WE HAVE AN ANNOUNCEMENT:
COMMUNICATING ORGANIZATIONAL CHANGE IN THE NONPROFIT SECTOR

By

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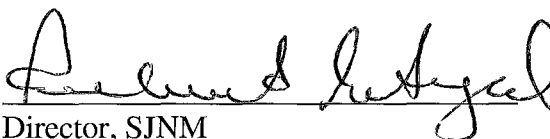LOS ANGELES SCHOOL

SCHOOL OF JEWISH NONPROFIT MANAGEMENT

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Abstract

Change in any organization requires a great deal of planning and strategy in order to be successful. Unfortunately many nonprofit organizations are struggling to effectively communicate these changes to their employees. This poor communication has lead to ineffective, and sometimes damaging, change. This paper addresses what nonprofit organizations are currently doing to communicate change with their employees, how effective their current efforts are, and how these nonprofits can be more successful at communicating change effectively and efficiently. Data was collected from three Jewish nonprofits in the United States that have recently gone through large, organization-wide changes. Two methods were used; interviews and surveys. Through interviews with top management in each organization, data about commutation planning and message creation was collected. Through surveys of each organization's employee base, data about reception of the messages and perception of the change was collected. The end result of this study is a set of best practices for communicating change with nonprofit employees.

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We Have an Announcement:

Communicating Organizational Change in the Nonprofit Sector

The nonprofit sector in the United States fills service gaps left by for profit businesses and government agencies. Nonprofits serve religious, cultural, educational, and even basic survival needs of those in their community. Currently, there are approximately 1.6 million registered nonprofit organizations in the U.S., ranging from universities to community centers, hospitals to museums (National Center, 2009). It is vital that these organizations continue to operate in an effective and efficient manner in order to continue providing services to their constituents. In recent years, many nonprofits have been forced to make significant changes to their organizations. Unfortunately, these changes are not always communicated to the staff in the most effective manner. This lack of effective communication can lead to bigger issues inside the organization that effect the way they render services, interact with clients and provide programs.

Over the last several years, the nonprofit sector has been faced with the difficulties of a struggling United States economy (LaBier, 2011). In 2010, the largest charities in the U.S. have witnessed a steep decline in donations, bringing totals down by 11 percent (Burton & Hill, 2010). The median amount raised by charities on the Philanthropy 400, a list of the top 400 charities researched and published by the Chronicle of Philanthropy, declined again to $98.8-million, down from $105-million in 2008 (Burton & Hill, 2010). Fundraising departments are not

meeting their goals. Donors hit by the downturn in the economy are decreasing their annual gifts and are not looking to expand their philanthropic portfolio in the way they have been for much of the previous decade.

The economic crisis has led to retail stores being more cautious when ordering inventory, causing them to have less to give to food banks. In 2007, 10% of Alaska's rural food banks were forced to close due to decreases in donations and government funding (Zezima, 2007). In 2009, an unusually high number of nonprofit organizations, including social service and cultural institutions, have been forced to file for bankruptcy due to the decline in donations and the rise in cost of operation (Strom, 2009). Colleges, universities, and private schools, also have been hit by sharp declines in their assets.

The decrease in funds has made it more difficult for these organizations to continue to perform the services needed in their communities. Much of the nonprofit sector has been forced to reassess the way they run in order to continue providing services while donations are down (Zezima, 2007). For every nonprofit organization, this reassessment means minor changes in spending and staff duties. Department heads are being asked to cut anything they can from their budget such as one month of mail solicitations, fewer extravagant events, and less emphasis on traditional marketing tactics. Unfortunately, these budget cuts can also mean cutting some of the "non essential" staff. The employees that remain have to add the responsibilities left by those who have left to their already heavy load. For many mid-size and large nonprofit organizations,

these difficult, but small, decisions are relatively easy to absorb (C. Slavin, personal

communication, March 17, 2011).

However, for some organizations this belt tightening means major shifts in the way the

nonprofit operates. These nonprofits are bringing in new upper level management, changing the

operating structure, or even merging together to stay open (Strom, 2009 and C. Slavin, personal

communication, March 17, 2011). Such changes affect everyone in the organization from upper

management to janitorial staff. This kind of organizational change requires a great deal of

planning to implement (Kotter, 1995). In order for the change to be accepted and adopted by the

staff, strategy is crucial.

To be successful, this change in strategy must rely on extensive communication channels

to explain to the staff exactly what is happening. Unfortunately, as these organizations make

changes to meet their new goals, many are struggling to effectively communicate these changes

to their employees (Fax, 2011). This poor communication has lead to ineffective, and sometimes

damaging, change.

A recent article in a national news journal spotlighted this exact problem in a very large

nonprofit. The author looked at how the new CEO was helping this organization deal with the

decline in donor gifts. In his first year, this CEO had made sweeping changes across the entire

organization, but the article points out that this CEO "has been dogged by a puzzling disconnect

between his intentions and how his words and actions are received by others" (Fax, 2011, p. 1).

The employees in this organization could not understand where their leader was trying to take them. Unfortunately, this led to many internal issues that have now been exposed by this article and word of mouth in the community. What was once the central organization of its community has now lost the pride and respect of many (L. Friedman, personal communication, September 5, 2011).

The article continues to dissect the enormous strain the new CEO's lack of clear communication has put on the staff. Long-time staff have been let go and the demands on the remaining employees have escalated with no apparent reason. The way the organization operates has been re-imagined with little notice to those who benefit from the services (Fax, 2011). Fax's article is just one example of the ways unclear, unspecific change communication can deeply damage a nonprofit organization. Many organizations are struggling to express what is going on in the office of upper management to the remaining staff.

The current research seeks to find best practices for the communication of organization-wide changes to their employees. In order to reach that end, this researcher will address the following research questions: (1) how is communicating change in nonprofit organizations different from communicating change in for-profit businesses, (2) what are nonprofit organizations currently doing to communicate change with their employees, (3) how effective are their current efforts, and (4) how can these nonprofits be more successful at communicating change effectively and efficiently. Data will be collected from three Jewish nonprofits in the

United States that have recently gone through large, organization-wide changes. The creation of

messages about the planned change, the reception of the messages and the impact of the

messages will provide data necessary for answering the research questions stated above.

Specific guidelines on how best to communicate with nonprofit staff about the changes being

made within their organization will help nonprofit leaders more successfully implement their

vision. The goal of this list of guidelines is to help the upper management of nonprofits keep

employee morale up, ensure organizational loyalty, and increase the likelihood that the changes

will be adopted and implemented by each member of the staff.

Literature Review

When nonprofit managers struggle with communicating their vision for the future to their employees, the work of the organization suffers. Many articles have been written about organizational change: strategies for organizing change, ways to manage the change and how to communicate that change to others. However, most of these articles cover change in the for-profit business world and there are distinct differences in the way a nonprofit is run versus a for-profit business. There are few articles written about organizational change in the nonprofit world.

Communicating in Nonprofit Organizations

Faced with all of the problems nonprofits are up against today, why do employees continue to choose to work in nonprofit organizations? For about a third of them, it is because they feel connected to their organization's mission statement (Ware, 2008). The mission of a nonprofit is central to everything that organization does on a daily basis, "It is the vehicle for the empowerment of your staff to focused action" (Vogt, 1994, p. 29). This means that without a strong statement of values, vision and purpose, the employees of a nonprofit organization are left to interpret the goals of the organization for themselves and will end up with different ideas about how best to achieve those goals. This makes for a disjointed and inconsistent message that makes it difficult for the community to connect to the organization.

The mission statement of an organization should be used to communicate with every group that interacts with the organization, both internally and externally (Vogt, 1994). This can only take place when each member of the team knows what is stated in their organization's mission and can be clear and consistent in using it. The mission of a nonprofit should be felt in every aspect of the organization's operations. It is not just the words of the mission that are important, it is the way the words are interpreted and acted on, from the way fundraisers ask donors for money, to the way the receptionist answers the phone, to the way members and client receive their services (Linnell, Radosevich & Spack, 2002). The mission plays a big part in the internal communication of an organization.

For nonprofit organizations, internal communication is just as vital to their operation as their external communication. This is especially true when it comes to communication between managers and their staff. The way managers communicate with their employees can significantly impact how the organization serves its community. Several surveys done in 2004 showed that nonprofit employees were the happiest with their work and felt that their managers were giving them opportunities to maximize their strengths (Anonymous, 2004). However, these same staff members identified themselves as having high burnout rates, high levels of stress and inadequate organizational training (Anonymous, 2004). Nonprofit managers must make an effort to prevent their organization's staff from become part of 24% turnover rate that has become the average among nonprofits in the U.S. (National Center, 2009).

Keefe (2007) discusses the importance of having employees in the nonprofit sector communicate with their managers. Keefe states that many employees never bring up their concerns or needs with their manger because they are afraid of being seen as unable to do their job. This lack of upward communication makes it very challenging for the leaders to know whether or not they are being effective within their organization. In order to encourage employees to speak up, Keefe suggests telling employees why their voices need to be heard and that they should not be afraid to keep communication lines open (Keefe, 2007). This can have a big impact on the way the organization operates day-to-day and can help set the stage for communicating in times of change.

Communicating Change

Change is hard for most people. They do not like having to change their routine and they do not like feeling like they are being changed. This is why communication of organizational change to nonprofit staff is crucial and deserves a great deal of attention when creating and implementing a strategy for change. This is especially important if those changes are wide-spread and affect the majority of the staff. The change process can involve several phases and can require a considerable amount of time (Kotter, 1995). However, a well-planned change that is designed to improve an organization can often leave it in a more precarious situation than before the change because of failed communication (Saunders, 1999).

Creating and communicating a solid vision for change is vital to adoption by the employee base. Creating a strong case for change must be an integral part of the change strategy in order for that change to be long lasting (Kotter, 1995). Telling that story requires understandable and reliable communication to be made a priority by those in charge (Lewis, Schmisseur, Stephens & Weir, 2006). Organizations should not rely on a one time, grand announcement of the plan to make the staff follow the change; communication throughout the entire change process is imperative to success (Saunders, 1999).

It is nearly impossible to create one single message that will effectively explain an organizational change to employees of all levels (Lundquist, 2002). Communications should be specific about how the changes the organization is implementing will affect each group of employees (Saunders, 1999). Saunders suggests that communication with employees about an organizational change should do several things: (1) communications should tell the employees why the change is happening, (2) those creating the change should never leave employees in the dark, and (3) the messages from upper management need to be forthright from the beginning. This will help put a stop to speculative gossip before it even starts. Change leaders must also continue to repeat the message throughout the entire change process to assure that all of the employees understand. Additionally, management should not be afraid to go beyond meetings and emails (Saunders, 1999).

Change initiatives often fail because the change manager applies a sort of "one size fits all" approach to their strategies. Different organizations and different change situations require different strategic elements (Kotter & Schlesinger, 2008). A well-thought-out change that is meant to strengthen an organization can often leave it weaker because of a failed change communication strategy (Saunders, 1999). There needs to be a balance between the amount of information and the modes of communication when implementing an organizational change (Elving & Hansma, 2008).

Supervisors should take a lead role in planning the change strategy and in communicating the changes to the employees that report to them (Saunders, 1999). Everyone in an organization with other employees under them has to be a change manager at one time or another. Managers need to support and make possible the changes for the employees that report to them (Lewis, Schmisseur, Stephens & Weir, 2006). The credibility of the message source plays a large part in how that message will be received (Gillis, 2004). Upper management has a great deal of influence on the employees when they, as managers, support the change. This influence is crucial for getting employees to have non-negative feelings (Elving & Hansma, 2008). Managers must also model the change themselves; otherwise employees will feel as though there is no reason for them to comply with the demands of the change (Saunders, 1999). The use of direct managers is central to getting employees to participate in making the organizational changes successful (Elving & Hansma, 2008). For this reason, all levels of management, from

change leaders to direct supervisors, must remain visible throughout the entire change process

(Lundquist, 2002).

For these managers, part of staying visible during the change process is in an effort to

reduce employees' fears (Lundquist, 2002). One way to do this is for leaders to show the staff

some of the real progress made possible by the change as it is happening. This will help

employees to better understand why the changes have occurred and show them why it is

important for them to comply with the newly established rules (Saunders, 1999). Upper

management can also support the changes by adding new development opportunities for

employees that will help them adapt to the new way things are done in the organization

(Saunders, 1999). The organization's managers must help everyone else in the organization to

act on the new vision in order to affect change in the organization (Kotter, 1995).

Resistance to organizational change increases when employees feel that management is

not giving them a way to be heard (Lundquist, 2002). Change leaders should get input from

those who have the highest stake in the outcome of the changes in order to decrease the

likelihood of backlash from the employee base (Lewis, Schmisseur, Stephens & Weir, 2006).

Staff resistance can also come from a lack of adequate information about the changes

occurring in their organization (Saunders, 1999). When employees do not receive all of the

information they need, they tend to turn to other potentially misinformed employees to fill in the

gaps. This creates the unhealthy rumor mill organizations dread (Saunders, 1999). Because

times of change are filled with a great deal of uncertainty, information becomes more necessary

for employees. Those managing the change should try to use these informal channels of

communication in the organization to their benefit (Lewis, Schmisseur, Stephens & Weir, 2006).

Managers can find ways for employees to start conversations about the change by creating a free

flow of information and also provide a space for discussion (Lundquist, 2002). This will put the

managers ahead of any office gossip that could cause resistance to the change.

These opportunities for employees to discuss the changes with each other have another

benefit, the change leaders can hear what the employees are saying. Managers have to make sure

that the communication of the change is moving two ways. Dialogue can prove advantageous

for both the employees and the employer (Saunders, 1999). Both, the information about the

changes that are going on as well as the current communication climate of the organization have

a significant impact on how effect the change will actually be (Elving, 2004). Change managers

have to take an extremely close look at the organization's culture in order to find the best way to

work within it. This attention to the existing culture will help leaders minimize resistance to the

changes (Lewis, Schmisseur, Stephens & Weir, 2006).

Organizational Culture

Organizational culture plays a large role in how employees react to change. First, some

background on organizational culture. According to Schein (1990), culture can be defined as:

(a) A pattern of basic assumptions, (b) invented discovered, or developed by a given

group, (c) as it learns to cope with its problems of external adaptation and internal

integration, (d) that has worked well enough to be considered valid and, therefore (e) is to

be taught to new members as the correct way to perceive, think and feel in relation to

those problems. (p.111)

This means that an organization needs constancy and a shared history between the employees in

order to form a strong culture. Organizations that have a long history or have been through

especially important experiences tend to have a more solidified culture than start-up

organizations or those organizations with a great deal of turnover (Schein, 1990).

Because much of the culture of an organization is based in the personal thoughts and

feelings of its employees, it is more difficult to identify exactly where the culture is coming from

and how it is being acted on (Buch & Wetzel, 2001). This can make analyzing and changing the

organizational culture extremely difficult. Managers must rely on what they hear and see around

the office to identify each unique component of their organization's culture (Buch & Wetzel,

2001). Managers can look at the dress code, employee newsletters, and the arrangement of

offices. They listen to the way employees justify certain behaviors, decisions, or goals. The way

employees speak when in the office is also a good way for managers to assess the culture. The

way employees answer the phone, use jargon and even non-verbal cues can give great insight

into the organizational culture (Buch &Wetzel, 2001; Schein, 1990). However, it is important to

remember that individual actions are not the only component of organizational culture. The way

individual actions influence each other and inform others' decisions is an equally important

component for managers to look at when assessing the culture of their organization (Hallett,

2003).

The culture of an organization does not always allow for management to enact the change

strategy they have created. These managers may want to change the culture in an effort to make

the organization run more smoothly and incorporate the changes more easily. However, because

organizational culture is a complex system, most changes take several years to truly be adopted

by those within the culture (Hallett, 2003). In these situations, managers can work to make small

adjustments to the culture in an effort to make it align better with other aspects of the

organizations (Buch & Wetzel, 2001).

For nonprofit organizations, this alignment could include similar language used in

orientation session and handbooks for new staff members and new board members, or having the

mission, vision and values of the organization posted in an easy to access location. These

adjustments will help create an "organizational literacy" among all of the employees (Linnell,

Radosevich & Spack, 2002, p. 100). These minor changes to the culture and building a stronger

organizational literacy can have the added benefit of building trust and loyalty to the

organization, which will further aid in implementing organizational change (Buch &Wetzel,

2001).

Sensemaking Theory

The way change messages are formed also aids in effectively implementing change in an organization. When creating messages to work most effectively, it is important for managers to make sure their staff will be able to internalize and make sense of them. Karl Weick formed one of the original organizational communication perspectives on the theory of Sensemaking. His work looked at, literally, how people make sense of information. Craig-Lees summarized Weick's theory:

> Sensemaking is about such things as placement of items into frameworks, comprehending, redressing surprise, construction meaning, interacting in pursuit of mutual understand and pattering. It is not synonymous with interpretation or decision making. It is not interpretation as it encompasses more than how cues, information is interpreted, but is concerned with how the cues were internalized in the first instance and how individuals decide to focus on specific cues (Craig-Lees, 2001, p. 514)

Craig-Lees further summarizes that, in general, people utilize past situations that they have already analyzed and internalized as true to make sense of new situations (Craig-Lees, 2001). This can be useful when forming messages of change for employees. Sensemaking theory suggests that these messages should call upon past occurrences to explain the new change because something can only be understood if the person has experienced it (Craig-Lees, 2001). By placing the organizational change into a context that the employees has previous experience

with, it will be easier for that employee to understand the changes occurring in their

organization.

In summary, the existing literature about communicating change is focused on the for-

profit world far more than the nonprofit world. Much of the literature gives suggestions for

planning change communication and formulating messages that have been tested in the for-profit

sector. To fill this gap in the literature, the present research will focus solely on how change

communication can be most effective in the nonprofit world.

Methods

For the present study, data was collected using two different methods: interviews and surveys. The combination of these two methods helped to answer the study's research questions: how communicating change in nonprofit organizations is different from communicating change in for-profit businesses, what nonprofit organizations are currently doing to communication change with their employees, how effective their current efforts are, and how these nonprofits could be more successful at communicating change effectively and efficiently.

Participants

To answer these questions, the study looked at three nonprofit organizations in the United States that have recently gone through a significant, organization-wide change. An upper management employee responsible for communicating the changes in their respective nonprofits was interviewed while the general employees of varying levels were surveyed from each of the three nonprofit organizations.

The three organizations where chosen on the basis of their change. All of the organizations had a larger, organization-wide change that affected all staff members. The organizations are of varying size and have been in existence for a varying number of years. The organizations were also selected based on access to the organization granted to the researcher.

Organization A (Org A) is a large, national nonprofit organization will several regional locations. They have existed for well over 100 years. The focus of this organization is on

education. There are approximately 400 employees currently working at Org A. Person A was interviewed from Org A as they were part of the team that created communications that were sent to the rest of the staff.

Organization B (Org B) is a medium size nonprofit organization in a fairly large city. They are a religious institution with a focus on education and direct service. They were started over 80 years ago and currently employee approximately 75 people. Person B is the Executive Director of Org B and was interviewed for this research.

Organization C (Org C) is a small nonprofit in Southern California. They have existed for over 50 years. They offer programming to a wide range of populations in areas such as wellness, senior activities, and early childhood development. Today, they have approximately 25 employees in total. Person C is the Executive Director of Org C and was interviewed for the current research.

Procedures

Data for this project were gathered using two different research methods: interviews and surveys.

Interviews. Data were gathered by interviewing the management personnel within each organization who were responsible for communicating the changes occurring in their nonprofit to the rest of the organization's staff (Appendix A). The data that were collected during these

interviews have helped identify what efforts nonprofit organizations are currently undertaking to

communicate organizational change to their employees.

Surveys. A survey was sent to the employees of each of the three organizations

(Appendix B). Data were gathered from employees of different levels, different ages and

different amounts of experience working in the nonprofit sector. The data collected from the

surveys have helped this researcher better understand how effective current change

communication efforts are in these nonprofit organizations.

Measures

Interviews. Interviewees were asked about the communication modes they used to

communicate with their employees, why they chose those modes and what the response was to

their efforts. The questions also asked interviewees for information about how much time was

spent discussing and planning the best ways to communicate the organizational changes to

employees.

Surveys. The survey asked respondents to express how useful the communication efforts

were at explaining the changes, if they felt that management was putting in enough effort to

communicate the changes to them and how they felt toward the change after the

communications. The constructs tested were: knowledge, feelings towards the communications,

perceived strength of the communications, usefulness of the information given in the messages

received, perception of the information provided in the messages and attitude toward the change.

The survey was constructed using measurement scales from "The Marketing Scales Handbook,"

volume five (Bruner, 2009).

The employee sets of each organization received the same survey questions with an

introduction that was specific to their organization. This means that all three organizations were

analyzed using the same questions. All survey questions analyzed used a Likert Scale for

answers. All questions used a five point scale with one being "Strongly Disagree" or

"Negative," five being "Strongly Agree" or "Positive," and three acting as a "Neutral" answer

for respondents"

Analysis

With all of the data gathered from each nonprofit organization, the information has been

compared in order to understand which communication efforts were effective and which were

not effective. The data gathered from the interviews have been analyzed to find what nonprofit

organizations are currently doing to communicate change with their employees and the perceived

effectiveness of those efforts. The survey data have been analyzed in order to determine how

effective the nonprofit's communication effort really were. The surveys shed light on what

employees felt was done well and what they felt was done poorly. The perceptions of those

creating and disseminating the messages have been compared to those employees who received

the messages. The organizations will also be compared with each other in order to find best

practices for nonprofits communicating organizational changes with their employees.

Results

Interviews

Organization A. This organization is a large, national nonprofit with several regional locations. When the economy started to downturn, so did the funding for Org A. With such significant decreases in funding, a new strategic plan was created to "weather the storm and protect from future such storms." The strategic plan called for many changes across the organization. These changes included eliminating job redundancies across regional offices, restructuring funding sources and significant budget cuts.

Once the strategic plan was complete, the decision was made to have all written communications about the change come directly from the executive director. "Written correspondences almost always came from [the executive director]. Even though we are on multiple [regional offices], employees need to know we are one administration with one administrative policy." For highly detailed changes, these emails and letters were supplemented with face-to-face communication from the heads of the regional offices. "The [heads of the regional offices] were vital because there needed to be a person that could answer questions."

The content of communications was geared to answer the specific questions employees might have. "Internally, our constituents are worried about their futures, their jobs, their pensions and their salaries, things like that. We tried to anticipate their areas of concern in this

whole restructuring plan." The content of each communication was carefully vetted by a group

of advisors and the National Public Relations Director.

Org A did receive occasional feedback that a message was not clear. Overall, Person A

felt that they did a good job of communicating the changes and the progress that has been made

to their employees. Currently, Org A is starting to see real benefits of their strategic plan.

Funding is starting to bounce back, the budget is very close to being balanced, and employees

seem to have adopted the changes very well.

Organization B. Organization B is a medium size nonprofit organization in a fairly

large city. Recently, they made a major change by switching all of their payroll and benefits to a

new company. This change was made partial in response to rising health care costs and also to

give employees more health care options. For Org B, communicating this change was a two step

process; first was payroll, second benefits.

"For the announcement of the payroll changes, we expected a non-event. So we sent an

email to everybody and brought it up at one of our weekly staff meetings." The change in

payroll was relatively simple and employees understood. The bulk of the change communication

was used to tell employees about the change in benefits.

The first set of communications consisted of messages that explained what the change

was and why the change was happening. After that, the messages focused on the impact of the

change on the employees financially, mechanically and what employees need to do in the

coming weeks. That is when problems arose. "The communication of what was happening was pretty straight forward and went pretty well. The communication broke down on the actual execution of the change."

Communications to employees were unclear, constantly changing and incomplete. "At the end of the day, we ended up communicating with each employee individually." The executive director ended up standing in the front office the day before the health insurance enrollment deadline with a stack of the enrollment packages for each employee. "I made each one of them come in there and go through the enrollment package with me and sign everywhere they needed to sign." The lack of clear communication caused a lot of extra work for the management team.

When asked directly if they thought the modes of communication they chose were effective, Person B responded, "By definition the modes we chose weren't effective because we had a lot of problems. Part of it was a whole lot of change all at once, and part of it was that we did not communicate effectively enough to make the transition smooth."

Org B received a lot of negative feedback from their employees about the substance of the communications. Person B had an interesting opinion on why the communication of the details of the change was not always as effective as it should have been, "I think part of it is because those of us responsible for communicating understood it, sometimes you don't communicate with those who don't understand it so well." But not all of the problems were Org

B's fault. First, the head of HR had only been in their job for a few months. They uncovered

problems that they organization didn't even know they had. The second factor was the insurance

company. "[The insurance company] did a particularly bad job of communicating to us what

needed to be done."

The Organization learned a lot from the experience. Soon, Org B will be going through

open enrollment for health care benefits again with smaller, but significant changes. This time,

Person B will be communicating with the employees more strategically. "These new changes

will be communicated very carefully. I will go myself to our staff and department meetings to

explain, in detail, what changes are being made. Only after that will [the insurance company]

come in."

Organization C. Organization C is a small nonprofit in Southern California. A few

years ago, they established themselves an independent organization after their overseeing

organization went under. "We had to incorporate ourselves and start fresh. We had to establish

our own bylaws, elect and appoint our own board of directors, become responsible for our own

finances and set up our own personnel department." The changes were seen as very positive and

uplifting. They were changes that came out of crisis.

There was a very small staff at that time, so communication was fairly simple. A general

staff meeting was held at which everything was announced and explained. Many informal

meetings followed to answer questions about the change but there was no resistance to it, it was a

positive change.

> "I think this was communicated to the staff as a saving of the organization. We could say
>
> 'We are surviving and we are going to be independent and we will be strong.' The
>
> message to the staff was meant to create enthusiasm, a sense of job security, it was meant
>
> to be reassuring and make people optimistic about the future."

Because of legal duties, Org C also had to create a formal communication to notify the

employee union of the changes in corporate structure.

When ask specifically about the planning that went into communicating these changes

with employees, Person B responded, "There was no plan. I remember plenty of planning about

the transition. We had plenty of experts advising us on how to makes these changes but

communicating to the staff was never anything more than an afterthought; it wasn't considered to

be that important."

Person B did not recall there being any feedback from employees and feels it is because

of the type of change that was occurring. "When we are coming out of crisis mode, of almost

being closed, and we are announcing to them 'It's going to be ok,' that change... there is no

downside to it. The people that worked here at the time had survived the crisis years and felt like

survivors." Today, Org C has doubled their staff size and just installed their second Board of

Directors' President.

Surveys

  Organization A. The employees of Org A were asked a set of questions that

prompted them to think about their organization's specific changes that came out the strategic

plan. The survey was sent to the majority of Org A's current employee base with a 20%

response rate. A total of 45 surveys were completed and analyzed.

  In general participants did not feel that the content of the messages they received were

particularly strong or particularly weak (M=3.07, SD=.95) and not particularly useful or not

useful (M=3.06, SD=.93). However, the level of knowledge about the change was above

average (M=3.37, SD=.95) as was the perceived believability of the information provided to

them (M=3.24, SD=.69). Most participants felt very neutral about the change (M=3.05,

SD=.63).

  When asked about how much effort they perceived management had put into

communicating with them, the employees ranks the efforts just above average (M=3.16,

SD=.80). However, when ask if they had anything else to add, 20% of respondents chose to

answer the open ended question. Interestingly, all of the comments were negative. Some

employees were very direct and said "Communication of the [strategic plan] was very poor

among the staff, as is communication in general." Others had more harsh comments about the

management of the organization,

"The proposed changes and communications are fictional and useless unless

the organization is willing to actually treat the organization as [a nonprofit

organization] and not a missionary soup kitchen for anyone who wants a job. The

political environment is inefficient, delusional, and hazardous to the continuation of

[the organization]. If the [strategic plan] was seriously implemented without the

political babysitting as it would in a corporate environment, [the organization] would

flourish. The communications are a joke and are phrased to not offend anyone. If the

organization does not get serious about the [strategic plan] and real solutions, [the

organization's] down-size or even eventual demise is inevitable."

The comments were unusually harsh considering that the survey responses suggested that Org

A did an average job of communicating with their employees.

Organization B. The employees of Org B were asked a set of questions that prompted

them to think about their organization's specific changes in payroll and benefits provider. The

survey was sent to the majority of Org B's current employee base with a 25% response rate. A

total of 18 surveys were completed and analyzed.

In general participants felt that the content of the messages they received were strong

(M=3.33, SD=.60) and useful (M=3.39, SD=1.42). In addition, the level of knowledge about

the change was well above average (M=3.52, SD=.97) as was the perceived believability of the

information provided to them (M=3.6, SD=1.07). Most participants felt positive about the

change (M=3.5, SD=.87).

When asked about how much effort they perceived management had put into

communicating with them, the employees ranked the efforts above average (M=3.55, SD=.88).

There were very few additional comments at the end of the survey. One employee did

articulate that they saw the communication problems where not coming from inside the

organization, "Our HR department put forth a great deal of effort to try and make a smooth

transition over to [the new benefits system]. [The new benefits system], on the other hand, did

not come through with what they promised." It is telling that employees outside of the

management circle understood where the breakdown in communication started and did not

blame the management of Org B.

Organization C. The employees of Org C were asked a set of questions that prompted

them to think about their organization's specific change to becoming an independent entity.

The survey was sent to the majority of Org B's staff that was employed at the time of the

transition with a 25% response rate. A total of 5 surveys were completed and analyzed.

In general participants felt that the content of the messages they received were strong

(M=3.20, SD=.60) and useful (M=3.31, SD=.72). In addition, the level of knowledge about

the change was slightly below average (M=3.52, SD=.97) while the perceived believability of

the information provided to them was just above average (M=3.1, SD=1.07). All participants

felt positive about the change (M=4.4, SD=.27).

When asked about how much effort they perceived management had put into

communicating with them, the employees felt the efforts were just at average (M=3.05,

SD=.38). There were very few additional comments at the end of the survey. One employee

did articulate that while there were some communication problems during that period, they are

much improved now, "My answers reflect my feelings from that period, not from our present

situation and current level of communication." This is indicative of the major strides Org C

has made since becoming an independent organization.

Discussion

My first research question asked how communicating change in nonprofit organizations is different from communicating change in for-profit businesses. It seems there is very little difference in communicating change in the for-profit world and communicating change in the nonprofit world. The basic principals still apply. What can be different for a nonprofit organization is a lack of resources, an increase in investment of the staff and reasons behind change. These things all have to be taken into consideration when communicating with nonprofit employees.

When an organization is lacking in resources, change must be communicated in ways that full take advantage of what the organization has. If an organization does not have a great a deal of human capital, management should be making the effort to meet with their employees on an individual basis to answer any questions the employee might have. This idea also goes for organizations with a much invested staff. Employees that have a strong connection with the organization they are working for are going to be more affected by changes to the organization, especially if they are viewed negative changes.

With a strongly invested staff, as many nonprofit have, it is important to address the implications of the change. As stated in the literature review, creating a strong case for change must be an integral part of the change strategy in order for that change to be long lasting (Kotter, 1995). Person A stated simply that they "tried to communicate the implications of our

decisions." Org B put their changes into context by showing employees the implications of the change for the employees and for the organization. By being explicit with employees about how the changes will affect everyone, the easier it is to understand why adoption of the change is necessary.

None of the employee sets felt that the change their organizations went through was negative. The employees of Org A and Org B were above average while the employees of Org C were well above average. This is most likely due to the fact that the changes Org C went through were a response to a serious crisis that made sure the organization would remain open. Under these circumstances, it would be more surprising if there had been employees that were not in favor of the changes.

The second research question looked to find what nonprofit organizations are currently doing to communication change with their employees. Currently, nonprofit organizations are relying on two main modes of communication to inform their staff about what changes are happening in the organization; staff meetings and emails. As demonstrated by Org A and Org B, and stated by Saunders, management should not be afraid to go beyond meetings and emails (Saunders, 1999).

These two modes of communication are not enough. Organizations need to be making an effort to connect with their employees more personally. Not every nonprofit can meet with each member of their staff one-on-one, but having small group meetings, making management

available for questions and utilizing other management staff to talk the employee base through a change is vital to its success. During their interview, Person B made the comment "Look people right in the eye and say 'This is what's coming and this is why, here's your role in it and here's what I need you to do.'"

Staff resistance can come from a lack of adequate information about the changes occurring in their organization, when employees do not receive all of the information they need (Saunders, 1999). Only one set of employees felt that they had a decent amount of knowledge about the changes happening in their organization. The other two employee sets ranked their levels of knowledge below average. While Org C admitted to having their communications be an "afterthought" The management of Org A felt they had done a good job telling their employees what was going on. Much of Org A's survey responses said quite the opposite.

This research also looked at if nonprofits' current efforts to communicate change with their employees were effective. Nonprofit managers are currently not as effective as they could be. Much of this problem has to do with the lack of strategic thinking about communication. When Person C remarked, "Communicating to the staff was never anything more than an afterthought. It wasn't considered to be that important," it summed up the biggest problem nonprofit organizations are having when it comes to communicating with their staff.

The employees of organizations B and C felt that their management put in an average or slightly above average effort in communication with them. Organization B's employees felt

their management did the best job of communicating. This is mostly likely due to the fact that

their management staff sat down with each of them individually to address their specific

concerns. This same effort made upper management feel that they did a terrible job

communicating with their employees. In stark contrast was organization A. Their employee

base felt that management did not put in nearly enough effort when communicating change with

them. This led to a great deal of negative comments on the survey. It seems that Org A was the

least effective at communicating change with their employees.

The final research question of this study asked how these nonprofits could be more

successful at communicating change effectively and efficiently. Out of the research, a few

themes arose that really speak to the nature of improving change communication.

One concept that was touched on in every interview was "basic concerns." These were

questions that employees immediately had as soon as they were told there would be a change.

Person C made the comment "I think people want to know very basic, simple things: is my job

protected, is my salary going to change, is anything going to change about my daily routine

going to work every day? Similarly, Person A reported, "Internally, our constituents are worried

about their futures, their jobs, their pensions, their salaries, things like that." The importance of

covering these topics cannot be overstated. The very first thing employees want to hear is if they

are going to be alright. It is only after getting an answer to that question that they can hear the

details of the change.

Another major theme that came out of the interviews was the importance of honesty.

Person B felt "the best way to effectuate change is to be absolutely honest, even if it's painful."

Person A also felt honesty was the best policy, but not at the expense of the employees, "We are

very careful to be honest with what we say, but by the same token, not scaring people."

Best practices

The follow is a list of 5 best practices for communicating organizational change in the nonprofit

sector.

1. Honesty is the best policy – When telling employees about change in the organization,

   managers must be honest even when it is hard.

2. Start with the basics – the first thing employees need to know is if jobs are safe and if

   salaries are safe.

3. Put it in context—Managers should let employees know why a change is happening so

   they better understand it.

4. Face-to-face is key – When a manager communicates change to employees face to face, it

   opens up the conversation for questions, feedback and concerns to all be addressed.

5. Have a plan – Managers should know what they are going to say and when they are going

   to say it.

Conclusion

In summary, nonprofit organizations are not thinking strategically about communication organizational change with their employees. This has cause problems for some organization when going through major changes. Frequently, managers do not do a good job at giving their employees enough information to understand and adopt the changes. As expected, many managers feel they did a better job communicating with their employees than they actually did. It seems as though there are few formal channels for feedback and the employees tend to not voice their concern or unhappiness. Out the data collected and analyzed, five best practices arose from the major themes. These five suggestions require a great deal of work, but are worth the effort put in by management. If nonprofit organizations thought about communication more deliberately and strategically, change would happen more smoothly with the desired results more quickly adapted by the employee base.

This research was severely limited by accesses to organizations. It was a challenge to find three organizations that would agree to participate in this study. It seems as though some institutions were uncomfortable with letting someone from the outside survey their employees and other were uncomfortable letting someone evaluate how well they do their job as an employer. It is difficult to open nonprofit institutions to criticism from an outside resource. However, those organizations probably could have benefited the most from results of this study.

Another factor that limited this research was time. It was not easy to get organizations moving as quickly as need to complete this project in the time allotted. This led to a decrease in the time the surveys were open for employees to take them. This may have led to fewer employees participating in the research than if the surveys had been open for more time.

Finally, this project was limited by the employee demographics of the organizations that participated. Two of the three surveys were only completed by women because women overwhelmingly make up the nonprofit sector employee base. A more diverse sample could have yielded different results. Organization C had so few employees that worked for them at the time of the change discussed that the survey sample was too low to get significantly useful results.

Areas for future research

These research questions could be answered more in depth with greater time, resources and access to organizations. With a full time researcher, instead of a student, greater access could be given in order to look at the change communication process in more detail. With more time, a future researcher could add document analysis to their methods in order to assess the content of the change messages. Future research could also analyze the process of communicating change in action if they were given permission from an organization at the beginning of the change process. This would give greater insight into both the planning stage and implementation stage of the change communication.

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Appendix A

Interview Guide

1. Your org just went through a change/merger/etc, correct? Can you talk about what you experienced during this period?

2. How did you prepare to communicate these changes (research, advice from collogues, guidelines from HR)?

3. What modes of communication did/are you using to share these changes with your employees?

4. Are you using different modes with different levels of the staff?

5. Why did you decide to use these specific modes?

6. Do you feel that these modes were effective at communicating the change?

7. What sort of plan or timeline for communication the change did you create?

8. If you were to do it all again, would you choose to communicate differently with your employees?

9. Have you received feedback about the communication of change from your employees?

10. If so, what feedback did you receive?

11. Do you have anything else you'd like to add?

Appendix B
Survey

Thank you for taking the time to complete this survey. This survey should only take 5-10 minutes of your time.

I am currently a graduate student at the University of Southern California looking to find best practices for nonprofits to communicate significant organizational changes to their employees. Your organization recently went through [SPECIFIC CHANGE THE ORGANIZATION WHEN THROUGH]. Please use this experience to answer the following questions.

Your answers will be completely anonymous, even to the researcher. If you have any questions about the survey, please feel free to contact me at guskin@usc.edu. Thank you again for your time.

1. I know a lot about the changes that recently happen in my organization
Strongly disagree   strongly agree
      1   2   3   4   5

2. My knowledge of the changes is …
Inferior   superior
      1   2   3   4   5

3. My knowledge of the changes within my organization is
Very poor   very good
      1   2   3   4   5

4. When thinking about how the information about the changes in your organization was communicated to you, you feel…

      The management team exerted a lot of energy
Strongly Agree   Strongly Disagree
      1   2   3   4   5

      The management team did not spend much time in taking care of our needs
Strongly Agree   Strongly Disagree
      1   2   3   4   5

      The management team did not try very hard
Strongly Agree   Strongly Disagree
      1   2   3   4   5

      The management put a lot of effort into communicating with us
Strongly Agree   Strongly Disagree
      1   2   3   4   5

5. Please describe your perceptions about the strength of the arguments presented in the messages you received about the change. In your opinion, the message were:

Very weak   very strong
  1   2   3   4   5

Not very convincing   very convincing
  1   2   3   4   5

Very powerful   Not very powerful
  1   2   3   4   5

Not very persuasive   very persuasive
  1   2   3   4   5

Not compelling   compelling
  1   2   3   4   5

Very conclusive   Not at all conclusive
  1   2   3   4   5

6. When thinking about the information you were given about the changes occurring in your organization, you feel it was...

Not useful   useful
  1   2   3   4   5

Not functional   functional
  1   2   3   4   5

Not practical   practical
  1   2   3   4   5

7. Please describe your perceptions of the information provided to you by answering each of the following questions. In your opinion the information about the change that was provided to you was:

Not at all believable   highly believable
  1   2   3   4   5

Not at all true   absolutely true
  1   2   3   4   5

Not at all acceptable   totally acceptable
  1   2   3   4   5

Not at all credible   very credible
  1   2   3   4   5

Not at all trustworthy   completely trustworthy
| 1 | 2 | 3 | 4 | 5 |

8. For each of the following, indicate your attitude about the change

Bad   Good
| 1 | 2 | 3 | 4 | 5 |

Wise   Foolish
| 1 | 2 | 3 | 4 | 5 |

Harmful   Beneficial
| 1 | 2 | 3 | 4 | 5 |

Unpleasant   Pleasant
| 1 | 2 | 3 | 4 | 5 |

Safe   Unsafe
| 1 | 2 | 3 | 4 | 5 |

Punishing   Rewarding
| 1 | 2 | 3 | 4 | 5 |

Unsatisfactory   Satisfactory
| 1 | 2 | 3 | 4 | 5 |

Favorable   Unfavorable
| 1 | 2 | 3 | 4 | 5 |

Negative   Positive
| 1 | 2 | 3 | 4 | 5 |

Inferior   Superior
| 1 | 2 | 3 | 4 | 5 |

Excellent   Poor
| 1 | 2 | 3 | 4 | 5 |

Useless   Useful
| 1 | 2 | 3 | 4 | 5 |

Desirable   Undesirable
| 1 | 2 | 3 | 4 | 5 |

9. Age: _____

10. Gender:

Female
Male
I prefer not to answer

11. Level of education completed:
    High School
    Some College
    College
    Graduate or professional program
    PhD

12. How long have you worked in the nonprofit sector: _____

13. How long have you been with this organization: _____

14. I am currently:
    Full time
    Part time
    Other
        Please specify

15. What level is your current job:
    Entry level
    Mid-level
    Middle Management
    Other:
        Please specify

16. Do you have anything else you'd like to add?_____

Thank you for taking the time to complete this survey.