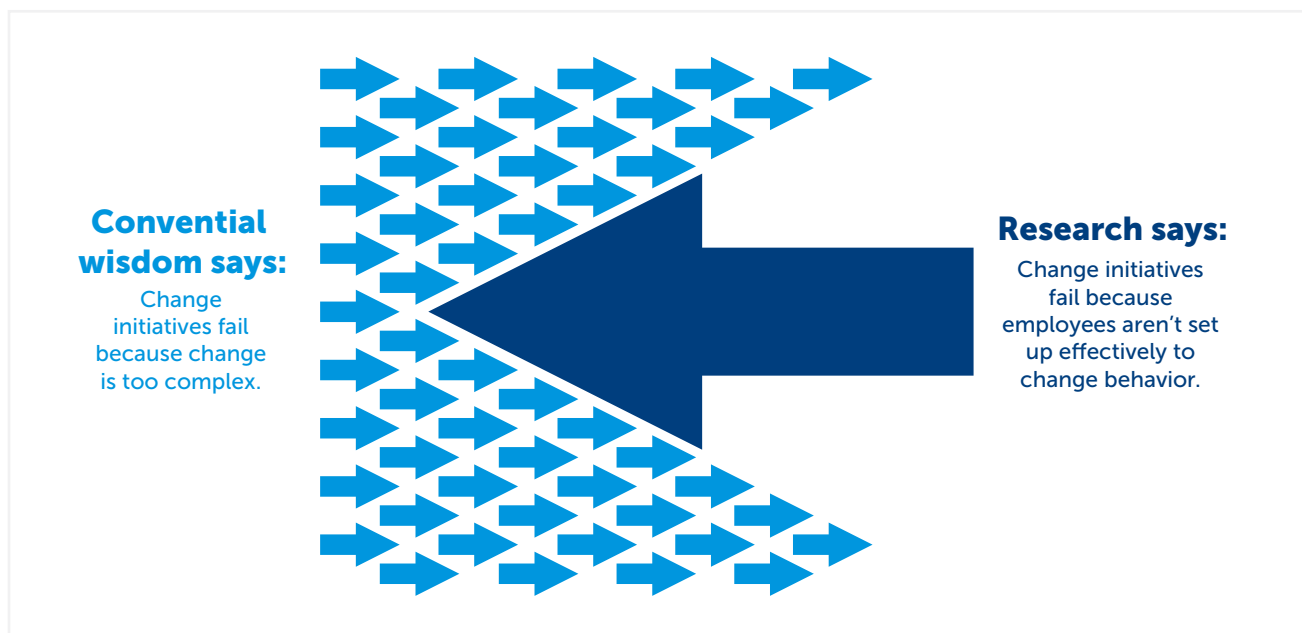
“We underestimate how challenging doing change work or growth work in an organization actually is, and it takes a tremendous amount of brain power to do it.”



While it's natural to assume that initiatives fail because change is difficult, research on organizational change offers a different perspective: Employees are unclear about how to effectively change their behavior. Specific behaviors and support systems are often required no matter how high a change is prioritized (Figure 2).



Figure 2: Conventional Wisdom Versus Research: Change



³ We define conventional wisdom as an assumption or common practice that is generally accepted and intuitively seems right. What the research says, in comparison, is the science/evidence-based practice that is optimal to achieve progress and results.

⁴ Samdahl, E. (2018, April 12). *One-third of business professionals view changes as bad. Do you?* i4cp. <https://www.i4cp.com/productivity-blog/one-third-of-business-professionals-view-change-as-bad-do-you>

A SCIENCE-BASED BEHAVIOR CHANGE FRAMEWORK

Our research suggests that behavior change requires three components to be effective and sustainable:



THE WHY THAT FUELS ACTION

Example: The CEO of an organization announces the company will move away from opaque promotion decisions to provide more fairness and certainty for employees.



BEHAVIORS ENACTED BY MANY

Example: Managers frame their discussion of potential career pathways with their direct reports and consistently track their performance to the promotions criteria for their next desired role.



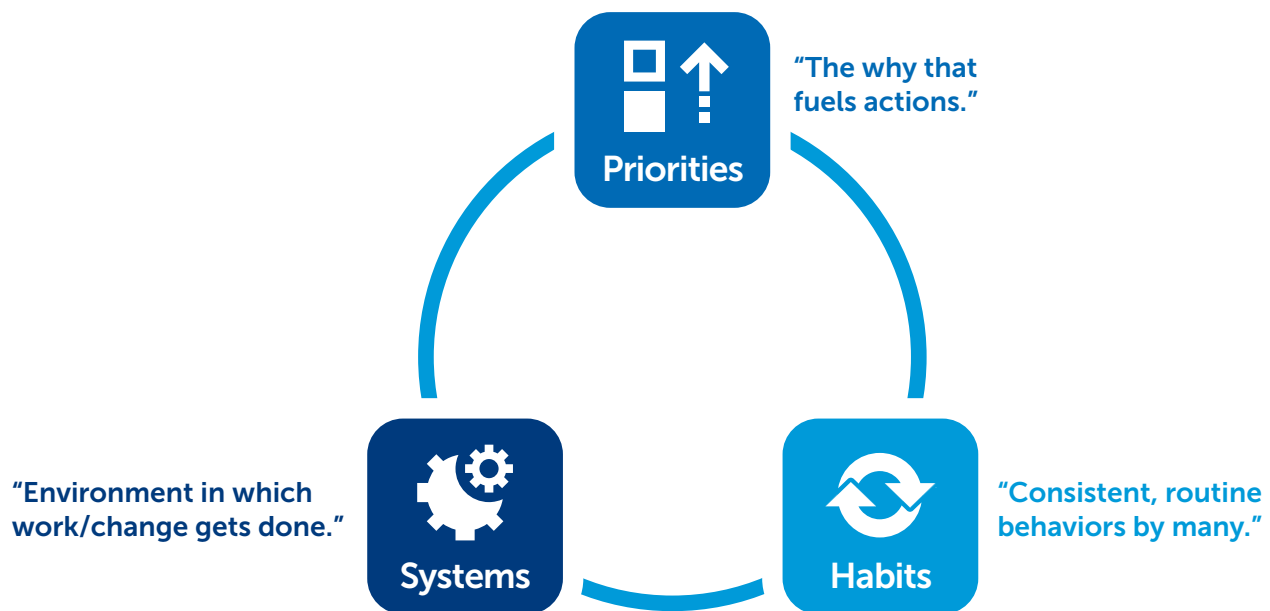
THE ENVIRONMENT IN WHICH WORK IS DONE

Example: The organization's HR management system prompts managers to indicate the next desired role for each of their direct reports and whether an employee is or isn't meeting the promotions criteria along with their reasoning for that determination.

PHS is a three-pronged framework for creating effective behavior change with a coherent approach (Figure 3). The coherence among the components of the framework allows the individual pieces of information to fit together as a unified whole, with each component reinforcing and building on each other. Specifically, coherence among Priorities, Habits, and Systems helps forge connections between the intention to change, the behaviors needed to achieve the intended outcome, and an environment that is conducive to the desired change.

Decoherence between why and how to change often contributes to confusion and uncertainty about what to do, leading employees to experience cognitive dissonance — the disconnect between beliefs, expectations, values, or actions.⁵ Cognitive dissonance around change can lead people to fall back on their old habits instead of acquiring new, desired ones.

Figure 3: NLI's Change Model: Priorities, Habits, and Systems™



Source: NeuroLeadership Institute, 2021, all rights reserved

⁵ NeuroLeadership Institute. (2019). *Idea report: Building brain-friendly leadership models*. <https://hub.neuroleadership.com/idea-report-leadership-principles?hsCtaTracking=6521fba5-c8c2-41c9-ad0f-e30f2fd777e0%7C78d6cd09-f5fb-43ac-9737-b5925d5865c2>

PRIORITIES:
THE *WHY* THAT FUELS ACTION



What we mean by priorities

Setting a change initiative as an organizational priority requires clear communication around the reason and purpose for the change. Clarity about why we are asked to do something differently helps employees better connect the importance of the initiative and their role in the process.

What we heard about priorities from change leaders and employees

When the priority is clearly defined and communicated, employees typically understand and are on board with the need for change. Our survey data suggest 71% of working professionals had a clear understanding of why their organization's change effort was important, and 67% felt motivated to adapt their behaviors to support the change effort.

Employees are often OK with change: 67% felt motivated to adapt their behaviors to support their organization's change effort.

While our data show that employees usually understand and support the "why" behind change efforts and are motivated to support communicated priorities, they often struggle to confidently act in a way that clearly satisfies the purpose of the new change initiative.

"Change management, historically, in our organization has essentially been focused on communicating what people need to do. It's usually via email, and then it's like, 'OK, check the box. We've sent out an email telling people what they need to do.' And then, a month or two later, we're scratching our heads saying, 'Well, I don't understand why people are not doing this, we sent out an email two months ago.' "

– Talent management professional, automotive company

There is no one-size-fits-all method when it comes to how to communicate priorities to employees during change initiatives. Our interviews revealed that organizations communicate priorities in several ways:⁶

- By getting top leaders to communicate the change (e.g., organizing town hall meetings to convey the message).

6 Data collected via survey between May and June 2020

- By engaging directly with the target population (e.g., hiring managers) through direct communication with tailored messaging (e.g., emails about requirements for new recruits).

Often, storytelling is used by organizations to communicate the importance of change initiatives. This can promote open, honest discussions about what the problems are and generate ideas about how to solve those problems.

The science of Priorities

Organizations cannot adjust their course of action until they decide what they want to change and why, and leaders must clearly define and explain those priorities. This is important because when employees have clarity about the purpose of a project, they feel more engaged and motivated.⁷ Connecting why a change is needed and how to make that change feels intuitive to us because we have a highly interconnected network in our brain. This network is responsible for linking the value or importance we place on things with the way we act. The link between the “why” and the “how” is reinforced by the communication between two important brain regions, the ventral striatum and the

ventromedial prefrontal cortex (vmPFC).⁸ These two regions interact with each other to allow us to decide whether a behavior is worth repeating. Moreover, because changing behavior involves fighting against existing well-established patterns of behavior, both the new “why” and “how” must be clear and coherent in order to change a behavior successfully (Figure 4).

1. When communicating priorities, it’s important to use language that is sticky, meaningful, and coherent,⁹ allowing employees to answer “yes” to the following questions:

NLI recommendations for Priorities



Sticky: “Can I remember this?”



Meaningful: “Do I care about this?”



Coherent: “Does this fit together with other organizational priorities and established work processes?”

7 Reyt, J. N., & Wiesenfeld, B. M. (2015). Seeing the forest for the trees: Exploratory learning, mobile technology, and knowledge workers’ role integration behaviors. *Academy of Management Journal*, 58(3), 739-762.

8 Berridge, K. C. (2007). The debate over dopamine’s role in reward : The case for incentive salience. *Psychopharmacology*, 191(3), 391-431.

9 NeuroLeadership Institute. (2019). *Idea report: Building brain-friendly leadership models*. <https://hub.neuroleadership.com/idea-report-leadership-principles?hsCtaTracking=6521fba5-c8c2-41c9-ad0f-e30f2fd777e0%7C78d6cd09-f5fb-43ac-9737-b5925d5865c2>

Instead of “focus on being innovative in order to find new solutions and create better, more updated outcomes”...



Make it sticky ...

Use a catchy phrase such as “shape the future” and provide detail that supports this memorable statement.



Make it meaningful ...

A medical device company, for example, might make this more meaningful by saying, “Find a new way to bring devices that help patients to the market faster” or “Try something different to find new ways to help our patients.”



Make it coherent ...

If another organizational priority is “Do what’s tried and true,” clearly and explicitly communicate that this priority is shifting toward doing things differently in order to improve.

2. Avoid causing uncertainty and confusion in employees:

- The goals for change efforts should not be modified frequently, making it hard to tell one narrative.
- No additional strategic priorities should be introduced that interfere with a collective focus of the organization, leaders, and employees.
- There should be alignment among stakeholders about the purpose of the change initiative.

3. Simply telling employees that something is a priority isn't sufficient to reshape their behavior to align with the priority. Two additional criteria must be met to effectively change behavior: ^{10, 11, 12}

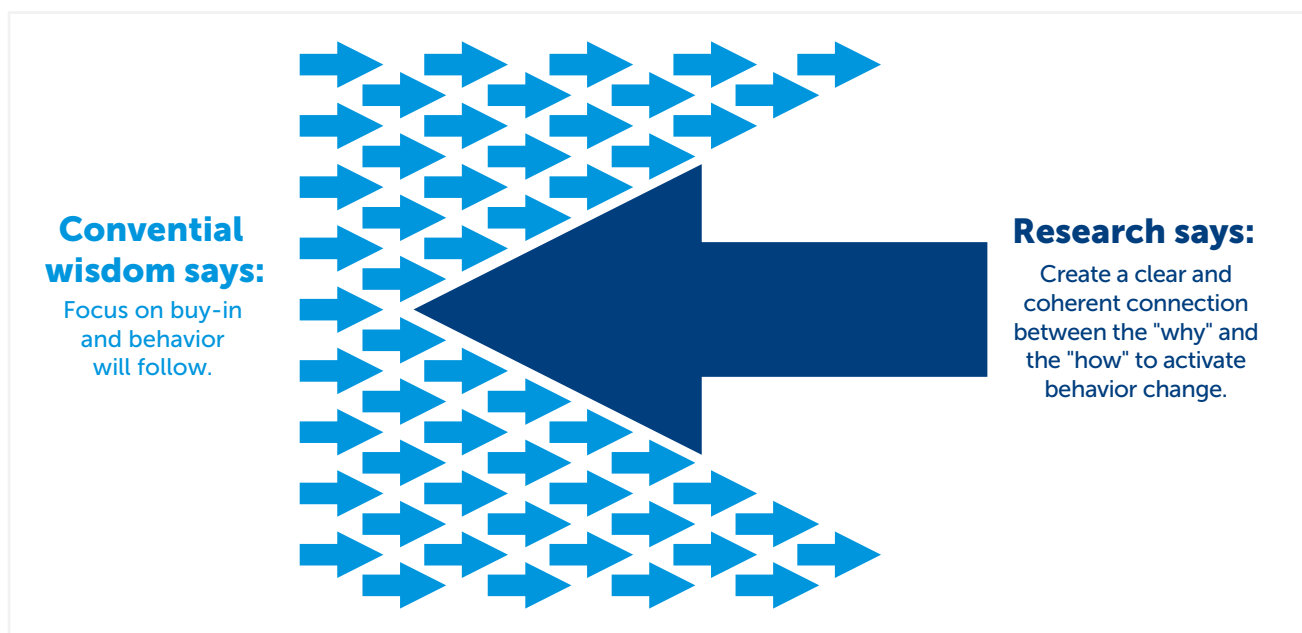
1. An environment that makes it easy to stick to the desired behavior.

For example, if you want employees to make an effort to minimize meetings, try instilling a companywide no-meeting day.

2. Sufficient clarity about the new priority.

For example, if your priority is to create a more inclusive culture at your organization, ensure employees know this means asking for perspectives from a greater variety of people and that contributions are fairly recognized.

Figure 4: Conventional Wisdom Versus Research: Priorities



10 Achtziger, A. & Gollwitzer, P. M. (2018, March 28). Motivation and volition during the course of action. In J. Heckhausen & H. Heckhausen (Eds.), *Motivation and Action*. Springer. https://doi.org/10.1007/978-3-319-65094-4_12

11 Ludwig, R. M., Srivastava, S., & Berkman, E. T. (2019). Predicting exercise with a personality facet: Planfulness and goal achievement. *Psychological Science*, 30(10), 1510-1521.

12 Gollwitzer, P. M. (1999). Implementation intentions: Strong effects of simple plans. *American Psychologist*, 54(7), 493.

HABITS:
BEHAVIORS ENACTED BY MANY



Once the priorities of a change effort have been established, defining new behaviors are vital for widespread incorporation. Despite a high level of awareness among HR professionals about the importance of behavior modification during change efforts, our research showed few had a strategic approach for how to help leaders and employees build the right habits.

The science of Habits

Many daily behaviors are driven by habits — automatic behaviors that don't require much effort and thinking. Forming habits frees up mental capacity, enabling people to initiate behaviors automatically. With repetition, a behavior becomes the default way of behaving.¹³

To put it in another way, when repeated frequently, an initially conscious and effortful new behavior gradually becomes a more natural, less effortful habit over time. Because habit formation requires attention and repetition, carrying out new behaviors consistently requires time and effort.

Thus, when introducing an organizational change effort, leaders need to make it easy for employees to adopt the new behavior. Otherwise, people will do what they have always done and what comes

easy. Because the already ingrained habit kicks in, people need to initially redirect and exert effort to do things differently.^{14,15} This is where support from peers and leaders can provide the motivation for that extra effort.

Solidifying new behaviors can be challenging as employees learn and practice new ways of doing things. Our HR experts highlighted a few of those challenges in their interviews:

- Decentralized goals across business units that lead to decoherent objectives for the change.
- Legacy behaviors often carried out repeatedly and broadly within an organization, making it difficult to replace them with new behaviors.
- A lack of accountability for behavior change among leaders.
- Change resistance among employees.

14 Lally, P., Van Jaarsveld, C. H. M., Potts, H. W. W., & Wardle, J. (2010). How are habits formed: Modelling habit formation in the real world. *European Journal of Social Psychology*, 40(6), 998-1009.

15 Smith, K. (2020, July 21). *In conversation with neuroscientist Dr. Kamila Sip: How understanding the brain helps leaders build habits at scale*. Forbes. <https://www.forbes.com/sites/khalilsmith/2020/07/21/in-conversation-with-neuroscientist-dr-kamila-sip-how-understanding-the-brain-helps-leaders-build-habits-at-scale/?sh=27b9909e327e>

13 Wood, W., & Neal, D. T. (2007). A new look at habits and the habit-goal interface. *Psychological Review*, 114(4), 843.

Our employee survey data also underscore several areas for improvement during a change initiative:

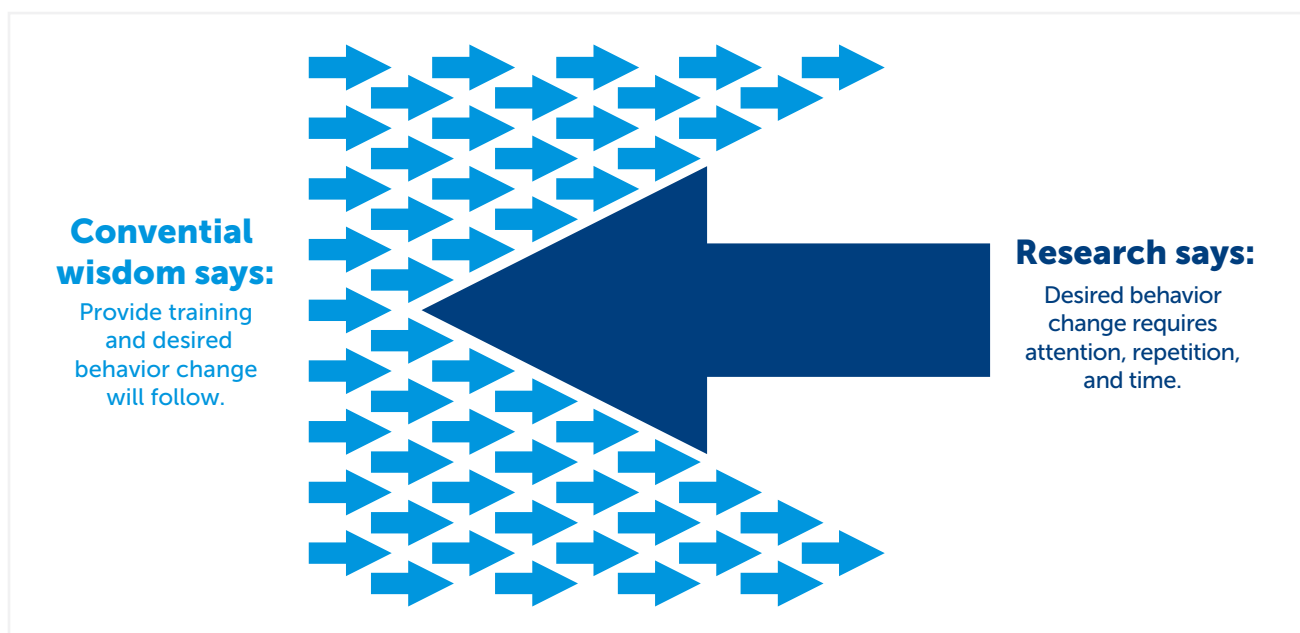
- Only 47% of employees had a clear understanding of what to do differently to support the change efforts of their organizations.
- Just 38% of employees had a plan to overcome obstacles during their organization's change initiative.
- Available training only helped 39% of employees do things differently.

"Only 39% of employees learned to do things differently due to training."

The finding that only about one-third of employees found training to be an effective way of adapting new behaviors reflects a common misconception that training alone can lead to desired behavior change in employees (Figure 5).

Research says that sustainable behavior change requires attention and repetition and takes time.

Figure 5: Conventional Wisdom Versus Research: Habits



"Executives and senior executives knew the information but didn't speak the language. ... It's more like you went to school and you came back."

- Talent professional, law enforcement agency

On average, it takes about 66 days to build a new habit, though this number varies greatly from person to person and from task to task (18 to 254 days).¹⁶ Even after employees know why they need to act differently, they need frequent reminders and encouragement while they learn and practice new behaviors.

Furthermore, in a change initiative, employees need to learn new ways of responding to similar demands instead of relying on old tried-and-true responses, which takes time and can't be taught during a one-off training session. Patience from leaders during this period is necessary to create an environment that fosters new habit development.

¹⁶ Lally, P., Van Jaarsveld, C. H. M., Potts, H. W. W., & Wardle, J. (2010). How are habits formed: Modelling habit formation in the real world. *European Journal of Social Psychology*, 40(6), 998-1009.

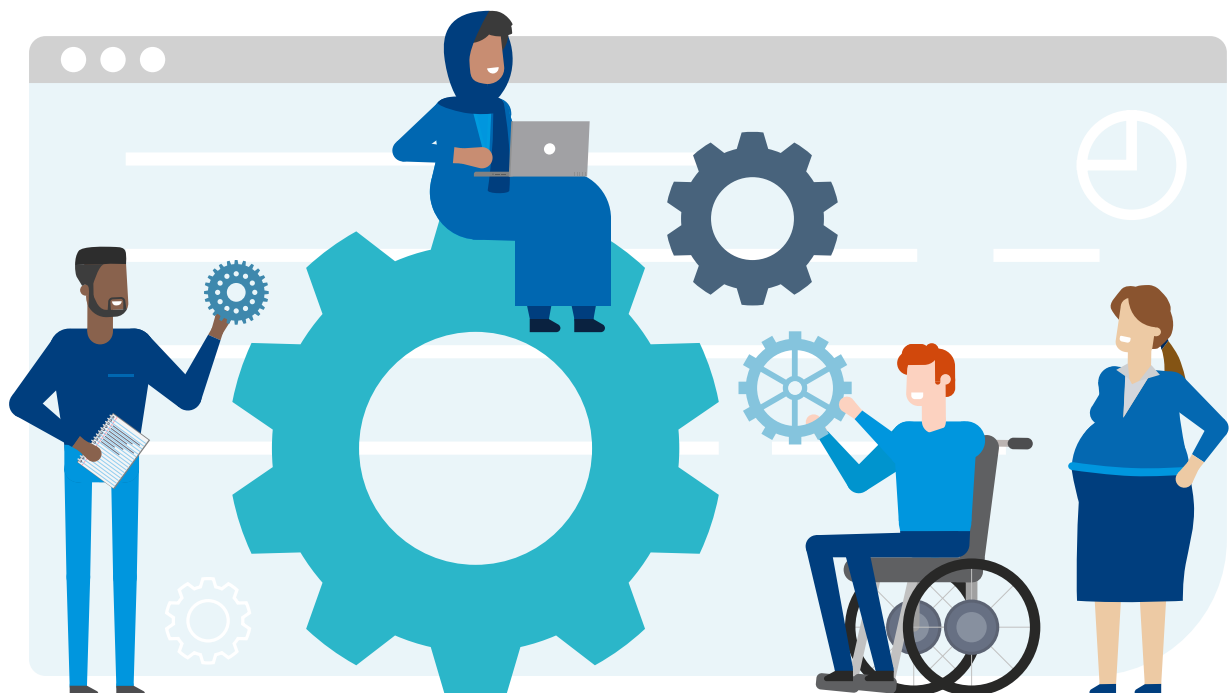
Leaders of change initiatives told us about a wide variety of approaches that help employees learn and practice new behaviors, including:

- Providing training and learning opportunities.
- Introducing new language around the change.
- Using change agents.
- Forming change project teams.
- Organizing hackathons around the change initiative.
- Communicating the importance of repetition.
- Role modeling by leaders.

NLI recommendations for Habits

Remember that refraining from doing the previous behavior and actively replacing it with the desired new one takes attention, planning, and concerted effort.

- Allow ample time to practice the new behaviors after the initial training is complete.



**SYSTEMS:
THE ENVIRONMENT IN
WHICH WORK IS DONE**



The last piece of the puzzle that allows organizations to launch effective and efficient change initiatives is to consider the importance of systems that enable workplace behaviors.

By “systems,” we refer to the set of processes, technology, and organizational cultural influences that enable work to happen.¹⁷ Systems can do one of two things: obstruct the adoption of a new habit or facilitate it. Effective systems enable new behaviors to become the easiest and most accessible option, and therefore, the norm.

The science of Systems

Systems do one of two things:
Obstruct the adoption of a
new habit or facilitate it.

Human brains are attuned to cues in our environment, which play a crucial role in choosing one action over another. The way people set up their homes and

offices will either hinder or enable them to perform new desired behaviors. For example, to eat healthier, they should eliminate cookies and chips from pantries.

Similarly, if organizations don’t consider the context — the ecosystem — in which employees work, employees are much more likely to do what is easy and facilitated by the system. For example, learning and maintaining workplace safety protocols in a factory may be challenging if the adoption of a new protocol is inconsistent throughout the system. As a result, it might be easier and faster for employees to do what they know well, and what their environment is conducive to, than to make a conscious effort to learn and practice a new behavior.

HR leaders shared their perspectives about obstacles related to integrating systems in a way that supports their change initiative, such as:

- Unclear operating models that cause conflicting demands on decision-makers and stakeholders.
- Frustrations around a lack of supporting systems, such as tools and technology.
- Organizational silos that discourage cooperation during the change process.
- Compensation structures that do not reflect the demands of the new job.

17 Rock, D., Grant, H., & Slaughter, M. (2018). *How culture change really happens* [The NLI Guide]. NeuroLeadership Institute. <https://hub.neuroleadership.com/culture-change-neuroleadership-guide>

Our survey data on employees also reflect some of the challenges mentioned above. However, our survey reflects an unfavorable picture in which only:





Systems aren't always aligned:

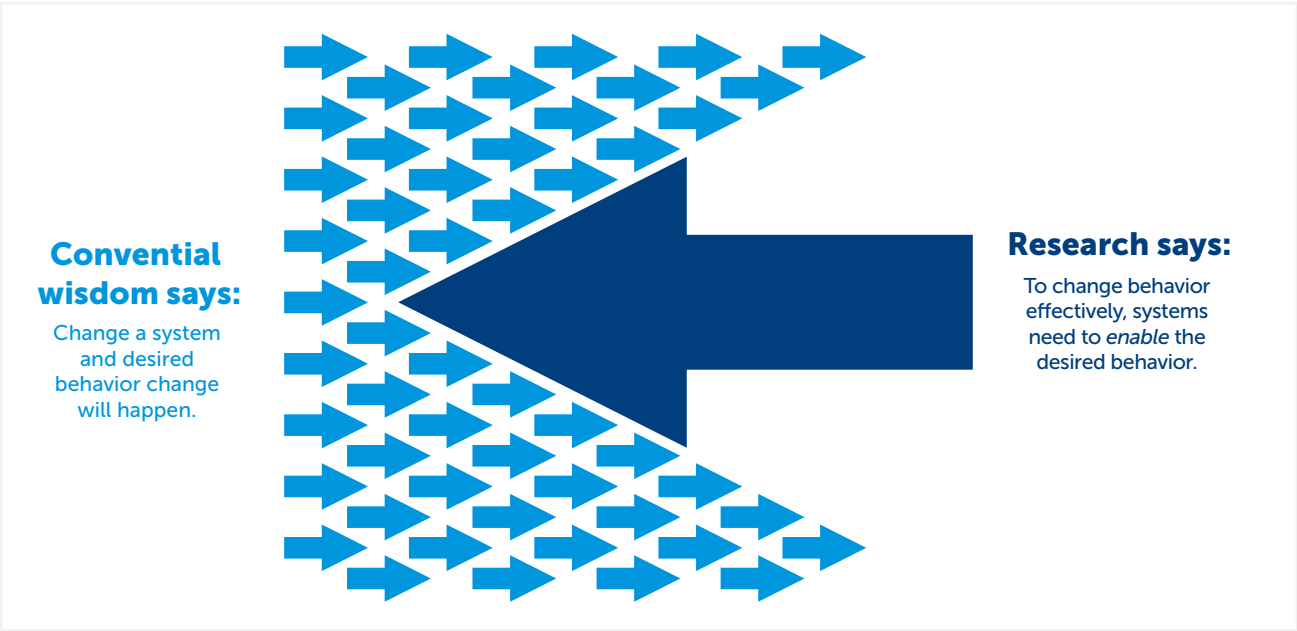
Only **47%** of participants said new work processes enabled them to be more effective during a change effort.

"We were asking for all of these one-off upgrades to software, or other types of technology changes, but we weren't really treating it as an enterprise change initiative."

- Talent professional, advanced technology company

One common belief among leaders of change efforts is that the desired behavior change will happen automatically once a system changes. For example, an organization that set the goal of introducing a new performance management process may buy and implement a new technology for tracking regular check-in conversations between managers and their team members. But implementation of new technology alone is unlikely to support the change initiative. (Figure 6)

Figure 6: Conventional Wisdom Versus Research: Systems



What's more, change initiatives become decoherent when workplace systems fail to enable and foster desired behavior. This prevents behavior change and derails change initiatives. For example, while a new technology system may result in some behavior change (e.g., tracking the occurrence of regular check-ins), without having a system that encourages employees to candidly speak up about their concerns and issues at work, the organization's goal of a continuous performance process may not be achieved.

When employees struggle to mentally connect Priorities, Habits, and Systems, it can be cognitively taxing, preventing them from consistently engaging in the desired behavior. Questions like "What am I supposed to do now?" and "How can I support the change initiatives when I don't have the necessary tools or training?" are signs of decoherence and can interfere with behavior change.

Our interviews with the HR leaders who led change initiatives in their respective organizations said they often group systems into four general categories:¹⁸

Technology. The organization's IT infrastructure (hardware and software), including applicant tracking systems (ATSs), learning management systems, websites, meeting platforms, and performance management systems.

Organizational design components. Decisions regarding organizational structures, governance models, work processes, rules, and policies.

HR and talent systems. Talent management systems in the employee life cycle, such as talent acquisition, performance management, benefits and rewards, wellness, community outreach, and HR partnerships.

Learning and development. Training, tools, information systems, leadership models, and talent profiles.

NLI recommendations for Systems

In our research, we explored how some organizations measure progress toward, or the success of, their respective change efforts. Our interviews revealed that organizations typically measure:

- Specific metrics (e.g., demographic composition of the workforce, number of candidates hired, resources allocated to production and marketing).
- Employee engagement survey data to gauge employees' experience of the change impact.
- Human capital data (e.g., attrition, turnover and retention rates, and qualitative feedback by employees who are going through the change).
- Overall business results (the ultimate change success metric, including revenues and profits).
- Remember that coherence between the goal, the desired behaviors, and the work environment is key for behavior change.
- Make sure to regularly assess and adapt relevant systems that shape the environment in which the desired, lasting behavior should occur.

¹⁸ This is not, by any means, an exhaustive list but represents the types of systems that can be relevant components in the way they enable or obstruct behavior change during change efforts.

For many organizations, the past few years have required significant transformation, but many change initiatives have failed, in part because of a lack of understanding about the importance of behavior change strategies in organizational change efforts. Reliance on misguided conventional wisdom, instead of a research-based approach, often works against effective implementation of the desired change initiatives.

Our change framework, Priorities, Habits, and Systems, offers a science-based way to enable lasting behavior change. The three components complement one another and build off of each other to better facilitate an efficient and effective adoption of new behaviors. In turn, new behaviors — optimized for the surrounding environment — can be instilled more efficiently and more visibly across the workforce. Finally, when systems enable leaders and employees to execute new shared habits consistently and without unnecessary friction, the change initiative is much more likely to be successful and sustainable.



ABOUT US

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