

Organizational Change Management

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1 Data Governance and Organizational Change

- Improving data management and implementing data governance requires changing the way people work together and how they understand the role of data in their organization.
- Change, however, is hard. Understanding change management is a crucial part of a successful data governance effort, especially understanding:
 - Why change fails,
 - The triggers for effective change,
 - The barriers to change, and
 - How people experience change.

2 The Formula for Change

$C = (D \times V \times F) / R$

- The Gleicher Formula, shown above, is a famous “recipe” required for effective change.
- (C) = Change, (D) = Dissatisfaction with the status quo, (V) = Vision for a better alternative, (F) = First steps to get there, (R) = Resistance to change.
- Influencing any of the four variables in the formula increases the effectiveness and success of the change effort.
- However, as with any complex machine, the variables may influence each other in unpredictable ways.
- For example, increasing Dissatisfaction too much may actually increase Resistance, and a poorly formulated Vision might alienate people.

3 Laws of Change

- Change management experts recognize a set of “Laws of change”.
 - **Organizations don't change, people change.** Change takes place when people behave differently because they recognize the value of doing so.
 - **People don't resist change. They resist being changed.** People are more likely to change if they have been engaged in defining the change, and if they understand the vision driving the change.
 - **Things are the way they are because they got that way.** At some point in the past, the current business requirements, processes and systems were defined by someone. Understanding historic reasons helps avoiding past mistakes.
 - **Unless there is push to change, things will likely stay the same.** If you want an improvement, something must be done differently.
 - **Change would be easy if it weren't for all the people.** The challenge of change comes in dealing with the natural variation that arises in people.

4 Managing a Transition

- Change management expert William Bridges emphasizes the importance of *transition*.
- He defines transition as the psychological process that people go through to come to terms with the new situation.
- According to Bridges, change involves moving through three distinct phases: the ending, the neutral zone, and the beginning.
- Most organizational changes fail because not enough attention is paid to the ending phase and the neutral zone, jumping straight to the beginning phase.
- When experiencing change, all people go through all stages, but at different speeds.

4.1 The Ending

- The ending phase is characterized as:
 - When we acknowledge that there are things we need to let go of, and
 - When we recognize that we have lost something,
- An example is changing jobs: even if it can be a positive experience, there are still losses such as losing close working friends.
- As losses are subjective, it is important not to argue with people about how they perceive the loss. Expect and accept signs of grieving.
- Treat the past with respect.
- Give people information - over and over again in a variety of ways.

4.2 The Neutral Zone

- The neutral zone is characterized as:
 - When the old way has finished but the new way isn't here yet,
 - When everything is in flux and it feels like no one knows what they should be doing, and
 - When things are confusing and disorderly.
- An example might be moving house: for a period of time, the new place isn't home yet and things are more chaotic than usual.
- To combat the feeling of insecurity, get people involved and working together, and give them time and space to experiment and test new ideas.
- The Plan, Do, Check, Act-model encourages trying new things, and helps learning from each cycle.
- Give people information - over and over again in a variety of ways.

4.3 The Beginning

- The beginning stage is characterized as:
 - When the new way feels comfortable, right, and the only way.
- An example: Having a baby. After a time in the neutral zone of turmoil, it is impossible to imagine a life without the baby.
- Do not force a beginning before its time.
- Ensure people know what part they are to play in the new system.
- Plan to celebrate the new beginning and give credit to those who have made the change.
- Give people information - over and over again in a variety of ways.

5 Kotter's Eight Errors of Change Management

- Change management expert John P. Kotter outlines eight reasons why organizations fail to execute change.
 1. Allowing too much complacency
 2. Failing to create a sufficiently powerful guiding coalition
 3. Underestimating the power of vision
 4. Under communicating the vision
 5. Permitting obstacles to block the vision
 6. Failing to create short-term wins
 7. Declaring victory too soon
 8. Neglecting to anchor changes firmly in the corporate culture

5.1 Allowing Too Much Complacency

- In the context of change management, complacency is understood as the opposite of urgency.
- According to Kotter, the biggest mistake people make when trying to implement change is to plunge ahead without first establishing a high enough sense of urgency.
- Creating a sense of urgency is related to driving up Dissatisfaction in the Gleicher Formula in Section 3.
- Mistakes often made by change managers include:
 - Overestimating their ability to force big changes on the organization,
 - Underestimating how hard it can be for people to move out of their comfort zones,
 - Kicking off change activities without sufficient communication of what change is required, or why.
 - Confuse urgency with anxiety, leading to fear and resistance.

5.1.1 Example

- Table 1 describes examples of how complacency can manifest in an information management context.

Example Scenario	How it might manifest
Response to a Regulatory Change	“We’re OK. We haven’t been fined under the current rules.”
Response to Business Change	“We’ve been supporting the business successfully for years. We’ll be OK.”
Response to Technology Change	“That new technology is unproven. Our current systems are stable and we know how to work around issues.”
Response to Problems or Errors	“We can assign a troubleshooting team to that and patch the issues up. There are bound to be some people available in [Insert name of Department or Team here].”

Table 1: Complacency Scenarios

5.2 Failing to Create a Sufficiently Powerful Guiding Coalition

- Major change is almost impossible without the active support from the head of the organization.
- A guiding coalition is a powerful and enthusiastic team of volunteers from across the organization that helps to put new strategies into effect and transform the organization.
- A key challenge is identifying who needs to be involved. We will come back to the guiding coalition in Section 6.2.2.

5.3 Underestimating the Power of Vision

- Urgency and a strong guidance council are useless without a clear, sensible vision of the future.
- The vision provides the context of the change effort.
- A vision is not the same thing as planning or program management.
- The vision is a **clear and compelling statement of where the change is heading.**

5.3.1 Example

- An example of a well formulated vision and the context of data governance might be as follows:
- “We will improve the accuracy and timeliness of financial reports and make them more readily available to all stakeholders. Improved understanding of how data flows into and out of our reporting processes will support trust in our numbers, save time, and reduce unnecessary stress during end-of-period processes. We will take our first step to achieve this by implementing [System X] by the end of Q1.”

5.4 Under Communicating the Vision

- Defining the vision is an important first step, but an unnecessary step if the vision is not communicated consistently.
- Another important part is for change managers to act according to the vision - communicating in deeds as well as words.

5.5 Permitting Obstacles to Block the Vision

- Even if people fully embrace the need for change, there might be obstacles in the way.
- As part of its transformation, the organization must respond to different kind of roadblocks:
 - **Psychological:** Do the roadblocks stem from fear, lack of knowledge, or some other cause that exist in people's heads?
 - **Structural:** Narrow job categories and performace appraisal systems that force people to choose between the vision and their own self-interest must be addressed.
 - **Active resistance:** What roadblocks exists because of people refusing to adapt and make demands inconsistent with the transformation?

5.6 Failing to Create Short-Term Wins

- Real change takes time.
- Anything that involves a long-term commitment and investment of effort and resources requires some element of early and regular feedback of success.
- The key thing is to *create* the short-term win, rather than merely hoping for it. Establish early goals, achieve them, and reward the team.

5.6.1 Example

- In the context of data governance, a short-term win could be solving a problem related to inconsistent understanding of data.
- If the problem is identified and solved, and linked to the ongoing process of transformation, it allows the team to celebrate and demonstrates the vision in action.

5.7 Declaring Victory Too Soon

- It might be tempting to declare success at the first major performance improvement.
- Early wins is a powerful tool to keep up morale, but any suggestion that the job is done is usually a mistake.
- Until the changes are embedded in the organizational culture, old habits and practices can reassert themselves.

5.7.1 Example

- Table 2 shows examples of consequences of declaring victory too soon.

Example Scenario	How it might manifest
Addressing Data Quality	<p>“We’ve bought a Data Quality tool. That’s fixed that now.”</p> <ul style="list-style-type: none">- No one in the organization is reviewing or acting on data quality reports.
Confusing capability delivery with implementation and operation	<p>“We’ve implemented the reporting stack for Regulation X. We are now compliant with the legislation.”</p> <ul style="list-style-type: none">- Regulatory requirement changes.- Nobody is reviewing or acting on issues identified in reporting.
Migration of data	<p>“All the data in System X is now in System Y.”</p> <ul style="list-style-type: none">- Record counts match, but the data in System Y is incomplete, or truncated due to failures in the migration process. Manual interventions needed.

Table 2: Declaring victory too soon scenarios

5.8 Neglecting to Anchor Changes Firmly in the Corporate Culture

- Organizations don't change, people change.
- Until the new behavior is embedded in the organizational culture as social norms and shared values, there is always a risk of regressing to the old ways.
- The two keys to anchoring the change in the culture of the organization are:
 - Consciously showing people how specific behaviors and attitudes have influence over performance, and
 - Taking sufficient time to embed the change of approach in the next generation of management.

6 Kotter's Eight Stage Process for Major Change

6.1 Kotter's Set of Obstacles

- In addition to the eight errors of change management, Kotter recognizes a set of common obstacles to change:
 - Inward focused cultures,
 - Paralyzing bureaucracy,
 - Parochial (narrow-minded) policies,
 - Low levels of trust,
 - Lack of team work,
 - Arrogance,
 - Lack of or failure of leadership, and
 - Fear of the unknown.

6.2 The Eight Stages

- To overcome these obstacles, Kotter proposes an eight-step model for major change, where every step is related to one of the errors mentioned previously:
 1. Establishing a sense of urgency
 2. Creating the guiding council
 3. Developing a vision and strategy
 4. Communicating the change vision
 5. Empowering broad-based action
 6. Creating short-term wins
 7. Consolidating change and producing more change
 8. Anchoring new approaches in the culture
- The first four steps focus on softening entrenched status quo positions.
- Steps 5-7 introduce new practices and ways of working. The final step locks the changes in place and provides the platform for future improvements.
- Jumping straight to steps 5-7 might be tempting, but the first four steps provide the foundation for sustaining the change.

6.2.1 Establishing a Sense of Urgency

- People will find any number of ways to avoid cooperating in something they think is unnecessary. A clear sense of urgency is required to motivate enough people to support a change effort.
- Several factors can create a sense of urgency:
 - Regulatory changes,
 - Threats to security of information,
 - Risks to business continuity,
 - Changes to business strategy,
 - Merges and acquisitions,
 - Regulatory audit and litigation threats,
 - Changes to technology,
 - Changes to capability of competitors in the market, and
 - Media commentary about an organization's or an industry's information management issues.

Sources of complacency

- In this context, the opposite of urgency is complacency. Kotter identifies nine reasons why organizations and people can be complacent:
 - Absence of a visible crisis,
 - Apparent success hides urgent problems,
 - Measuring staff against performance standards below external benchmarks or internal long-term goals,
 - Different performance metrics for different functional units,
 - Rigging or gaming of planning or internal goals,
 - Single source of performance feedback being faulty internal systems,
 - Reporting problems is seen as being damaging to morale instead of as input to evaluation,
 - People ignoring or reinterpreting problems to make them go away, and
 - “Happy talk” from senior management.

How much urgency is enough?

- A sufficiently compelling sense of urgency will help get the change process started and give it momentum.
- Too much urgency, on the other hand, can lead to a focus on “firefighting” instead of a thorough change effort.

6.2.2 The Guiding Coalition

- For a successful change process, two scenarios must be avoided:
 - The Lone CEO/The Lone Champion, and
 - The Low Credibility Council

Four Characteristics of an Effective Guiding Council

- **Position power:** Are enough key players on board so that those left out can't easily block progress?
- **Expertise:** Are all relevant points of view represented so that informed and intelligent decisions can be made?
- **Credibility:** Are enough people with good reputations on the team?
- **Leadership:** Are there enough leaders on the team to drive the change process?

Key Issues When Forming a Guiding Council

- How many people should be on the council?
 - There is a fine line between a group that is too big, and a group that leaves key people out of the loop.
- Who should be invited to join the guiding council?
 - The coalition needs to include representatives from different stakeholder communities.
 - The council is, however, not simply a forum for gathering general stakeholder requirements.
 - One key attribute of the members of the guiding council is their ability to influence their peers, through formal authority or status and experience.

Behaviors and “Personalities” to Avoid

- Another key attribute is behavior.
- Behaviors to avoid when choosing who to include in the guiding council include:
 - **Naysaying:** The guiding council must be open to developing creative ideas, and naysayers can hamper a positive and open dialogue.
 - **Distraction:** Members need to be focused on the change activity.
 - **Selfishness:** The focus must be on the organization as a whole. No hidden agendas must be allowed to derail the efforts of the team.
- In addition, Kotter identifies three “personalities” to avoid:
 - **“Egos”** fill up the room and do not let others contribute,
 - **“Snakes”** create and spread mistrust, and
 - **“Reluctant Players”** are (usually) senior figures who are not fully committed to the change process.

Building Trust

- For a team to be effective, the two major foundations are **trust**, and a **common goal**.
- One example of where trust might break down is the classic “IT vs. Business” divide.
- To build trust, engage in team building activities to create and promote mutual understanding, respect and caring.
- Common goals are not the same as the vision, but should complement it.

Combating Group Think

- When building trust through mutual understanding, it is important to avoid the psychological effect known as “Group Think”.
- Signs of group think include:
 - No one raises objections,
 - No alternatives are offered,
 - Different perspectives are quickly dismissed and forgotten, and
 - Not actively seeking information that might challenge the current thinking.
- Methods to prevent group think include:
 - Following the scientific method,
 - Effective cooperation so that group think does not become a shortcut to results,
 - Encourage brainstorming,
 - Leaders speak last, and
 - Develop multiple plans, forcing the team to rethink assumptions.

6.2.3 Developing a Vision and Strategy

- Many change management efforts make the mistake of relying on authority or micromanagement to get the change started.
- These methods are generally not successful. Unless the authority is absolute, some resister to the change will refuse and test the authority.
- Micromanagement might work better at first, but will focus more and more on monitoring employee compliance and detailing practices as the change becomes more complex.
- A clear and compelling vision that allows change agents to break the status quo is the only approach that consistently works.

Three Purposes of a Good Vision

- A good vision shares three purposes:
 - **Clarification:** A clear vision clarifies the direction of the change and can help avoiding endless debates by allowing the simple question, “Is the planned action in line with the vision?”.
 - **Motivation:** When the initial steps of the change is painful, a clear motivation can give people an appealing cause to fight for.
 - **Alignment:** Aligning and coordinating the actions of motivated people helps to avoid conflicts and endless meetings.

Key Characteristics of an Effective Vision

- An effective vision should be:
 - Imaginable,
 - Desirable,
 - Feasible,
 - Focused,
 - Flexible, and
 - Communicable.
- Key questions to ask:
 - If this became real, how would it affect customers, shareholders and employees?

Creating the Effective Vision

- Creating a vision is an iterative process. Elements to include are:
 - **First draft:** A single individual makes an individual statement reflecting their dreams and the needs of the market place
 - **The guiding coalition** reworks the first draft to fit the wider strategic perspective.
 - **Teamwork** is important. Encourage people to engage and contribute.
 - **The head and the heart** must both be involved, meaning both analytical thinking and “blue sky dreaming” are required throughout the process.
 - **Messiness** is a part of the process, with much debate, rework, and change.
 - Creating a vision is not done in one meeting. It must take **the time** it takes - weeks, months or even longer.
 - The **end product** is a direction for the future that is desirable, feasible, focused, flexible, and can be communicated in five minutes or less.

6.2.4 Communicating the Change Vision

- Problems that commonly arise with communicating the vision include:
 - **Failure to communicate**, enough or at all,
 - **Poor communication**: Unwieldy wording that hides the sense of urgency, and
 - **Not communicating far enough**: The vision not reaching everyone who needs to know it.

Seven Key Elements in Effective Communication

- Kotter identifies seven key elements in effective communication of vision:
 - **Keep it simple:** It is easier to understand and connect with a vision articulated in a simple way.
 - **Use metaphor, analogy and example**
 - **Use multiple forums**
 - **Repeat, repeat, repeat**
 - **Lead by example:** Telling people one thing and doing the opposite sends a clear message that the vision can be ignored.
 - **Explain seeming inconsistencies:** Be explicit about why they are valid, and for how long it will exist.
 - **Give and take:** Two-way communication is always more powerful than one-way communication.

7 Sources

DAMA-DMBOK Chapter 17