



Brain n` Change

„The year 2009 was the worst in our more than 90-year history,“ says Professor Dr. Gunther Olesch, managing director of HR, IT & legal of the family company Phoenix Contact. „The global economic crisis had fully caught us. Massive slumps in sales, many employees were working part-time. We had to save tens of millions of euros in costs. I had sleepless nights.“

The global economic crisis 2008/2009 forced many companies to change. Many were on their knees; some were forced to close. But some emerged from this period stronger than before. Phoenix

Contact was one company: In just a few years the automation engineers achieved a sales growth of 60 percent. The key to success was a human-centered corporate culture.

During the five years of preparation for my book „Leading with the Brain,“ I have conducted about 150 interviews. I encountered numerous companies that acted similarly and thus achieved comparable economic growth. Especially in challenging phases there are proven success patterns for managers and HR managers, which I could observe in those companies. Those proven success patterns help to retain access to the potential of their employees. 70 percent of all change projects fail because the employees are internally blocked. If you want to be among the successful 30 percent, it would be essential to pay close attention to these three factors.

Belonging

Changes in business mean uncertainty for many people because it is associated with many unknown factors: How long will this change take? What will be the result and what will that mean? During this period of change, a certain area of your brain, which senses danger, becomes active: The so-called amygdala. This almond-shaped structure helps us to survive. For example, if we cross a road, and a car comes roaring up to us, it's the amygdala which makes us jump aside just in time. If a growling dog approaches us, we freeze. If this dog attacks your child, it is the amygdala once again, that lets you counter-attack the dog.

However, even if we only assume danger, like in an impending corporate reorganisation of the company or other meaningful changes, in many of the affected people, this „danger detector“ – the amygdala – releases neurotransmitters to put your brain into alarm mode. In this state, however, the brain has only very limited access to the prefrontal cortex. This is the area of the brain, where creativity, empathy, anticipatory action planning, impulse control, and many other higher mental virtues are located. Therefore, many useful features, which an employer, particularly in these problematic phases of change, would desire, are inaccessible.

However, there is a simple, yet, very effective antidote: The sense of connectedness and belonging results in the release of the neurotransmitter oxytocin. This neurotransmitter connects to the amygdala and soothes it. This again gives us access to our prefrontal cortex and all its hidden and higher mental faculties.

That's what happened to many employees at Phoenix Contact. In the crisis year 2009, the management showed a behavior which triggered a sense of connectedness and belonging among employees. Every two months, the bosses of the 12,000-people company visited all the production sites to inform all employee's in staff meetings about the latest sales trends and the company's countermeasures. Despite best efforts, some employees had to contend with part-time work. But it was the bosses as well who cut

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back on their remuneration. In the workforce, this did not go without effect. „Here we are all treated the same,“ one of the employees told me afterward. One Controller said: „I cannot remember anyone who was moaning. Accepting part-time work was easier on all of us because we realised, we are all in the same boat.“

In this, in the company's worst crisis year in its history, many employees retained their access to their higher mental faculties. The year 2009 turned out to be one of the most innovative years of the company. As early as 2010, Phoenix Contact received the sought-after Innovation Award, the „Hermes Award“ for many newly invented products. Much of today's turnover is based on the highly inventive crisis year 2009.

Co-creation

If children are asked to choose between chocolate and building blocks – which one do you think they will choose? Many adults assume, it's the chocolate, but that is incorrect. Most children prefer the building blocks. They are following one of the deepest impulses we carry within us: The need to develop and co-create.

This need arises early. In the first few months after we were born, many of us experienced a social environment, that enthusiastically commented on any progress we make: „Just look at him. He smiled at me!“ Or, „How cute. Today she took her first step“ Eventually, we began to talk; we learned how to write and read, how to use a telephone, a PowerPoint Presentation, a portfolio and perhaps even how to create a balance sheet. We continually grew beyond ourselves – we evolved and created the environment around us.

This deep impulse stays with us for the rest of our lives. If it is suppressed, we get sick. An English long-term study could just prove that. In this known survey over 10,000 employees were investigated. One of the key findings: If the possibility to participate is low, the likelihood of heart disease increases by 30 percent!

If people allowed following their basic need of participation – particularly through challenging phases of change – then they will stay healthier. And not just that, they also retain their access to their hidden potential and intellectual faculties.

When the management of Phoenix Contact realised that they had to implement great savings they included the entire workforce: „Imagine, you want to go for a 4-weeks holiday, and your washing machine breaks down. You might only go for a 3-weeks holiday because some money is missing. Please apply the same common sense and think of possibilities, where we could save money within the company.“ The management told them the sum and the employees searched for savings. The cash flow in this balance sheet was the best in a long time: Instead of the prescribed 100 million, staff had saved 120 million Euros.

Internal pictures

Imagine, I would show you part of a photo where people are crying. What internal picture do you think would emerge? Now imagine, I would widen the section of this photo. What you see now, is crying people in front of a church welcoming a just married couple. How would that change your internal pictures?

In a neuroscientific study from 2002, scientists proved that such an interpretation altered the individual's brain activity. While the tested persons looked at unpleasant photos, the researchers found high activity in the amygdala. However, as soon as the person re-interpreted the photo – as if they realised, what they saw was just a wedding party – the amygdala calmed down measurably. And you know: A quiet amygdala means more access to your higher mental faculties.

What does this mean for staff and management throughout a phase of change?

Every second our brain is flooded with several million impulses, of which only a fraction reaches our consciousness. The majority is filtered out. It is our emotional state which affects this filter. Jeanie Duck, a pioneer of the Change Management, describes what happens during periods of high uncertainty: „People will connect the dots in the most pathological way possible.“ When that happens, companies will experience a workforce where most employees will show high activity in their amygdala. They are losing their access to their potential; and, if worst comes to worst, they will go into flight, fight or freeze mode.

Leaders and HR-responsibles can prevent that from happening, by communicating openly and clearly with staff as often as possible. „What happened then, was new to me,“ an employee at Phoenix Contact told me. „Although we went through economically difficult times in the past, as for my perception the boardroom alone handled this.“ Her colleague added: „For us, that was a good sign. We sensed already for a long time that something is not working. It was reassuring that our bosses could address that so openly without sugar coating the problem.“

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