Change management and leadership efforts might remain ineffective without an understanding of an informal organization.

Talk influences action

It is not too wise to accept new things without first considering what they mean. This process of reflection is supported in many different ways in organizations. We would like to make a strong claim for the importance of human sense making in an informal organization.

How outsourcing was reflected in stories

The following story comes from one of our partners in organization development. After a strong outsourcing of maintenance (quite unexpected by the 180 employees affected), the employees lost their company identity. The main line of thinking among them was something like "We were sold and stamped with a new label." Former work relations between production and maintenance staff were severely affected and this also had a negative impact on the level of service, resulting in decreasing customer satisfaction. These people thought, "our for-mer colleagues deal with us as if we were their inferiors – only a supplier and nothing else …" People were engaged in lengthy discussions about "strategic issues about why this happened to them" around the water cooler instead of working out new ways of service for clients. Meanwhile, management focused on these internal discussions and did not pay enough attention to things such as client expectations.

Informal organization and talk around the water cooler

Informal organization can have a great impact on formal organization, and vice versa. One of the newer trends of or-ganizational development is the paying of more attention to language and informal organization. In the words of the Swedish researcher Gunnar Ekman, everyday "talk round the water cooler" has a very strong influence on any developmental attempt. If you cannot change people's talk about work, any attempt at change will likely fail. According to this view, people's realities come from their everyday talk; we create our understanding and "worlds" by talking. Thus our aim is not to organize a large amount of trainings, but to ask how we can influence what people are really talking about.

The results are interesting. The company showed positive development in customer orientation and employee satisfaction – but these are affected by many other influences too. On the other hand, we were able to show that there was a definite qualitative change in employee discussions during a 12-month-period.

Preferred and non-preferred stories

When collecting the stories we made a remarkable finding: every member of the organization could easily classify the collected stories into "preferred" or "non-preferred" behaviors. The point is that there is no lack of knowledge with regard to customer service. So there is really no need for training – they already know what to do and what not.

However, we observed that some less fruitful, negative discussions continued to exist, and had become "dominant", while some positive, less often ▶

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Change in dominant stories

Overall discussion in 2006	Change in stories by late 2007
"Nobody cares about us"	From dominant story to marginalized
After outsourcing, one's former strong identity has disappeared	A new identity formed: "Who we are and what we do?"
"We are a skilled company"	A new story emerged: "We are experts!"
Control and command leadership style prevails	Leaders have become "softer"
Lots of negative talk around the water cooler	Dissolving negative cliques by moving people between departments

heard stories did not receive any attention, and remained "marginalized". The goal of our interventions was to diminish the dominant negative stories heard by the staff and to support the marginalized positive ones.

Understanding working cultures

Obviously we planned the whole process with management, and we also ran a series of two-day research workshops for all personnel. The task of the research workshops was to discuss the new strategy and research one's own work. We were aiming at a bottom-up approach rather than the traditional top-down implementation.

We took local knowledge and talk seriously, and wanted to show an appreciation of an employee's own responsibility and to use this as an empowerment tool. At the same time we acknowledged the importance of cultural sensitivity and dialogue. Any change attempt "from above" diminishes people's trust in their leadership. We wanted to influence the stories people tell each other about their own possibility to affect the organization.

Key issue: Confrontation

During this process the issue of confronting counterproductive behaviour (and stories) turned into a key issue. This is a leadership issue. It is a leader-

ship challenge to care about people and intervene when a negative perception about one's own company starts to develop. But that is only half of the story about leadership, we thought.

Leadership is not only an individual quality but that of teams and organizations as well. Leaders can stand on their heads, so to say, but if "the boys don't care", they are losing the battle. If people understand that they are participating in leadership themselves, responsibility is shared. Shared leadership doesn't mean that nobody takes responsibility, but rather that with everybody's involvement there is a possibility to reach 120, 200 or even 300 percent responsibility – if compared with the old system of "the leader has 100 percent responsibility."

Small changes, big impact

After research programs and other interventions, we conducted qualitative research that shows how stories and talk affect actions. "If you loan me your screwdriver, I'll be happy to

do you a favor, too." "He's a nice guy", is a comment that might be heard in such a case. "Nice guy" is a totally different image of a fellow human than "client, co-operative partner, enemy, or bastard" (we've heard these descriptions, too.). Paying attention to small, ongoing changes can prove to be very valuable in terms of understanding what's really going on in your company.

Learning to see the changes

A common prejudice in change management is "I'll believe it, when I see it." We would recommend paying closer attention to small changes and language as conveyors of continuous change. When one thinks about it, there is really no standstill in an organization, so the critical issue is rather how to deal with and take advantage of the inevitable change and movement.

We believe there is still a lot for leaders, change experts and consultants to learn in this respect.

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