Change Management Consolidation: Why The Carrot and Stick Approach Does Not Work

The end of a change management initiative is one of the most dangerous times for the project. First of all it is not easy to determine when the project is actually over (for example there may be minor activities that have to be tied up after the official end date, an overlap with another project that makes the "end" line blurry). Usually "project over" is signalled by the decision to dismantle the change management team. Once the project is officially terminated the change sponsor and change manager will start focusing their attention elsewhere: the risk of the old behaviour creeping back is very high.

One of the most common methods to make change stick is reverting to performance management. However, my +15 years’ experience dealing with change management shows that far too often performance management is a misused tool. Many managers think that it is the equivalent of the carrot and stick approach: you behave like X and you get a pat on the shoulder, you do not behave as expected and you get out of the door. This is a very dangerous and dated way of implementing performance management.

In this position paper I will talk about how to implement performance management correctly in order to make change stick and what are the real motivators behind people’s behaviours.

Why do managers recur to the carrot and stick approach?

The carrot and stick approach is a very straightforward method: do as you are told and everything will be OK. Deviate from the order and you will be in serious trouble. It finds its roots in the Pavlovian reward and punishment system.

This system is fundamentally flawed: forcing people to adopt a behaviour that they do not agree with is based on a fear system and not a motivation system. On the surface it looks like it is working: the employees are instructed to adopt a different behaviour from a certain point in time. They follow this order based on the fear that if this command is not complied with the stick will be used against them. But is the individual really motivated to adopt such behaviour, even if s/he does not believe in it? The answer is no. And that is the main flow of the carrot and stick approach.

In the “old paradigm” companies were very hierarchical and followed a structure that was mirroring the one adopted in the army. The most senior person was always “right” and the more junior people had to obey. Communication and “personal thinking” were not encouraged and were in fact punished. “I am the boss and you do as you are told. If you don’t you will face consequences”. The reason why the carrot and stick approach was (and still is) very popular is because it is very easy to apply, does not require any particular skills to be mastered and make the person who enforces it “feel big”.

There are several problems linked to the carrot and stick approach. The stick has to be visible and has to be applied consistently (if a threat is not followed by action the employee will believe that the person who gave the order is just waffling).
The main problem with this approach is that it is not effective: why? Because it does not motivate the individual to adopt a different behaviour. I act as I am told just because if I don’t I will not get a bonus, I will not get a promotion, I will not get the corner office and so on. I act as I am told because I am fearful of the consequences of deviating from the command.

But what happens if the stick is not big enough to make me comply with a behaviour that I do not agree with? The carrot and stick approach will simply not work!

**What You Need to Know**

The key in making change management stick is motivation and not the carrot and stick approach.

The problem is that motivation requires competent managers that are capable of galvanising their workforce and driving their behaviour, and not making someone behaving in a certain way because of threats. Most managers are promoted in their positions mainly because of their technical skills and not necessarily because they posses people skills. The difference between motivation and the carrot and stick approach is that the first appeals to the individuals’ self interest and the second is based on fear.

Only if the employee is self motivated to adopt a specific behaviour and deterred from adopting the old one change will stick. Let’s make an example: the aim of the change management initiative is to improve the customer service. The number of complaints for poor and sloppy service have increased exponentially, the staff is rude to the clients and the company is losing market share as a consequence of these issues.

Manager A - an individual who has very little people skills and is of the idea that his testosterone fuelled arrogance is the answer - threatens the employees by stating “You have to answer the damn calls within 3 rings and kiss the customers’ feet otherwise I will come down on you like a ton of bricks”. This approach will get very little results. The morale will very likely decrease, an atmosphere of fear will be instilled in the team and most of them will leave the company.

On the other hand, the correct approach is the one of Manager B, who calls upon the team self-motivation. The key is to align the company’s goals with the individual self-interest. Of course this does not mean that the company will not have to take disciplinary action if an employee voluntarily sabotages the change management initiative. But the use of “force” will be the last resort.

**What You Need to Do**

I can see some of the readers rolling their eyes: “This is all mumbo jumbo soft stuff, I have a business to run”. Well, the new generation of consumers will not settle for less than perfection. Running a business based on the carrot and stick approach will not take you that far. Competition is fierce and employees can easily jump ship and go to work for a competitor that offers what you can’t.

In order to make change stick I urge managers to align performance management (therefore the appraisal and reward system) to the goals of the company and to add a fundamental element: consider the individual self-interest and how to appeal to it to make that employee adopt the desired behaviour.

How do you do that? Business goals are part of the company strategy. But in order to gather information on an individual's self-interest you will have to:
1. Ask the individual. Try to understand what makes the person tick. Communication between managers and their direct reports is key.

2. Watch your employees in action: what do they like doing? Some of them may be attracted by being at the centre of the stage and making presentations, others by continuous learning. Imposing a behaviour that requires making a presentation in public to an employee who is reserved and shows reluctance to engage in social gatherings is counterproductive. Start with baby steps that will direct this employee in the direction you want them to go. There are some limits though! If the employee is in a sales role and does not show any attitude to social interaction you may consider moving the employee into another role or to release him/her from the company due to his/her unsuitability. By the way, this employee should not have been hired in that position in the first place!

3. Isolate the factors that facilitated the successes of the individual in the past: what is the environment that makes this person shine? What hinders this individual performance?

As we can see this method is much more complex than the simplistic carrot and stick approach. The ability to really and truly manage people is what sets successful companies from lousy ones. It starts with the quality of its employees and with their ability to manage and not to bark. After all, “dogs that bark do not bite”.

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