

Change takes time, buy-in at every level

'You can never communicate enough'

With 80-year history, White Castle tweaks vision for success

By Mara Dresner

When it comes to employees resisting change, one might expect grumbling or attitude or even a refusal to give a new policy a try. One wouldn't necessarily expect dead birds. But that's exactly what caused a bank to hire business advisor and author Patti Hathaway to guide them through a period of change.

"They were getting really bad results with an employee opinion survey. People refused to fill it out. There were waterfalls outside, and swans. When people came in one morning, someone had killed a swan with an arrow. And bank people are pretty professional," notes Hathaway. "That's when they said, 'maybe there's a little more to this than we thought.'"

Hathaway says that two things cause internal resistance: fear of the unknown and lack of information, which causes the fear.

In addition to making the workplace a miserable place to be, employee resistance can have serious consequences. Hathaway cites that only one-quarter of change initiatives succeed. Only 23 percent of companies recover their costs on mergers. That means that a little resistance can go a long way in hurting a company's growth potential.

"Employees don't realize the personal impact that change causes when they're angry or frustrated. They think they're only hurting the company, but actually they're hurting themselves as well. The company may go up in flames, but they'll probably lose their jobs," explains Hathaway.

The key to ensuring successful change is communication. "Leaders give out too little information or they protect information, and employees feel left in the dark," she says. "Leaders typically know a lot more about what's going to happen way ahead of employees. They forget that employees haven't gone through it yet. They've made changes, leaving a lot of people decimated in their paths. [The company] loses productivity and time. Often, the best employees will get out, the ones you don't want to leave."

"The most important thing is that you cannot communicate too much when you're going through change," she adds, suggesting that you communicate in a variety of ways, such as meetings and e-mail. She cautions against using just one form of communication, as different people relate better to one style or another. Also, just because you're sending e-mails doesn't mean that everyone reads them or understands them in the way you intended. When you hold face-to-face meetings, be sure you leave enough time for questions. Remember that just because something is clear to you doesn't mean that the same is true for your staff.

"If you do face-to-face meetings and your employees can't ask questions, that's when the rumors begin. The mistake is [leaders] don't allow people to question why the change is occurring and what they think problems could be with that change," says Hathaway. "Allow people to brainstorm what the obstacles are and what the successful solutions are. Make employees part of the solution, part of the change."

Most importantly, employees must feel that they are being told the truth about the changes, even when there's bad news.

"You must address the concerns, the most important things; there will be layoffs, and here's what's going to happen. When trust breaks down between the manager and employees is when there are dismal results with changes. Employees can literally make change fail," Hathaway notes. "Successful managers address rumors as they occur. Don't address them in a way that sounds politically correct. Just tell them the truth as it really is. Otherwise, people feel like they're being lied to."



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John Kelley - White Castle

Managers should know that there will be discussion about any change. Hathaway suggests that employees "whine with purpose." She suggests that rather than going out with friends at lunch and complaining about the proposed changes, employees talk to managers about their concerns and proposed solutions.

"I do believe sometimes employees or managers will bring up really good insights from a customer perspective or internally how a new system probably won't work. We want everybody to be a cheerleader, but you need people to think through intricate details and come up with good reasons not to make a change or to adjust a change."

"If you're trying to undermine [the change], that's a problem. If you whine with purpose, you can save a company from making huge errors," she adds. "I think resistance serves a purpose and needs a venue. Employees need to do it in a way that is constructive, not destructive."

At White Castle, there have been numerous recent changes throughout the company. A family business since the 1920s, White Castle is currently run by third- and fourth-generation family members. Best known for its steam-grilled hamburgers, the company is recognized as the original quick-service hamburger restaurant chain. With almost 400 stores, White Castle also has a frozen-food division, and a metal-fabrication and powder-coating division.

Two years ago, the family met to discuss the company's direction.

"We decided to come up with a family vision for the company itself. With

a company that old, the culture is pretty hierachal in its thinking, and not as customer-focused and driven," explains assistant vice president and fourth-generation family member John Kelley. "We've been trying to shift the culture from hierarchy to servicing the customer. Everything we do is centered around the customer, but we want to be more customer-centered than we had been. Our vision quest is excellence and standard-setting leadership."

One of the biggest areas in which the company changed is in its field operations. While all of the restaurants are company-owned, Kelley notes, "each city could operate independently. Through this vision, we work together as a team more. So that customers would feel that when they go to New York and get a hamburger, and when they go to Chicago and get a hamburger," it would be the same quality.

To help achieve this goal, White Castle University was instituted.

"It used to be that the area manager, who handled several states or large cities, would hire and train everybody," notes Patti Hathaway, who has been working with White Castle. "White Castle has a unique culture. Many people started when they were 16 and have worked there their entire lives. They'll work there literally for 60 years; it's a very inbred system. So when something like this happens, the question arises, 'Are you saying we're wrong, that there's something wrong with us?' [Some of the] area and regional managers were wondering, 'If it ain't broke, why change it?' They ran things kind of autonomously."

White Castle University is a week-long program for general managers, both new and experienced. There is at least one general manager in each location. The university "centers around the difference between management and leadership. We're making sure that we're developing leaders at every level of the organization," says Kelley.

"This came about because we're trying to improve communication between our regions. Ninety-nine percent of our general managers are promoted from within. The vast majority were team members, then shift managers, then assistant general managers, then general managers. We know there's a lot of experience out there," he explains. "This is a very, very important job for us. The general managers are the face of our company to our team members and to all of our customers. This is a very pivotal role. We want to develop them as leaders and talk about ways to get better at representing the company."

While the program has been successful, Kelley says that White Castle worked for almost a year "just selling the process." Training had previously consisted of a couple of hours. "It was kind of unheard of to pull a general manager of a \$1.3 million restaurant and ask [him or her] to come in here and sit in a conference room for a week. They used to get three hours and be right back in there with the customers and the day-to-day issues. This is different. We remove them from that environment to let them focus solely on what we talk about," he notes.

White Castle's senior leadership spent a significant amount of time developing the program. They asked district supervisors (who generally oversee four restaurants) what kinds of topics they'd like to see. The district supervisors helped the company sell the idea at the regional level, allowing them to select who gets to attend. White Castle is still working on ways to quantify the difference the program makes, looking at both customer satisfaction and employee-loyalty scores.

While reaction from those attending the program has been positive, Kelley admits people were skeptical at first. "We have 11 regions, and when we first started talking about it, half said, 'We'll see how it goes. We'll believe

it when we see it.' Half of the people said people will return inspired, and one guy was on the fence. I had to do a lot of personal selling. I used every bit of influence to try to sell this and get them to trust us at least once. Then we had to make sure it was great," he says. "From the first session, there was tremendous support."

All the regional managers came on board except for one, who decided to retire. "That helped us," notes Kelley. "He personally had the philosophy that you were either born with leadership ability or you weren't, and that it was a waste of time to teach somebody leadership. Since he retired, we got lucky there."

To supplement the personal efforts, White Castle designed an internal marketing campaign to help promote the university, including a brochure and letter explaining the program and its value.

Hathaway praised the company for the way in which they've been handling the changes. "What they did right was address the concerns of people and explain the 'why' better than a lot of clients. They addressed it quickly and did it systematically at all levels of leadership," she says. "It's all about relationship building."

Kelley says that one of things he needed to keep in mind was that "as a family, ... we had been working on it for over two years. We believed in it. We had shared it with senior management two years ago, and they believed in it. You have to remember to give it time, to give people the opportunity to understand for themselves that whatever change they're going through is going to benefit them."

"If I were to do anything differently, the easy one is that the initial timeline was set kind of tight. We didn't plan for unforeseen events. We're about five or six months behind where we wanted to be, but it's OK."

The company continues to talk about its vision with its 12,000-plus employees, making ongoing changes, such as in the way budgets are done.

As White Castle moves into the next generation, Hathaway has some words of advice. "You can never communicate enough and you can't be honest enough. That's what endears you to people and engenders trust. If they trust you, it makes it so much easier." ■



Patti Hathaway's Five Rules for Conquering Internal Resistance

1. Hold regular staff meetings and face-to-face meetings.
2. Recognize that change resistance will always reflect the leader's resistance.
3. Be fluid while staying the course.
There's no clear-cut way when implementing change.
4. Hire people who are very flexible.
5. Praise people who are on board and making progress.
Find reasons to celebrate small steps in the change process.