



GREG SCHNEIDERS

Initiating and communicating change is corporate necessity

One of many famous quotes from former General Electric CEO Jack Welch is: “Change before you have to.” That’s sound advice, but why do so many large, proud, successful organizations have so much trouble initiating their own necessary change before being forced by others to accept the inevitable? And why do the professional and seasoned communicators within these companies so often stumble when speaking to consumers and investors about change?

The front pages of newspapers have recently been full of stories of companies run by smart, savvy people doing and saying seemingly stupid things.

Take General Motors. Fortunately for our country, the saying “As goes GM, so goes the country” is no longer true. GM is on the ropes. CEO Rick Wagoner belatedly announced a “restructuring plan,” which so failed to impress his largest shareholder, billionaire Kirk Kerkorian, that Kerkorian is now pressing for an “alliance” with rivals Nissan and Renault.

Wagoner’s failure to “get it” does not stop there. While Nissan’s and Renault’s CEO (one and the same), Carlos Ghosn, expressed enthusiasm for the possible combination, Wagoner acts for all the world like an unhappy child not getting his way. GM’s market capitalization has fallen 33% in the past year.

Computer giant Dell has recently been playing out a similar story. Dell has become so large and smug that it’s begun to act as if it no longer needs customers. Last year, blogger Jeff Jarvis blasted the company for its abysmal customer service and ignited a firestorm of response from fellow sufferers in what came to be known as “Dell Hell.”

Dell also took awhile to “get it” –if, in fact, it yet does. It recently launched its own blog, but, committing the cardinal sin of the blogosphere, Dell treated it and its readers like remnants of the old PR world: “We provide the spin; you take our word for it.” Dell’s market capitalization has plummeted 46% in the past year.

These colossal miscalculations reflect an inability to anticipate, understand, and embrace change. But, just as important, they display an ineptness at public communication about change in today’s world.

While Ghosn has made no secret of his enthusiasm to explore an alliance with GM, Wagoner has repeatedly referred to the proposal as “not helpful.” With GM looking not unlike the US economy in 1933, he should have considered paraphrasing Franklin D. Roosevelt: “Take a method, and try it. If it fails, admit it frankly, and try another. But by all means, try something.”

Likewise, Dell should have recognized the futility of trying to cut corners on customer service and keep it a secret in the new interconnected online world. And, once recognizing the need to join the online discussion, Dell should have done it on its customers’ (and the blogosphere’s) terms, not its own. As the pace of change speeds up, and the means, technologies, and rules of communicating with consumers change just as rapidly, the need for strong corporate communication has never been greater. I hope GM and Dell will learn this lesson before it’s too late. ■

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