Unit 8.1 – The Change Management Model

Overview:

SPEAKER: It's been said that in today's organizations, the only constant is change.

We also know that the pace and the complexity of change is accelerating in most organizations.

We know that competitive advantage is often gained or lost as much through the quality of the change management process as it is through the quality of ideas.

Enduring Ideas:

Let's talk about the enduring ideas for this topic.

First, we know that organizations always seek competitive advantage.

In seeking competitive advantage, they almost always first turn to a search for goods ideas.

They develop them on their own or they acquire them from outside.

Clearly, good ideas that are better than the competition is one route to gaining competitive advantage.

However, we also know from experience that most good ideas, good ideas for the context, most good ideas fail to achieve their objectives when they're implemented.

And we have a pretty good understanding why that happens.

It happens because of a lack of effective execution.

This topic is about change management.

This topic is about turning good ideas into good outcomes.

This topic is about starting with good ideas that have the potential for gaining competitive advantage and converting that potential into real valuable competitive advantage.

Tell the Story, Sell the Story:

Throughout this topic I want to emphasize the importance of story writing and storytelling.

And I want you to think about the fact that if you can't write a good story about your change and if you can't tell that story well, you're not going to sell that story.

So as we talk about the steps of converting good ideas into good outcomes, we're going to talk about how to craft that effective story.

We will begin our story by talking about things that we already care about.

Things that our stakeholders already care about.

We will talk about the mission of the organization.

Our stories should start by engaging the reader.

And the best way to engage a reader is to talk about something they already value.

In this case, it's the mission of the organization.

Talking about why this organization exists.

Then we further engage by talking about a vision for the future.

This is what we hope the future of our organization will be.

We'll reference that by looking at the strategic objectives.

The way we define success and the way we measure success.

So we open the story by engaging, talking about something we already care about.

Then we write a second chapter of our story.

And in that chapter, we make the case that those things we care about are at risk.

That we are at risk of failing to achieve our mission.

We are at risk of reaching that wonderful vision for the future.

And we are at risk of failing to achieve our strategic objectives.

So our second chapter should shock and raise concern for ourselves and for our stakeholders.

Once we've raised that concern, we write another chapter.

In this chapter, we talk about how a specific change has the potential to help us achieve the mission, help us reach that vision, and help us achieve success by accomplishing those strategic objectives.

So this in this chapter, we're explaining how a particular change is a path to success and reaching those things that we care about.

In the next chapter, we make clear that it's not enough to have a good idea, that that path to success will not be realized unless we manage change effectively.

And in this chapter we introduce the idea of stakeholders.

The people inside the organization, the people outside of the organization who together can help this change succeed or can prevent this change from succeeding.

We will talk about who the key stakeholders are, we will make the case for why they are important, and we will talk about how their support, if they provide it, will enable us to successfully follow that path from good idea to good outcome.

At the end of this chapter, our readers should understand that if our stakeholders step up and give us what we need, our good idea should succeed.

In the next chapter, however, we have to talk about the fact that every stakeholder has free choice of how they will behave.

Whether they will support our change, resist our change, or do something in between.

So in this next chapter, we talk about the range of potential behaviors we might see from our stakeholders if we don't manage them.

And then we predict, we predict how each of our key stakeholders is likely to behave if we do not manage them.

That enables us to go to the next chapter of the story where we compare our specification of what we need from our stakeholders for success to our prediction of what we're likely to get, and that chapter ends by identifying gaps between what is needed and what is likely.

At the end of this chapter, we emphasize that these gaps tell us why our good idea will fail.

We want our reader to be a bit discouraged at the end of this chapter.

In the next chapter, we want to bring hope again.

In the next chapter, we talk about each of those gaps, we talk about the tools and techniques that can be used to manage stakeholders effectively, and we develop a plan and lay it out in this chapter of our story.

We develop a plan for how we will manage our stakeholders to encourage them to give us the support that we need rather than the resistance or other behaviors that might prevent our change from working.

At the end of this chapter, we want the reader to realize that we have a plan and that if our plan is good and our plan works well, those good ideas can be translated into good outcomes.

And then we want to close the story as we would close any good story by wrapping it up, pulling it all together so at the end of reading this story, the reader will conclude; I care about this organization, I care about why it exists, where it wants to go in the future, and what it wants to achieve.

But I understand it's a risk.

But I have hope because I can see how a change or a series of changes can help us turn new ideas that are goods ideas into good outcomes.

At the end of this chapter, people understand not only the idea that can drive competitive advantage, but the process of managing that good idea so that it produces those good outcomes and we and our organization gain competitive advantage.

Write a Bestseller!:

As you write your story, remember, you want to write a best seller.

And this context, a best seller is one that clearly is connected to the mission, the vision, and a strategic objectives of the organization.

We are only implementing new ideas, we are only managing change because we care about the mission, the vision for the future, and our measures of success.

The Model:

Let's take a look at the key components we will have to consider whenever we manage a change in organizations.

We're going to look at a model that at first glance looks a bit complex, but the only reason it looks complex is because organizations are complex and managing change in those organizations is also complex.

Looking at this model, we can see that there are quite a few components we need to pay attention to.

We're going to talk about the important inputs to the change process, we're going to talk about the role of strategic plans, we're going to spend a fair amount of time talking about what we will call in this model, targets or target elements of change.

Basically, this section will talk about the things we might change; and then we will look at output components of the model.

So inputs, strategic plans, target opportunities for change, and desired outputs.

Inputs:

When we start writing our story, when we start planning our change, let's first think about the mission then let's think about the vision and then let's do an assessment of our organization's internal strengths and weaknesses.

Looking at the strengths will help tip us off to opportunities to drive success.

Looking at the weaknesses will help us anticipate potential road blocks to success, and we'll identify kind of second-level factors that we need to manage during the process.

We also need to look externally.

We need to look at external strengths and weaknesses that might provide opportunity to help us succeed, that might be suppliers or customers or regulators or consultants.

So we'll look outside and say, are there external strengths that could bring an opportunity to us to help us turn these good ideas into good outcomes.

Or are there outside factors that introduce risk, that threaten our ability to succeed.

We also need to look at the organization and ask, is our organization one that's really ready to manage change effectively?

When we look at this in more detail this later in this topic, we will look at a series of characteristics of organizations that we find in those organizations that most successfully turn good ideas into good outcomes.

We will also look at some of the characteristics that are typically found in organizations that are not so good at turning good ideas into good outcomes.

Strategic Plans:

Now we need to talk about strategic plans.

We've talked previously about the importance of looking at mission, vision, and strategic objectives.

But organizations always have plans in place for achieving those objectives and for reaching that vision of the future.

At this stage of the process, we need to revisit what those current strategic plans are.

We need to look at what we're doing now in our pursuit or success and make sure that when we manage change, either those existing strategic plans will be helpful in driving success for this change, or the existing strategic plans might need to be modified because we need to have compatibility between the overall strategic plan of the organization and the tactical plan for implementing a particular change.

It's also important as we revisit this to clarify what the specific goals are, what do we hope to achieve if we successfully implement this change.

And once we've specified those goals, we need to make sure they are aligned with the organization's overall strategic objectives.

It's really a terrible waste of organization resources, if we invest a lot of time and energy and money to achieve goals that really are not integrated with the overall strategy.

It's also a waste of organizational resources if we have an incomplete goal set when we manage our change and we're not fully chasing the things that we care about.

Target Elements of Change:

Now it's time for us to talk about the target elements of change.

In other words, what will we actually change in the organization?

We know why we want to make change.

Now the question is, what specific policies or practices or activities do we need to change in the organization?

Organizational Arrangements:

Some of the changes that an organization might make involve arrangements that they determined in the first place.

So, for example, organizations develop policies to guide behavior in the organization.

They develop procedures that inform members how to do their jobs effectively.

They create rules for the purpose of constraining behavior, they develop a structure that defines how individuals and units report to one another, and they create reward systems that signal and reinforce desired behavior.

They also create physical settings where people do their work.

Any of these organizational arrangements might be the target of organizational change.

People:

Another target area concerns the people in the organization, and this might be people who are currently in the organization or who need to be brought into the organization.

We want to look at their knowledge, their abilities to learn, we want to look at their skills, we want to look at their attitudes, we want to look at what motivates them, we want to look at their current behavior, their past behavior.

When we talk about people as a potential target for change in the organization, we're talking about either changing the deployment of people or changing the characteristics of people.

For example, if we feel that our people do not have the full knowledge set that they need to drive success, then we might be talking about a change that involves training.

If we're talking about people who are capable of doing what we want but they're not motivated to do what we want, we might need to change our reward system.

So this category says part of a change might focus on the people, who they are, and what they are.

Methods:

Another target area is the methods that we use at a more micro level to achieve success.

This is very much related to the organizational arrangements category, but now we're talking about things that are the day-to-day activities of what individuals and teams and departments do.

So when we talk about the methods, we're talking about the actual processes a person follows day-to-day, we're talking about the work flow for a person from one task to another, we're talking about the work flow from one person to another person or one department to another department.

We're talking about the design of the job that we give to individuals and teams.

Asking questions like; should we keep a job as simple as possible for an individual so they can learn a small number of things really, really well, or should we give a person a more complex set of tasks to make it more interesting and to give them for autonomy.

And, finally, we'll talk about the technology, the technology that is being used to convert raw material or raw ideas into finished product or finished ideas.

We'll look at computers and software, we'll look at printing presses and manufacturing machines.

We will look at the technology that we are using to facilitate the success of the organization.

Social Factors:

Another major category that we need to look at for potential change opportunities is social issues.

This is where we look inside the organization at the people and the teams and the groups.

This might include considering the culture of the organization, is this a culture that thrives on change, that embraces change, that seeks change.

Is this a culture where individuals help one another succeed, even if they're not rewarded for it economically?

Or is this a culture where people resist change, people hate change, people don't want to see change.

Is this a culture where people fight with each other and only care about their own success?

So we'll need to consider a variety of special factors, social factors, within the organization; like culture, like group processes that are not prescribed by the organization but that evolve as members of the organization interact with one another, and that will be both interactions between groups and interpersonal interactions between two people or two or three people.

We'll also look at communication processes.

How in this organization is information moved from one person to another?

How is persuasion achieved?

How to people seek information?

And we'll need to look at leadership in the organization.

What are our current leadership practices?

Overall, the idea of leadership is that it's a leaders's job to facilitate the success of followers.

Which means, normally it's the leader's job to clearly identify what we mean by success, to define a path to organizational success, to also define a path to the success of the individual and to facilitate movement across both of those paths.

That sounds nice, that sounds ideal, but we need to evaluate whether that's reality in the organization where we want to implement change.

So overall we have a lot of potential target elements for change that might involve organizational arrangements, people, methods, or social factors.

When we know that change is needed, when we identify our goals for making change, we search for good ideas by looking at any or all of these categories.

Outputs:

It's also important for us to think about the level of outcomes on which we are focused with a particular change.

Are we trying to drive organizational level outcomes that serve the overall mission and objectives of the organization or are we at a lower level in the organization?

For example, is our focus on enhancing division success or department success or group success?

Or is our focus on individuals and driving the success of those individuals?

Specifying the level or levels at which we're trying to drive success is very important for framing our efforts and for helping us to manage good ideas effectively.

Closing Thoughts:

So this is not a totally comprehensive model of the potential targets of change, but I think it's a good model to drive our thinking of where we might want to focus or change efforts.

We need to think about our inputs, we need to think about our current strategy, we need to think about the specific targets of change and the outcomes that we're seeking.

We cannot write a good story, we cannot tell a good story, we cannot sell a story effectively unless we have framed the change that we're working on in the context of all of these factors.

Unit 8.2 – The Change Management Process

Overview:

SPEAKER: Before we talk about a specific model that we're going to recommend for you for turning your good ideas into good outcomes, let's take a look at what we've learned from research about best practices.

There's been a lot of research done that has looked at a very wide range of organizations, some of which have been very successful at managing change; some of which, not quite so successful.

Some of this research actually looks at two or more organizations that implement the exact same change, but with better or worse effectiveness.

So what this research has done, to kind of simplify a large number of studies, what this research has done is to identify some organizations that are quite successful, some that are less successful at managing change and study those organizations as they manage change and ask the question; what do they do when they successfully work through the entire process of turning good ideas into goodoutcomes?

Stage 1: Change Identification:

One of the characteristics of those organizations that are so successful in managing change is they don't implement change as soon as they have the idea.

In fact, they step back to what's labeled Stage 1; change identification.

And what they do at this stage is they recognize that change is needed.

Somehow something waves a red flag that signals change is needed in this organization.

Now, that red flag might be declining achievement against objectives that you measure on a regular basis.

That red flag could come from something that a competitor is doing.

The red flag could come from a comment from a supplier or customer.

That red flag could come from ideas inside the organization, but the first thing they do is they identify that we need to change if we hope to achieve our vision for the future.

Then they identify the general nature of the change.

This is where they conclude that they need a technical change or they need a process change or they need a procedural change.

This is where the organization says now that we're convinced that change is needed, what kind of change do we think is needed to drive future success?

At the end of Stage 1, these organizations have concluded we need to change, we have an idea of what we think we need to change, the targets of change in the organization and, very importantly, these organizations specify the outcome objectives for the change that they have in mind and they specify how they will measure those outcome objectives.

After they've accomplished that, as they leave Stage 1, they walk away from Stage 1 convinced change is needed, reasonably convinced that they know what type of change is needed, and with a firm definition of the outcomes they hope to achieve.

Given that framing, they move to Stage 2 where they start to plan the implementation of their change.

Stage 2: Implementation Planning:

The first thing these organizations do in Stage 2 is something we've labeled here as situational diagnosis.

We will spend a lot of time on this in our process that we will talk about in this topic.

With situational diagnosis; we are looking at the culture, we're looking at the individuals, we're looking at who the stakeholders are, this is where we identify those people who can help the organization drive successful change or that could hinder successful change.

This is where we look at economic realities, this is where we look at the realities of competition, realities where suppliers or competitors are regulators.

So situational diagnosis is done to help us understand the context in which the change is likely to be made.

Given that situational diagnosis, organizations then adopt a tentative general strategy for their change.

This is where they decide whether the entirety of a change will be implemented all at once without advance notice to everyone in the organization, or if the change will be implemented one piece at a time, or if the change will be implemented in one part of the organization at a time.

This, for example, is where an organization might say; you know what we need, we need a trial of this change idea.

We think it's a good idea, we think it has potential to drive success, but we're not sure that we've got it completely right yet.

So our general change strategy might be to run a trial in one small part of the organization so that we can learn from that trial and improve the quality of the design of the change.

So that's a strategy that says instead of implementing all at once, let's try it out to see what we can learn.

Another reason that organizations sometimes use trials isn't to learn about a better way to design the change, but to demonstrate that the change is an idea that is likely to be effective.

If stakeholders aren't believers, a trial can be an effective way to convince stakeholders that this idea can actually work.

And we demonstrate that as a demonstration project, as a prototype project; in one part of the organization, demonstrate the success and we build off of that success.

Of course most trials end up being both a learning and a demonstration process.

But there's usually either a primary motivation to learn or to persuade.

At the end of Stage 2, organizations recognize that it's unlikely that their stakeholders are going to give them exactly what they want to help make their change succeed.

So they develop a plan to support those stakeholders, to convince those stakeholders, to persuade those stakeholders, this is where organizations develop a plan to reinforce the expected supportive behavior and a change behavior that could get in the way of the success of the change.

So where at the end of Stage 1, we had specific objectives for the change; at the end of stage 2, we have a plan for implementing the change in order to achieve those objectives.

Stage 3: Implement Change:

It's only at Stage 3 that these really successful organizations actually start implementing.

At Stage 3, we begin with what I'm going to label here as unfreezing.

Many organizations call this creating readiness for change or creating perceived need for change or demonstrating that change is needed.

But what this means is that the beginning step in the implementation stage is to help the stakeholders understand that change is needed.

As change managers, at the end of Stage 1, we believe that change was needed, we believed that this was an appropriate change idea, we believe this idea could produce the desired results, but our stakeholders may not know that.

So the first part of Stage 3 is to help our stakeholders conclude change is needed, this particular change is appropriate, these objectives are important, and making this change is likely to help achieve these objectives.

And I've labeled that here as unfreezing, we can think of it as creating perceived need for change.

Then we implement the change, notice that we're halfway through Stage 3 before these successful organizations actually implement their change idea.

This is where they either implement it all at once or they implement a series of trials or they implement one part of the change at a time, but this is where the change actually happens.

After the change has happened, we do what's called refreezing.

And let me -- let me describe this by going back to the idea of unfreezing.

The -- one of the reasons we need to unfreeze is because all organizations have this thing called the status quo.

Now, sometimes we treat status quo like it's a dirty word.

But, you know what status quo really does for us, status quo informs us of how to succeed.

The status quo tells us; for you to contribute to the success of this organization, this is what you need to do.

For you to get decisions, this is who you need to go to.

For you to help the organization succeed, for you to gain success for yourself, this is what we do in our organization the way it is today.

That's the status quo.

Status quo is a guide to success.

That's what we have to question when we unfreeze.

When we refreeze, we don't want chaos, so that the process of refreezing is the process of creating a new status quo.

For me as a stakeholder, having a new status quo helps me understand clearly the objectives we're chasing, helps me clearly understand the process I'm supposed to follow to achieve success, helps me understand what I'm supposed to do and how I'm supposed to do it.

It helps me understand who to go to for decisions, who to go to for success.

If all we did was implement the change and we did not establish a new status quo, we might end up with chaos.

That refreezing, the creation of a new status quo, is basically saying now that we're a new organization that's seeking success in a new way, this is what we do to achieve that success.

Stage 4: Evaluate Change:

The fourth stage is one that most organizations don't actively pursue, but the most successful of the successful change management organizations pay a lot of attention to the fourth stage.

In the fourth stage, we collect data that hopefully we've been collecting throughout the process and we analyze that data.

We make sense out of what we actually did, we make sense of out of whether we achieved the objectives, we evaluate whether we did what we said we would do, implemented the change the way we said we would, and we also evaluate whether we achieve those objectives that we specified all the way up in Stage 1.

Organizations that do this learn how to improve change, organizations that do this learn how to set goals better, organizations that do this learn how to modify the change process.

In other words, the most successful organizations don't stop when the change is over, they keep going and they do a post-change analysis so that the next time they go through this change process, they will do it even better than they did the time before.

Now, so why wouldn't every organization do this?

Well, there are a lot of reasons why organizations might not.

By the time they finish stage three, they might be totally exhausted and just not have the time or energy left to do the evaluation.

That's understandable, but unfortunate.

Another reason organizations might not pursue stage four is because they might not have people with the capability of doing this kind of analysis.

They simply don't have good analysts.

That's understandable, but unfortunate.

Another reason they might not do this is because change is a constant and they're moving on to the next change and they choose to devote their time to implementing the next change instead of analyzing the previous change.

That also is understandable, but unfortunate.

And I want to mention one final reason why organizations might not do this.

Remember this all began with a change manager or a change management team.

If we engage in Stage 4, we are collecting the data and analyzing the data that could demonstrate that our idea, either wasn't as good as we thought it was or demonstrate that our implementation process wasn't as good as it should have been.

That might not reflect favorably on us.

That too is understandable; that too is unfortunate.

That too is something we hope won't happen in our organizations, but that's heavily dependent on the culture of the organization.

I want to mention one last thing on this model that, remember is a description of what these other organizations do that are so successful at managing change, you'll notice there are a lot of arrows that go up and down between the various stages, that implies that these successful change management organizations treat change as an iterative process.

They understand that no matter how well they execute Stage 1, they might have to come back and revise it.

No matter how well they implement Stage 2, they might have to come back and revise and so on, all the way down the line.

Those organizations say this is not a linear process, it's an iterative process, and they achieve greater success through these iterations by designing better change ideas and by managing change more effectively because, by design, they plan to change their changes.

Closing Thoughts:

In closing, this isn't a theoretical model.

This is a capturing model that captures what organizations tend to do when they are really successful at taking good ideas and turning them into good outcomes, learning from that process so that they improve both the quality of their ideas and the quality of their execution in the future.

Unit 8.3 – Readiness for Change

Overview:

SPEAKER: Before we implement change in organizations, there are two aspects of readiness for change that we really need to think about.

The first is the organization itself.

We know that some organizations have characteristics that actually help prepare them and that are supportive of change.

So we're going to take a look at some of the key characteristics of organizations themselves that provide, if you will, a change friendly context.

Then we will look at individuals.

We will look at the individual people in the organization and ask are these people change friendly?

Do they have attitudes and beliefs?

Do they have capabilities that are supportive of change?

Are they bought into a culture that's supportive of change?

So first we're going to look at some of the characteristics of organizations that create an organizational readiness for change and then later we will look at some of the characteristics of individuals that create an organizational member readiness for change.

Factors that impact Readiness:

Let's look first at organizational readiness to change.

And I want to base this on a really interesting article that appeared in Fortune Magazine some years back that was written by TA Stewart.

In this article, Stewart asked one basic question; and that's the question we're interested in right now.

He asked what are the characteristics of organizations that provide a context that's friendly to change and supportive of change?

In his article, he looked at academic scholarly research.

He looked at interviews.

He looked at case studies.

And he identified a set of 17 factors that he had reason to believe could define a context -- an organizational context that is a good incubator, if you will, for supporting successful change.

We're going to look at a subset of those 17 factors that subsequent research has suggested are particularly important organizational characteristics that create an environment supportive of change.

Direction:

The first organizational characteristic we want to look at has to do with whether an organization has a clear sense of direction.

Do the members of the organization have a joint shared understanding -- that's accurate -- of the vision of the organization, of where the organization wants to go?

Organizations that have this tend to be more successful in managing change.

And we think that's because change is easier to place in the context of the direction of the organization and the future vision for the organization.

In other words, it's easier for the members and easier for the managers of the organization to look at a change and understand how this change is consistent with and supportive of the future that we're chasing.

Integration with Strategy & Programs:

A second characteristic is that these organizations tend to do a really good job framing the specific changes they're going to make with the existing strategy of the organization.

Now, remember that a strategy of an organization includes a mission that says this is why we exist, a vision that says this is where we want to be in the future, and a set of objectives that say this is how we define success.

Organizations that do a good job of showing how a change is connected to those specific factors are more likely to have change succeed in their organization.

This could be the same idea for change in two different organizations.

If the people in Organization A feel that that change is completely compatible with and serving the strategy of the organization, we have a better chance of success than if we have Organization B where people look at the change and go I don't see how that fits in our strategy.

Organizational Structure:

A third factor that can be particularly important is the structure of the organization.

Organizations create a structure that tells individuals to whom they report, that tells departments to which departments they're connected, and what the hierarchy is in the organization.

Organizations, particularly as they get big, would have chaos if we just put everybody in one big room and said get all this work done.

So what organizations do to bring order to that chaos is they create a structure that separates parts of the organization and then specifies how those separated parts are connected in the organization.

In some organizations, that structure is extremely rigid.

In others, it's more flexible.

Organizations that tend to be more successful at managing change have relatively flexible organizational structures.

Those organizations recognize that the structure only exists to help the organization succeed and that if a change that's designed to improve the success of the organization requires a change in that structure that that's a very reasonable thing to consider.

Decision-making:

We also see a lot of differences from organization to organization in decision making and how quickly decisions are made, how quickly decisions are implemented.

The research that has asked does -- do these decision making characteristics impact the readiness for change suggest that organizations that make decisions extremely quickly tend to implement ideas that are not fully ready for prime time and they often get in trouble.

Organizations that are too slow in decision making that have a lumbering, labored decision making process don't get around to implementing their good ideas in time and they wither.

But organizations that are moderately quick at making decisions, that moderately quickly identify the alternatives, identify the criteria, evaluate the alternatives against the criteria, make a choice, and move on, those kinds of organizations tend to be more successful in implementing change.

They evaluate the change ideas carefully.

They select the ones that match what they're trying to achieve.

And they implement.

They decide to implement while we still have excitement around the change.

Process / Functions:

Organizations also create specific processes.

They create a rule book, if you will, that says this is what we should do to achieve success.

These are the processes that we follow.

This is the definition of our path to success.

In some organizations, these are very rigid.

In other organizations, they're less rigid.

The organizations that tend to be most appropriate for a successful change are those organizations where these processes and these functions are clearly specified but are not overly rigid.

And we think the reason that helps create an environment for change success is because ideas often require process change.

And organizations that say process is here to serve us are more willing to be flexible to accommodate the new demands from these new good ideas.

Sponsorship:

Another characteristic of organizations that tend to be quite successful in implementing their change concerns the idea of sponsorship.

When a change has clear merit, that means that we can see that pursuing this change idea is likely to drive the success that we all care about.

However, having a clear understanding that a change has merit is not necessarily persuasive to a lot of stakeholders.

So a lot of stakeholders want to know who is behind this.

In organizations where sponsorship for change comes from a high level, the lower level people in the organization are more likely to believe that that signals the importance of the change, the appropriateness of the change, and also signals that higher levels of the organization are likely to provide the support that's needed for that change idea to be successfully implemented.

Organizations that tend to be more successful in change management tend to have higher level sponsorship and ownership of change ideas.

Metrics & Motivation:

Another characteristic of organizations that are ready for change has to do with metrics.

Organizations that are good at specifying the metrics for both process and outcomes, in other words, they specify this is how we measure what we're doing and this is how we measure what we've achieved, organizations that have good metrics where there is broad understanding of what the metrics are for measuring both process and outcomes and broad buy-in to those metrics are more likely to succeed in implementing change.

We think that is due to the fact that when a change is presented it can be clearly connected to metrics that we know are going to be measured so that we can say if we implement this change we believe it will drive this much improvement on this metric, this much improvement on this metric.

So we're directly connecting the change to the measurement of outcomes.

And in organizations that have those metrics, that share those data where people buy into them, we often weed out change ideas that won't serve the most important metrics.

We implement those that will serve those metrics, and we know we're going to be accountable.

We can also ask about the motivation of the organization, its managers, and its members.

In organizations where there is a sense of urgency to pursue success, where there is a sense of continuous improvement, where there is a cultural drive to improve the organization, any time, any way that we can if it's appropriate, we see this cultural perspective serving as a motivator to adopt good ideas and see them through to successful completion.

In many organizations, the culture is more a barrier to change than a facilitator of change.

In organizations where the culture -- the organization, its management team, and its employees -- is one where we are motivated to find improvement.

We see good ideas being recognized more quickly and implemented more effectively.

Risk, Innovation, and Reward Systems:

Finally, we need to talk about the combination of risk taking, innovation, and reward systems.

And when I mention reward systems, you'll remember we're talking about both positive rewards and punishment at times.

Many organizations create the belief that failure is punished.

New change ideas are risky.

Innovation is risky.

If we implement change, if we innovate in an organization, we are increasing the possibility that we might fail.

If members of the organization believe that failure is always punished, people are likely to avoid change because they want to avoid that risk of being punished.

However, in organizations that reward a combination of achieving outcomes and of attempting to innovate and implement new ideas to achieve those outcomes, those organizations are much more likely to see members and managers participate in identifying ideas that will improve the organization.

They will be told by the reward system this is expected of you.

They will know that if they successfully implement not only will the organization succeed but they'll be rewarded for it.

With that combination, we see a pretty powerful drive in that kind of organization to not only identify good ideas but to see them through to successful completion.

So we've looked at a subset of the 17 characteristics of successful change organizations.

If you look at these in any organization, you will see opportunities to capitalize on strengths to drive successful change; but you will also in most organizations identify barriers to successful change.

In many organizations where we identify one of these as a barrier, we need to step back and change that item before we try to implement change.

If we see, for example, that failure of any type is always punished, we may need to step back and look at the reward system if we want to create a context where individuals and managers will seek good ideas, implement good ideas, and chase them to success.

Unit 8.4 – Stakeholder Analysis

Overview – Six Step Process:

SPEAKER: Now let's talk about individuals and their readiness to change.

To do this we're going to talk about a process known as stakeholder analysis.

We're going to spend quite a bit of time on stakeholder analysis, because this is key to capturing many of those characteristics of what really successful change management organizations do.

Stakeholder Analysis:

Let's do a quick overview of the stakeholder analysis process, and then we'll look at each step of this process individually in more detail.

The first thing we will do in stakeholder analysis is we will identify who the key stakeholders are inside and outside the organization.

Those people who can drive success or failure.

Those stakeholders who will be impacted if the change is made.

Then we will identify the behavior that we hope to receive from each of these stakeholders that will help drive the success of the change.

The next thing we will do is predict the behavior we'll likely to get from these stakeholders if we do not manage them.

After looking at what we need and what we expect from our stakeholders we can identify the gaps.

Those gaps are gaps between what we need and what we expect.

Those gaps will explain our failure to successfully implement the change.

Because we're not happy with knowing why we will fail, the next step of the stakeholder process involves developing a plan to close those gaps.

And then we will close the stakeholder analysis by telling the story that begins with identification of stakeholders and ends with a description of our plan to make sure that our stakeholders will give us what is needed for our change to succeed.

Internal vs External Stakeholders:

The first thing we'll do in stakeholder analysis is identify our key stakeholders.

Let's think about people inside the organization and people outside of the organization.

Let's think about people whose behavior can help the change succeed or hinder its success.

And let's think about stakeholders who, even if they have no influence on whether the change succeeds or not, will be impacted if the change is implemented.

Step 1: Identify Internal & External Stakeholders:

To help us with the stakeholder analysis process, we're going to look at a four segment grid, and we'll visit this multiple times.

This first time that we visit this grid our task is simply to identify who the key stakeholders are.

Now there are a lot of stakeholders, a lot of people who can impact the change, a lot of people who will be impacted by the change.

But what we need to do is identify who the most critical, the most important stakeholders are.

We have four quadrants.

The upper left hand quadrant is where we should make a list of every internal stakeholder from inside the organization who has the potential, through their behavior, to either facilitate the success of the change or make the success of the change less likely.

So the upper left hand quadrant should be populated with stakeholders by asking the question, who are the people, individually or in groups, inside the organization who can engage in behavior to help this change succeed, or who can engage in behavior that can make success less likely?

The lower left hand quadrant asks us to look outside of the organization.

We will populate quadrant by asking the question, are there any people outside of the organization who could help, through their behavior, drive the success of this change?

This might be a client.

This might be a customer.

This might be a consultant.

We're asking, are there individuals or groups outside of the organization who can help drive the success of this change or who could hinder the success of this change?

And again this could be suppliers, customers, regulators, investors.

So in the left hand column, our upper left hand quadrant and our lower left hand quadrant, we're focused on identifying individuals or groups that could impact the success or failure of the change idea.

That makes them important.

In the upper right hand quadrant we're asking if there are stakeholders inside the organization who will be impacted themselves if this change is implemented.

If this change is implemented, could this cause this stakeholder to need to learn new things or do new things?

Could it cause them to lose their job?

Could it cause them to have new opportunities in the organization?

So here we're thinking ahead.

We're looking at stakeholders.

We don't want to be short-sighted.

So even if the people in the upper right hand quadrant aren't necessary for us to implement this change successfully, if they're going to be impacted positively or negatively after the change is implemented, now is the best time to identify that, because guaranteed, if you hurt stakeholders, after the fact you will hear from them, and they may or may not be able to create a problem.

If you help stakeholders, why not identify that up front so we can leverage that and take advantage of that.

Now I will note that when we identify stakeholders, sometimes we might identify an individual or group of stakeholders who belong in both the upper left and the upper right quadrants.

So that would be the case of, for example, someone who can help us make the change work, and if the change is implemented, perhaps this change could make their life better after it's implemented.

The lower right hand quadrant is external stakeholders who, if the change is implemented, might be impacted by this change.

So if we implement a change, will it impact our suppliers?

Will it impact our customers?

Will it impact regulators?

Will it impact competitors?

So at this stage of the stakeholder analysis, all we want to do is populate these four quadrants.

For some changes, there might be an empty quadrant.

For most changes there will be stakeholders in each of these quadrants.

It's really important that we anticipate in advance who the key stakeholders are.

Because one of the worst mistakes we can make in change management is to be two-thirds of the way through the implementation of a change, and discover that there was somebody really important who we left out of the stakeholder analysis.

Somebody who we needed who we hadn't thought about.

Somebody who might fight us who we hadn't thought about.

Somebody who might be impacted positively or negatively we hadn't thought about.

At the end of this step of the stakeholder analysis we should have good specification of who the key players are.

If you want to think of this, again, as consistent with writing a story, this is where we are identifying who the key characters will be in our story.

Denial:

Once we've identified who these key stakeholders are, it's time to start thinking about how they might react when they become aware of the change that's being planned.

We're going to look at a very wide range of potential reactions.

After we've done that, we will revisit this little model with four quadrants, and we will then ask what behavior do we need from each of our key stakeholders.

So let's move on and think about how people might react when change is actually announced, when change is actually rolled out.

This is also based on a significant amount of research that's been done in a wide range of organizations.

What this research has done is to ask the question, when change is implemented, how do people react?

Let's take a look.

Range of Reactions to Change:

One reaction to change that is not totally uncommon is for a stakeholder to simply deny that the change will ever be implemented.

You may have done that yourself.

You may have seen others do it.

It's often expressed as, yeah, yeah, yeah, they talk about change a lot, but they never actually get around to actually implementing change, so I'm just going to assume that this change will never happen.

And I'm not going to think about it or worry about it or spend time trying to help it.

However, for those people who do not deny that change is likely to occur, we can see a really wide range of reactions.

What I've tried to do in this graphic is to identify some of the common types of reactions we might see from stakeholders when change is rolled out.

With the exception of the first reaction that we will look at, the reaction of choosing to leave the organization, I've arranged on a continuum samples of the types of behavior we might see that could range anywhere from active resistance to active support.

Let's take a look at what some of these reactions might look like.

This should help you as you think through how your stakeholders might choose to react.

Leaving:

MAN: I'm quitting.

Just too much change around here.

I don't like change.

Change makes me nervous.

Maybe I'll be happy somewhere else.

SPEAKER: It's not really uncommon for a significant change to become a tipping point for someone to conclude that they would like to leave the organization.

Maybe they want to move to a different job in the same organization.

Maybe they want to take a job somewhere else.

Now in this particular example of someone who's chosen to leave, some of us might look at that guy and actually celebrate his departure, since he doesn't seem like a real peppy, constructive, positive guy.

However, even if we may celebrate the fact that a change has tipped him to choose to leave and he's not one of our strongest performers, we need to think about the implications of this if we are in the middle of implementing a change.

If even if he's only been a marginal employee, think about the context in which this departure happens.

First, most of us at our jobs already feel that we have more work to do than we can handle.

Almost always, when change is introduced, the work that we're asked to do to help make that change succeed is put on top of all that work that we already feel is too much.

So even without this guy leaving, we already feel somewhat overworked.

The change makes us feel even more overworked, and now if this guy leaves somebody has to pick up the work that he would have done.

Somebody has to pick up his role in making the change succeed.

Somebody has to spend time finding his replacement, training his replacement, getting his replacement up to speed.

So again, even though we might celebrate the departure of someone like this, that departure in the middle of a change can be a problem.

If we do a good stakeholder analysis, we will identify in advance that this guy is a potential problem, and we're going to develop a plan so we're less likely to have him depart in the middle of the change and have to cover for him.

Active Resistance:

Now let's jump on that continuum of behaviors we might see from people who choose to stay with the organization, as most people will.

Let's start at the far left side of the continuum where we have a stakeholder who's chosen to actively resist.

WOMAN: This idea that Roberta came up with is really, really bad.

It's going create turmoil.

It's going to create confusion.

It's going to make life really difficult for all of us.

We've got to stop her.

Can I count on you for your support?

SPEAKER: That went well.

Most change managers are not happy when they see one of their important stakeholders actively resisting the change.

Clearly, if this is a trusted and respected stakeholder, and she expresses to others that she thinks the change is bad idea, that she thinks the change should be stopped, that could not only be a problem of failing to receive the support we need from her, but it could have a cascade effect where other stakeholders who are important reconsider and decide not to support the change.

Now a couple of comments about the active resistor.

First, I mentioned that this could be powerful if the stakeholder is respected by others.

If this person is not respected by others, to be honest, sometimes when that unrespected person speaks up against a change, other stakeholders get on board.

But when it's a respected person, there's a reason why that person is respected, and this is an opportunity for us.

Rather than bemoaning that this -- this stakeholder who I -- I need her help but she's choosing to resist, rather than bemoaning that, this is an opportunity to learn why she's resisting, to figure out if it's because she thinks the change is a bad idea.

She might really care about the organization, and think that this change idea will hurt it.

Or does she think this change idea is flawed?

Or does she think it will have a bad impact on her or people she cares about?

This is an opportunity to engage this stakeholder to learn why she has chosen to take this position.

If this is someone who always actively resists change, we will probably learn that she doesn't want to exert the effort to learn how to do new things.

However, if sometimes she supports and sometimes she resists change and she's respected, this is a great learning opportunity for us.

It's also an opportunity, if we talk to her, if we understand her, if we respond to her, and either help her understand why the change is a good idea or we use her input to make the change a better idea, we have the opportunity to convert her from an active resistor to someone who's more supportive of the change.

And if we can do that, and if she has already voiced her opposition, that can signal something very key to other stakeholders.

Here's a stakeholder who is resisting.

Management engaged her.

Management listened to her.

Management responded.

She's gotten on board.

Wow, that's impressive.

I want to mention one other thing about this kind of reaction.

This is not a lazy person necessarily.

This may be a highly motivated person.

In this case, motivated to stop the change.

This maybe a person who's thought through the merits of the change quite carefully.

This maybe a person who's willing to spend time and energy focused on change, focused on change management.

We can turn that time and energy into something effective, potentially.

Now let's jump on that continuum of behaviors we might see from people who choose to stay with the organization, as most people will.

Let's start at the far left side of the continuum where we have a stakeholder who's chosen to actively resist.

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Clearly, if this is a trusted and respected stakeholder, and she expresses to others that she thinks the change is a bad idea, that she thinks the change should be stopped, that could not only be a problem of failing to receive the support we need from her, but it could have a cascade effect where other stakeholders who are important reconsider and decide not to support the change.

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But when it's a respected person, there's a reason why that person is respected and this is an opportunity for us, rather than bemoaning that this -- this stakeholder who I -- I need her help, but she's choosing to resist, rather than bemoaning that, this is an opportunity to learn why she's resisting, to figure out if it's because she thinks the change is bad idea.

She might really care about the organization and think that this change idea will hurt it.

Or does she think this change idea is flawed?

Or does she think it will have a bad impact on her or people she cares about.

This is an opportunity to engage this stakeholder to learn why she has chosen to take this position.

If this is someone who always actively resists change, we will probably learn that she doesn't want to exert the effort to learn how to do new things.

However, if sometimes she supports and sometimes she resists change and she's respected, this is a great learning opportunity for us.

It's also an opportunity, if we talk to her, if we understand her, if we respond to her and either help her understand why the change is a good idea or we use her input to make the change a better idea.

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This may be a person who's thought through the merits of the change quite carefully.

This may be a person who's willing to spend time and energy focused on change, focused on change management.

We can turn that time and energy into something effective potentially.

Acquiescence:

SPEAKER: Now let's talk about individuals and their readiness to change.

To do this we're going to talk about a process known as stakeholder analysis.

We're going to spend quite a bit of time on stakeholder analysis, because this is key to capturing many of those characteristics of what really successful change management organizations do.

Let's do a quick overview of the stakeholder analysis process, and then we'll look at each step of this process individually in more detail.

The first thing we will do in stakeholder analysis is we will identify who the key stakeholders are inside and outside the organization.

Those people who can drive success or failure.

Those stakeholders who will be impacted if the change is made.

Then we will identify the behavior that we hope to receive from each of these stakeholders that will help drive the success of the change.

The next thing we will do is predict the behavior we'll likely to get from these stakeholders if we do not manage them.

After looking at what we need and what we expect from our stakeholders we can identify the gaps.

Those gaps are gaps between what we need and what we expect.

Those gaps will explain our failure to successfully implement the change.

Because we're not happy with knowing why we will fail, the next step of the stakeholder process involves developing a plan to close those gaps.

And then we will close the stakeholder analysis by telling the story that begins with identification of stakeholders and ends with a description of our plan to make sure that our stakeholders will give us what is needed for our change to succeed.

The first thing we'll do in stakeholder analysis is identify our key stakeholders.

Let's think about people inside the organization and people outside of the organization.

Let's think about people whose behavior can help the change succeed or hinder its success.

And let's think about stakeholders who, even if they have no influence on whether the change succeeds or not, will be impacted if the change is implemented.

To help us with the stakeholder analysis process, we're going to look at a four segment grid, and we'll visit this multiple times.

This first time that we visit this grid our task is simply to identify who the key stakeholders are.

Now there are a lot of stakeholders, a lot of people who can impact the change, a lot of people who will be impacted by the change.

But what we need to do is identify who the most critical, the most important stakeholders are.

We have four quadrants.

The upper left hand quadrant is where we should make a list of every internal stakeholder from inside the organization who has the potential, through their behavior, to either facilitate the success of the change or make the success of the change less likely.

So the upper left hand quadrant should be populated with stakeholders by asking the question, who are the people, individually or in groups, inside the organization who can engage in behavior to help this change succeed, or who can engage in behavior that can make success less likely?

The lower left hand quadrant asks us to look outside of the organization.

We will populate quadrant by asking the question, are there any people outside of the organization who could help, through their behavior, drive the success of this change?

This might be a client.

This might be a customer.

This might be a consultant.

We're asking, are there individuals or groups outside of the organization who can help drive the success of this change or who could hinder the success of this change?

And again this could be suppliers, customers, regulators, investors.

So in the left hand column, our upper left hand quadrant and our lower left hand quadrant, we're focused on identifying individuals or groups that could impact the success or failure of the change idea.

That makes them important.

In the upper right hand quadrant we're asking if there are stakeholders inside the organization who will be impacted themselves if this change is implemented.

If this change is implemented, could this cause this stakeholder to need to learn new things or do new things?

Could it cause them to lose their job?

Could it cause them to have new opportunities in the organization?

So here we're thinking ahead.

We're looking at stakeholders.

We don't want to be short-sighted.

So even if the people in the upper right hand quadrant aren't necessary for us to implement this change successfully, if they're going to be impacted positively or negatively after the change is implemented, now is the best time to identify that, because guaranteed, if you hurt stakeholders, after the fact you will hear from them, and they may or may not be able to create a problem.

If you help stakeholders, why not identify that up front so we can leverage that and take advantage of that.

Now I will note that when we identify stakeholders, sometimes we might identify an individual or group of stakeholders who belong in both the upper left and the upper right quadrants.

So that would be the case of, for example, someone who can help us make the change work, and if the change is implemented, perhaps this change could make their life better after it's implemented.

The lower right hand quadrant is external stakeholders who, if the change is implemented, might be impacted by this change.

So if we implement a change, will it impact our suppliers?

Will it impact our customers?

Will it impact regulators?

Will it impact competitors?

So at this stage of the stakeholder analysis, all we want to do is populate these four quadrants.

For some changes, there might be an empty quadrant.

For most changes there will be stakeholders in each of these quadrants.

It's really important that we anticipate in advance who the key stakeholders are.

Because one of the worst mistakes we can make in change management is to be two-thirds of the way through the implementation of a change, and discover that there was somebody really important who we left out of the stakeholder analysis.

Somebody who we needed who we hadn't thought about.

Somebody who might fight us who we hadn't thought about.

Somebody who might be impacted positively or negatively we hadn't thought about.

At the end of this step of the stakeholder analysis we should have good specification of who the key players are.

If you want to think of this, again, as consistent with writing a story, this is where we are identifying who the key characters will be in our story.

Once we've identified who these key stakeholders are, it's time to start thinking about how they might react when they become aware of the change that's being planned.

We're going to look at a very wide range of potential reactions.

After we've done that, we will revisit this little model with four quadrants, and we will then ask what behavior do we need from each of our key stakeholders.

So let's move on and think about how people might react when change is actually announced, when change is actually rolled out.

This is also based on a significant amount of research that's been done in a wide range of organizations.

What this research has done is to ask the question, when change is implemented, how do people react?

Let's take a look.

One reaction to change that is not totally uncommon is for a stakeholder to simply deny that the change will ever be implemented.

You may have done that yourself.

You may have seen others do it.

It's often expressed as, yeah, yeah, yeah, they talk about change a lot, but they never actually get around to actually implementing change, so I'm just going to assume that this change will never happen.

And I'm not going to think about it or worry about it or spend time trying to help it.

However, for those people who do not deny that change is likely to occur, we can see a really wide range of reactions.

What I've tried to do in this graphic is to identify some of the common types of reactions we might see from stakeholders when change is rolled out.

With the exception of the first reaction that we will look at, the reaction of choosing to leave the organization, I've arranged on a continuum samples of the types of behavior we might see that could range anywhere from active resistance to active support.

Let's take a look at what some of these reactions might look like.

This should help you as you think through how your stakeholders might choose to react.

MAN: I'm quitting.

Just too much change around here.

I don't like change.

Change makes me nervous.

Maybe I'll be happy somewhere else.

SPEAKER: It's not really uncommon for a significant change to become a tipping point for someone to conclude that they would like to leave the organization.

Maybe they want to move to a different job in the same organization.

Maybe they want to take a job somewhere else.

Now in this particular example of someone who's chosen to leave, some of us might look at that guy and actually celebrate his departure, since he doesn't seem like a real peppy, constructive, positive guy.

However, even if we may celebrate the fact that a change has tipped him to choose to leave and he's not one of our strongest performers, we need to think about the implications of this if we are in the middle of implementing a change.

If even if he's only been a marginal employee, think about the context in which this departure happens.

First, most of us at our jobs already feel that we have more work to do than we can handle.

Almost always, when change is introduced, the work that we're asked to do to help make that change succeed is put on top of all that work that we already feel is too much.

So even without this guy leaving, we already feel somewhat overworked.

The change makes us feel even more overworked, and now if this guy leaves somebody has to pick up the work that he would have done.

Somebody has to pick up his role in making the change succeed.

Somebody has to spend time finding his replacement, training his replacement, getting his replacement up to speed.

So again, even though we might celebrate the departure of someone like this, that departure in the middle of a change can be a problem.

If we do a good stakeholder analysis, we will identify in advance that this guy is a potential problem, and we're going to develop a plan so we're less likely to have him depart in the middle of the change and have to cover for him.

Now let's jump on that continuum of behaviors we might see from people who choose to stay with the organization, as most people will.

Let's start at the far left side of the continuum where we have a stakeholder who's chosen to actively resist.

WOMAN: This idea that Roberta came up with is really, really bad.

It's going create turmoil.

It's going to create confusion.

It's going to make life really difficult for all of us.

We've got to stop her.

Can I count on you for your support?

SPEAKER: That went well.

Most change managers are not happy when they see one of their important stakeholders actively resisting the change.

Clearly, if this is a trusted and respected stakeholder, and she expresses to others that she thinks the change is bad idea, that she thinks the change should be stopped, that could not only be a problem of failing to receive the support we need from her, but it could have a cascade effect where other stakeholders who are important reconsider and decide not to support the change.

Now a couple of comments about the active resistor.

First, I mentioned that this could be powerful if the stakeholder is respected by others.

If this person is not respected by others, to be honest, sometimes when that unrespected person speaks up against a change, other stakeholders get on board.

But when it's a respected person, there's a reason why that person is respected, and this is an opportunity for us.

Rather than bemoaning that this -- this stakeholder who I -- I need her help but she's choosing to resist, rather than bemoaning that, this is an opportunity to learn why she's resisting, to figure out if it's because she thinks the change is a bad idea.

She might really care about the organization, and think that this change idea will hurt it.

Or does she think this change idea is flawed?

Or does she think it will have a bad impact on her or people she cares about?

This is an opportunity to engage this stakeholder to learn why she has chosen to take this position.

If this is someone who always actively resists change, we will probably learn that she doesn't want to exert the effort to learn how to do new things.

However, if sometimes she supports and sometimes she resists change and she's respected, this is a great learning opportunity for us.

It's also an opportunity, if we talk to her, if we understand her, if we respond to her, and either help her understand why the change is a good idea or we use her input to make the change a better idea, we have the opportunity to convert her from an active resistor to someone who's more supportive of the change.

And if we can do that, and if she has already voiced her opposition, that can signal something very key to other stakeholders.

Here's a stakeholder who is resisting.

Management engaged her.

Management listened to her.

Management responded.

She's gotten on board.

Wow, that's impressive.

I want to mention one other thing about this kind of reaction.

This is not a lazy person necessarily.

This may be a highly motivated person.

In this case, motivated to stop the change.

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This is not a lazy person necessarily.

This may be a highly motivated person.

In this case, motivated to stop the change.

This may be a person who's thought through the merits of the change quite carefully.

This may be a person who's willing to spend time and energy focused on change, focused on change management.

We can turn that time and energy into something effective potentially.

Acquiescence:

Let's look at a response from a stakeholder that, on the surface, is neither positive nor negative.

MAN: I know this new change Bobby has proposed is huge, but whatever happens happens.

I'll just sit back and see how this thing plays out.

SPEAKER: So this kind of response we usually label acquiescence, or it's what my daughter would call 'whatever'.

This is the stakeholder who responds to a change by saying I'm just going to wait and see what happens.

He understands the change is going to occur, but he's not going to actively resist.

He's not going to passively resist, but he's also not going to become a supporter of the change.

He's basically saying, I'm going to sit here and watch.

Now, I have to point out that that particular response might be just fine for a particular change.

Quite often there are a lot of stakeholders who don't need to be actively involved in making a change idea succeed.

So this response of acquiescence could be ideal, if that's all we need from them, or it could be really problematic if what we actually need from the stakeholder is some kind of more active support in making sure that this change is designed right and implemented effectively.

One other comment about the person who chooses to acquiesce.

Quite often we don't know if they're acquiescing because they're just simply neutral on the change idea or if they're opposed to the idea, but don't want to bother publicly opposing it.

Or if they're supportive of the change but don't want to bother.

Maybe they're too busy.

Maybe they don't see rewards.

They don't want to bother to actively support it.

So acquiescence is wait and see, but it could be motivated by disliking, but not wanting to act.

Being truly neutral, and therefore not wanting to act.

Being positive but not wanting to act.

Again for all of these possible reactions we can't label these as positive or negative until we've done the next step of our stakeholder analysis, and we've identified what we need from the stakeholder.

Acceptance / Modification:

Let's look at a response that is both more positive and more active.

The idea of accepting that the change is a good idea, but choosing to help modify the idea.

MAN 2: Hi Roberta, how are you?

ROBERTA: Hi, good morning.

MAN 1: Roberta, I've been thinking about the new plan, and I think we've got the right idea.

But we need to change to continue growing.

You can count on me to help make this thing work.

The basic plan is solid, but I think we can improve on it with a few changes.

Let me tell you about some of my revisions, and how I would be willing to make it work.

SPEAKER: This response of acceptance and modification could be just perfect for a given stakeholder.

Or it could just be perfect interference from a stakeholder.

Again we have to identify what we need from this stakeholder.

And we have to evaluate this response.

This stakeholder is saying, I like the basic idea, but I want to modify it.

I have ideas for ways to make it work better.

Now when we interpret that kind of statement, do we interpret it as a stakeholder who's committed to the goals, who thinks the change will help us achieve those goals, but wants to do even more work to help us make the change or the implementation process even better?

Or do we interpret this as blackmail, where he's saying, yeah, yeah, yeah, I like it, but I'd like to see these changes, and I will support it if you make these changes.

Those are very different attributions.

Acceptance modification may be exactly what we need from a stakeholder or it might be interference.

When we do the next step of our stakeholder analysis, and we identify what we need from our stakeholders, we like this kind of stakeholder if we need this kind of input.

If we need this kind of input, this stakeholder could help us make the change better, the implementation even better, and could increase the probability that our good idea will turn into good outcomes.

But, this is a high investment to spend the time to work with this person who may or may not actually have good ideas for making the change better or implementing more effectively.

Acceptance / Passive Support:

Sometimes a stakeholder will be supportive of the change, but not very actively.

They will engage in what we've labeled here as passive support.

Let's take a look.

MAN 2: You know, I reviewed Roberta's plan for redistricting.

It's okay, I guess, but don't expect me to jump on the bandwagon, and start singing its praises.

But, you know, I'll do whatever is necessary to help Roberta make it work.

SPEAKER: I would first like to observe that I do not hear a lot of passion in that response.

And I also have to admit that my first reaction when I hear that is disappointment that there's no passion.

But again, I want to remind you, that for some stakeholders this is what we need.

A positive spin on this response is that this guy likes the change, this guy is willing to help.

He's just not going to be proactive.

In a way, we can think of this response as an asset that's on the bench.

You know, athletic teams have typically more players on the bench than are actively involved in the game.

It's backup.

It's fallback.

It's extra talent.

It's talent that's there when we need it, but we're not going to use it all the time.

This guy, with this response, might be that backup player who we may or may not need to call on later.

But it's very important for us to know if he views himself as a backup player who will give his support if we ask for it.

Or if we've confused this response with someone who’s acquiescence -- acquiescing or passively resisting.

So the passive supporter says, I'm okay with this idea, I'm willing to help, but you will need to come to me if you need my help.

Active Support:

And finally, all the way the right side of the continuum, we get the stakeholder response that most change managers love the most even though it's not always the best and most appropriate response, but we like it.

WOMAN 2: I've reviewed Roberta's plan for redistricting.

It's exactly what we need.

Sure, it's going to be painful while we go through the process of implementing the plan.

But once the plan is in place we're going to be more effective, and all our lives will be better.

I plan on volunteering to help Roberta implement the plan, and I was hoping I could get you to do the same thing.

SPEAKER: It's easy to understand why change managers often love it when they see a stakeholder responding this way.

This is someone who's excited about the change.

This is someone who is personally engaged with the change.

This is someone who is willing to spend the time and energy to engage others and to motivate others to be supportive of the change.

It sounds great.

Again, however, we need to be careful.

Number one, we don't need everybody to be a cheerleader.

We don't need everybody on the bandwagon.

We need selective stakeholders to be our active supporters, to be our champions of the change.

We need to carefully choose which of our stakeholders we want the public to see as active supporters who are champions of the change.

A couple of comments about this response.

First, we're not going to get much constructive input from this person because all she's expressing is, I like the change, I like the process, come on board, let's help make it work.

If this is a stakeholder from whom we need constructive or even critical input we're going to have to pull this out of her, because this dominant response she's showing is focusing entirely on spinning the positive side of the change and selling the positives to others.

So when we identify what we need from our stakeholders, we have to think carefully about who we want in this champion role, and whether we also need critical input from them, and ask how we can get that.

And one last comment about this response.

It's not very different from an active resistor.

Both the active supporter and the active resistor are very intense, they're very public, they're very motivated, they're proactive in recruiting others.

They appear to have spent a lot of time thinking about the change, they've evaluated the change, and they've reached a conclusion.

The primary difference is the active supporter has concluded this is one I want to get behind, and the active resistor has concluded this is one I would like to stop.

Let's visit our stakeholder analysis grid one more time and this time let's look at each of our key stakeholders and identify the behavior that we need from them to facilitate the success of the change.

So in each of the four quadrants for each of our key stakeholders let's specify if this stakeholder behaves this way, it will facilitate the success of the change.

So what we're doing now, we're not predicting how we think they will respond.

We are specifying what the change needs from each of these stakeholders to drive the success of the change.

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The primary difference is the active supporter has concluded this is one I want to get behind, and the active resistor has concluded this is one I would like to stop.

Step 2: Identify Needed Stakeholder Behavior:

Let's visit our stakeholder analysis grid one more time and this time let's look at each of our key stakeholders and identify the behavior that we need from them to facilitate the success of the change.

So in each of the four quadrants for each of our key stakeholders let's specify if this stakeholder behaves this way, it will facilitate the success of the change.

So what we're doing now, we're not predicting how we think they will respond.

We are specifying what the change needs from each of these stakeholders to drive the success of the change.

Unit 8.5 – Change & Stress

Unit 8 / Lecture 5:

SPEAKER: We've just talked about how stakeholders and their behavior can have an impact on the success or failure of a change.

We also need to think about how the change itself and the change process can have an impact on stakeholders.

In particular, we want to look at ways that change can produce stress for stakeholders.

The way we're going to do this is to look at some of the common stressors in organizations, and how some of these can be made more intense in the context of change.

Stress at work can come from a wide range of sources.

Change can create new stressors.

Change can magnify the impact of other stressors.

Stress is an important issue that cannot be separated from the management of change.

As we manage stakeholder reactions to change, we also need to manage the impact of change on stakeholders.

Change & Stress:

As we talk about stress in organizations, stress in reaction to change, please keep in mind that stress can produce positive or negative effects for stakeholders.

Keep in mind, some of our best performance at work, in sports, at home, some of our best performance comes under stress.

Keep in mind that some of our most positive affective experiences occur when we're experiencing stress.

But also keep in mind that stress at certain levels can have a pretty negative impact in a wide range of ways for stakeholders.

Optimal Stress Levels:

A good way to think about this is that we're looking for optimal levels of stress.

Stress that's too low can be dysfunctional.

Stress that's too high can be dysfunctional.

We also want to keep in mind as we talk through this process, that different levels of stress can lead to optimal performance, optimal affect for different types of tasks.

For example, if you're learning a brand new task, a small amount of stress can make it very difficult for you to learn and to be effective.

And it can be really frustrating.

On the other hand, if you're performing a task that you know really well, a moderate amount of stress can actually be a pretty positive thing for you personally and for your performance.

Performance vs. Stress:

In this little graph we are looking at the effect of stress on a variety of outcomes.

As we move from left to right in this graph, we're moving from very low levels of stress to very high levels of stress.

The vertical axis is an indication of the resulting performance level, affect, how you feel, and various health responses.

From left to right, low stress to high stress.

From bottom to top, negative responses to positive responses.

Here's what we find when we look at different levels of stress that people experience.

At very low levels of stress most people are bored.

Most people are not very activated or excited about their work.

Most people, at very low levels of stress, don't perform at a very high level, and they don't feel very good about their experience.

As stress levels increase, we see performance increasing, we see affect increasing.

We see health reactions, particularly psychological reactions becoming more positive.

And we see that we reach kind of a peak point where there's a range.

Kind of a prime stress range that produces lots of positive outcomes.

However, each of us has what you might want to think of as breakpoint.

And as the stress increases beyond that optimal point, very quickly these -- the positive outcomes can drop and become negative outcomes very quickly.

Very quickly, when we pass our optimal stress level, our performance drops, our affect becomes more negative, and we can start to experience a variety of both physical and mental health issues.

There's kind of a red zone for stress as we move from boring to stimulating to overwhelming.

Understanding Stressors:

In organizations we often have created a situation on an going basis where we try very hard to get stakeholders in that sweet spot, in that zone where performance, affect, and health are all at the highest levels.

So we actually create a stress level that's conducive to that.

When we introduce change, however, we're often introducing new stressors, which means we're shifting the stress position to the right, and we run the risk of moving out of that optimal level and maybe hitting the break point where performance drops, affect drops, and health issues start to emerge.

As we look at stress in this topic, we're going to focus primarily on stressors, those environmental factors that create stress for the individual stakeholder.

Our focus here will be on understanding and identifying what the stressors are and how we are changing the stressors when we implement change.

So we're not really focused on how to treat the unhealthy performance, the unhealthy affect, the unhealthy health factors, physical and mental health factors that result if we go too far with too much stress.

Instead our focus is on trying to prevent us from getting to that breaking point.

And the best way to do that is to understand what the stressors are, to understand what level the stressors are at, and to understand how they're interacting with one another.

In the context of managing change, our job is to pay attention to what the existing stressors are and at what level.

To anticipate how we will change the stressors as we implement change.

And it's our job to make sure that we move people into that optimal stress range that produces positive outcomes.

Or if they're already in that range, make sure we don't move them out of that range by increasing stressors too much.

Stress, Stressors, and Impacts:

To help us with the process of managing stressors and reactions, let's take a look at a model that has captured for us some of the major stressors, some of the things that happen when people experience stressors that cause translation to positive or negative outcomes.

So this model identifies some individual stressors, some group stressors, organizational level stressors, and some stressors that come from outside of the organization.

It also looks at how people do a cognitive appraisal, in other words, how they make sense of their stressors.

And it looks at coping strategies that they tend to use.

And then the model details the positive or negative outcomes that can be psychological, behavioral, cognitive, or physical.

Let's look at each of those briefly.

Individual Level:

At the individual level, some of the most common stressors, and many of these are stressors that can be aggravated, if you will, by change, are the demands that the job makes of a person, the specific things a person is asked to do.

The workload that they're asked to handle.

And this could be an overload or an underload.

We look at conflict that is currently existing and that could be introduced by the change.

We look at job ambiguity that currently exists and that could be introduced through the uncertainty associated with the introduction of a change.

And we also look at the degree to which a person, they have a feeling of job security before, during, and after the change.

Group Level:

Some of the group level stressors that we have to be looking for as we manage the change process include the group dynamics.

How the members of a group, how the members of a team currently interact with one another, and how the change might alter the manner with which they interact.

We also need to look at how managers are behaving toward their followers, and whether that is a source of stress and whether the change will increase management behavior as the source of a stressor.

And finally, we have this concept of harassment where, although hopefully members of organizations won't intentionally harass others, that can happen, and it can be perceived to happen even when that was not the intent.

So we have to look for the possibility of people feeling they're being harassed as we implement the change.

Get this done, do this now, learn this right away.

Organizational Level:

When we look at the organizational level stressors, we're looking at culture and whether that induces stress, reduces stress.

Whether the change will alter the culture to aggravate stressors or reduce stressors.

The structure of the organization and the changing structure of the organization can introduce stress.

Technology, a change that introduces new technology can ratchet up the stressors that come from not knowing how to use that new technology, needing to learn how to use that new technology.

And other work conditions can change as we implement organizational change.

And those, change of office space, change of location, the use of telecommunication versus personal communication, any of those kinds of work condition changes can serve as stressors.

Extraorganizational:

Sometimes stressors that have an impact on people while they're at work actually come from experiences outside of the workplace.

These extra-organizational stressors can be just as powerful, positively or negatively, as stressors that occur at the workplace.

This might include your family and whether things are going well or poorly with your family.

We don't forget about our family when we're at work.

And when we have family challenges, that can carry over to stress at the workplace.

When things are going great with our family, that can carry over in a positive way in the workplace.

Socioeconomic factors can play a significant role as well.

If we're having serious economic challenges outside of the workplace, it's hard to forget that when we're at work, and those stressors can add to the negative stressors that we experience at the workplace.

Or if things are going well for us economically or socially outside of the workplace that can have a positive impact on our overall stress at work.

Sometimes the extra-organizational stressors are as simple as something like a commuting experience.

Simple, but potentially very powerful.

A long, hot, frustrating drive can have a significant impact on how we feel as we start our day at the workplace, and that can provide stress for us as well.

Outside conditions, where we live, where we shop, where we spend time with our families that are hot, that are stormy, that are polluted, can create stressors that carry over to the workplace.

As can very pleasant outside physical conditions carry over with a positive effect.

So it's very important for us to remember that stress at the workplace is influenced not only by things that happen at the workplace, but also things that happen outside of the workplace as well.

Cognitive Appraisal & Coping Strategies:

We discuss this more elsewhere, but when faced with stress, most stakeholders will do two things.

They'll do an appraisal of what's causing me to feel stressed.

They will identify what they believe are the primary stressors and the secondary stressors, which might mean my primary stressor is I have too much work to do.

At a secondary level, I have too much work to do because this change is giving me more work to do.

And then they ask, how can I cope with this?

Well, hopefully the organization will help stakeholders cope with increasing stressors as part of the change management process.

But individual stakeholders will do this on their own sometimes, especially if they feel the organization is not doing it well enough for them.

They might try to grab control, and that might mean deviating from what the organization wants them to do.

They might try to cope by escaping.

Now, that could include quitting their job.

It could include asking for a transfer.

It could also include psychologically escaping.

I'm just not going to think about this.

I'm just not going to focus on this, and that obviously could be a problem.

Stakeholders might focus on their symptoms.

I have a headache.

I'm going to treat my headache.

That's very different than choosing to identify the stressor that's leading to the headache and trying to manage the stressor.

Outcomes:

Psychological & Attitudinal:

We have a wide range of outcomes that can be positive and negative.

Some of those are affective.

Some of those are emotional.

Some of those could be mild.

Some of those can be severe.

As we manage change we need to anticipate that changes in stressors, changes in interpretation of stressor situations can lead to these changes.

And we have to think about that curve linear relationship between the amount of stress and these outcomes that can be psychological and attitudinal.

Behavioral Outcomes:

The outcomes that can be behavioral.

We know that when stakeholders experience a higher level of stress, if they're past their tipping point outside of their optimal zone they're more likely to be late to work, absent from work.

Their performance is likely to drop.

They're more likely to experience accidents at the workplace.

They're more likely to engage in substance abuse.

They're more likely to engage in violence.

These are bad things.

And these are sometimes predictable outcomes.

It's our job as change managers to anticipate the possibility, connect the stressors to these possibilities, and make sure these are managed.

Cognitive Outcomes:

Kind of a combination of behavioral and internal responses to stress can relate to the quality of decision making.

When people are in that stimulated range of stress, they make better decisions and they make them more quickly.

When they're past that optimal point, they make decisions on a non-timely basis.

They consider less alternatives.

They consider less criteria.

They make lower quality decisions.

With too much stress you can lose concentration, with optimal stress you gain concentration.

With too much stress you can become forgetful.

Physical Stress:

We also know there are a lot of physical health symptoms that can occur in response to stressors.

Everything from cardiovascular problems to immune system problems to musculoskeletal problems, gastrointestinal problems.

The bottom line is optimal stress can produce really positive outcomes.

Extreme stress can produce some really serious outcomes.

If our stakeholders are operating in the optimal stress zone but near the edge of it, we have to be very careful we don't push them past that edge as we introduce change.

And it's our job to anticipate that, manage that.

Because we want to keep them in that optimal zone.

So as you think about implementing change, please think about how change is stressors.

Think about how people will interpret what's happening.

Think about the coping mechanisms they're likely to adopt, and think about the short-term and long-term positive or negative consequences of changes to those stressors.

Unit 8.6 – Causes of Reactions

Intro:

SPEAKER: We've talked about how stakeholders might choose to react when faced with change, and we've also talked about the impact that the change process can have on stakeholders personally.

Now it's time for us to talk about the underlying factors, the underlying causes, that influence the choices that stakeholders make when they decide how to react to change.

In other words, what encourages a stakeholder to decide to actively support, or actively resist, or something in between?

There's been quite a bit of research on this, so we have a pretty good sense of what drives these decisions that stakeholders make.

Most of this research went into organizations where significant change had happened, and they watched as people reacted to change, and then either through interviews or surveys, they tried to sort out what those underlying causes were.

For today, I've tried to group those into categories that will help us talk through the underlying causes of reactions to change, and help you master these factors.

Causes of Reactions:

I've group these underlying causes into several categories to help us discuss them.

The first is very straightforward.

This is kind of the rational-person explanation for why someone chooses to resist, or support, or something in between.

And what this says is that when people are faced with a significant organizational change, they ask a rational question: If this change is made, what impact will it have on me as a stakeholder?

What impact will it have on the short term as the process plays out?

What impact will it have on me long-term?

What might I gain if this change is implemented?

And what might I lose if this change is implemented?

And how does the balance play out?

This requires an investment of me to help make this change work.

Is my investment likely to produce for me a reasonable gain?

Or is this all about loss?

All about cost?

Now, a lot of stakeholders not only look at the gain or loss that they might personally experience, but they also look at the gain or loss that they think their coworkers might experience, or anyone else in the organization, or outside of the organization, might experience as this change plays out.

Not surprisingly, the more that a stakeholder believes that a change will benefit them personally, will benefit other stakeholders they care about, the more likely it is that they will want to support -- perhaps even actively support -- that change.

Because, from this perspective, this change is a path to good outcomes for me as a stakeholder.

Also not surprisingly, if stakeholders believe that a change is likely to cost them a lot, either during the implementation process or long term, it would be rational for them to want to resist this change that would be a path to loss for them personally.

One of the things I like to do with my consulting clients when I help them manage the introduction of a change is I like them to go to some of their key stakeholders and ask the stakeholders to help specify what the gains might be.

Gain:

Potential Gain from Change:

When we do this, we go to the stakeholders, and we say let's make sure you understand the nature of this change, but let's ask you to make a list, and just five or at most ten minutes -- just make a list of the gains that you think should be realized if this change is successfully implemented.

The gains for you personally, the gains for other stakeholders, and the gains for the organization.

Now, most of my clients are happy to ask stakeholders to help document the value of making this change, and they're happy about it because those stakeholders tend to gain ownership of the potential gain, because they've generated the identification of the payoff instead of somebody just telling them.

They're more likely to believe it, they're more likely to take it personally, and they're more likely to look forward to that gain.

However, when we ask stakeholders to generate this list of potential gains, we will find three kinds of things.

First, we will find gains that they expect to experience that we also believe they are likely to experience if the change is implemented.

So, that's a nice intersection where we can reinforce the positive value of the change.

We are also likely to identify some gains that stakeholders expect, that we had not thought about, that we can now take advantage of as we tell the story, and sell the story of change.

But the third kind of thing we might discover from this exercise is benefit that stakeholders expect, that is not likely to occur.

In that case, we can think about reengineering the change in hopes of producing that desired payoff, or we need to create realistic expectations for the stakeholders.

We don't want them to go into change expecting more gain than they're likely to experience.

So, driving factor that motivates people to support a change is the belief that the change will drive the personal gain of value for them or people they care about.

Now I also ask some of my clients to go to stakeholders and ask the stakeholders to make a list of potential cost or potential loss if the change is implemented.

Potential Loss from Change:

When we do this, we're saying to the stakeholders, virtually every change has a cost.

There's process cost of the time and energy that goes in to implementing the change, and there could be outcome cost as well.

Before we implement this change, we want to make sure that you and we have a clear understanding of the likely cost of implementing the change, and the potential losses that might occur.

Now, where my clients are usually quite happy to have their stakeholders generate a list of potential payoff, they're often reluctant to ask their stakeholders to come up with reasons that the change might be a bad idea, but what we push for here is that stakeholders are going to identify the potential costs and the potential losses whether or not we ask them to talk to us about those.

If we ask stakeholders to engage in this brainstorming and give us that list of potential cost and potential loss, then we can address those straight-up, and when we look at those lists, we often find that stakeholders will tell us, we think this is a cost that will be incurred, and we agree.

And we then talk about why we believe that cost is a good investment for the payoffs that we've already talked about.

Sometimes they identify a cost or a loss that we do not believe will occur, and we understand why it's not likely to occur.

This gives us the opportunity, before stakeholders make up their mind on how they're going to behave, we have an opportunity to go to the stakeholders and say, we know you fear this cost or this loss, but let us tell you what we're doing to limit that cost or limit that loss.

And finally, looking at that list, we sometimes can identify cost or loss that we can engineer out of the change.

So the reality is, almost every change produces gain and produces loss.

We try to minimize the loss, we try to maximize the gain, and we also recognize that every change has a process cost associated with implementing the change and learning how to make it work.

Realistic expectations, open dialogue, transparent dialogue, with many, but not all stakeholders, can be an excellent way to help stakeholders understand how a specific change will drive gain, and how we can help manage both the cost and the loss.

Understanding:

We have four other categories of factors that stakeholders tell us came into play as they decided to support or resist, or something in between, when a significant change is introduced.

The next of these is the degree to which stakeholders understand the nature of the change and the implementation process.

Now most people, when given information about a change, are given incomplete information.

A lot of changes are complicated, a lot of changes are complex, and quite honestly, a lot of times, we don't know all the details of a change until we start to implement it.

So what typically happens is that stakeholders are given partial information about the nature of an impending change -- what it will be, what it will mean for them, what their role will be, when it will happen, how it will happen, where it will happen.

So there's usually at least some incomplete information.

That can create two potential problems.

First, many people, as we will discuss later in this topic, are uncomfortable when they're faced with uncertainty.

When an idea for change is introduced and not every detail is explained, that creates uncertainty.

People with low tolerance for ambiguity can become uncomfortable when faced with that uncertainty.

If there's enough incomplete information, that can create a lot of uncertainty, that's stressful, and that negative feeling can also be associated with the change itself, which might make any stakeholder wonder whether it's a good idea to implement this change that they now associate with stress.

A second thing can happen when a stakeholder has incomplete information.

Basically, when change ideas are presented, usually the stakeholder looks at the information they've been given, they identify the incompleteness of that information, and they do what is natural for most people -- they fill in the blanks, they complete the picture.

Unfortunately, in many cultures, in many organizations, when we fill in the blanks, we tend to fill in the blanks with negative information.

About 70% of the time when there's uncertainty about what will happen or how it will happen, stakeholders fill in the blanks with negative information.

That negative information that they use to fill in the blanks now becomes their reality, and it's not a pretty reality.

So they readjust their estimates of cost and loss because of the uncertainty that led to painting sometimes a very ugly picture.

But one very good thing can happen in this area of understanding, and that is that if the stakeholder feels they have a good, clear understanding of why change is needed, what the change will be, what the objectives are, how the change will be implemented, and how those objectives will be achieved with their help, they become more comfortable with the change, and when they are comfortable with the change, they're more likely to be supportive of it and focus their energy on helping to make it work.

Trust:

The next factor that can have significant impact on how stakeholders choose to react is trust.

And I'd like to talk about two aspects of trust.

The first is what we usually think about.

When the change manager tells me what will happen, when it will happen, how it will happen, why it will happen -- when a change manager tells me about gains that I will experience, and minimal losses and costs that I will experience, can I believe the change manager?

Can I trust that the information the change manager is giving me is accurate?

Now as you know, change can take a very long time to develop.

One of the things the research on trust and organizational change has shown is that when stakeholders trust the change managers, and the other managers who are communicating with them about the change, they are more likely to accept the information they get as accurate, they are more likely to believe that their questions are answered accurately, and they not only feel they have a more accurate sense of what will happen and why it's a good idea, but they also often want to make it work because they want to make things work for people who have earned their trust.

So positive trust of that sort can really be useful in helping stakeholders understand, believe, and want to make the change work.

On the other hand, if this component of trust is not there, and I cannot believe the information that I'm receiving from the change managers, and anyone else who's communicating with me about the change, then when I fill in the blanks of what's likely to actually happen, I'm likely to make those very negative, because I have learned to not trust the information I'm receiving from these individuals.

And beyond that -- a lot of stakeholders have come right out and told us, I don't really want to help someone succeed if that is a person I do not trust.

So the first component of trust is that traditional, can I believe when I'm being told, and it has a huge impact.

The second is can I trust the competence of the change managers and of our organization.

In other words, if I think this is a good idea, if I understand how it will produce good results if this change succeeds, can I trust that my managers, can I trust that my coworkers, can I trust that the other stakeholders in the organization have the capability, the competence to make this good idea turn into good outcomes?

Agreement:

The next factor that a lot of stakeholders talked about when we asked what influenced their decision to support or resist a change is also pretty straightforward and rational.

This one has to do with whether they agree with the change or not.

From the perspective of, is this a good idea for the organization.

So this is making the assumption that a stakeholder cares about the potential outcomes, and is now evaluating whether they think this particular change is a good path to achieving those desired outcomes.

Not surprisingly, if stakeholders believe that a specific change is likely to translate into good outcomes, and they can see that path from implementing the change to organizational success, they're more likely to support it.

Personal Characteristics:

However, if a stakeholder believes that a change is not the correct path to achieving those desired organizational outcomes, they ask us, why would I support something that I think will fail?

So agreement or disagreement -- pretty rational.

Even if a stakeholder cares about the outcomes, cares about the organization, they are not likely to support a change unless they can clearly see how implementing this change will produce those desired outcomes.

Finally, we have to think about the stakeholders themselves.

As we talk about stakeholders, we're going to talk about two different types of personal characteristics.

The first of these is attitude towards change, the second is personality.

When we talk about attitudes, we are talking about things that people have learned.

They've learned them from personal experience, they've learned them from reading, they've learned them from talking to other people.

Attitudes are learned.

Because they're learned, they can change as stakeholders have different types of experiences in organizations.

So we're going to talk about attitudes that are learned and can change, and how those impact the way people choose to respond to change, and we're going to talk about personality.

Personality is a more enduring characteristic than attitudes.

Now, psychologists have different opinions on the issue of nature versus nurture for the acquisition of personality, but most psychologists agree that whether we argue that personality is something we learn, or it's something we are born with -- the nature versus nurture concept -- that personality is fairly stable once someone becomes an adult.

Behavior might change, but these underlying personality characteristics tend to remain relatively fixed.

Let's look at some of these attitudes, some of these personality characteristics, and talk about how they can impact reactions to change.

To help us as we explore attitudes towards change and personality, we're going to make available to you some self-assessment so that you can measure your own attitudes towards change and your own personality characteristics.

That will enable you, as you think about and learn about the role of attitudes and personality, to be thinking about yourself, and we'll give you some comparative information so that you can compare your own attitudes and personality to that of others -- including professionals who are out practicing, and other students.

Change Attitudes:

Let's talk about the attitudes that we're going to look at, because they've been shown to have a significant impact on stakeholder reactions.

Now, attitudes have three components.

All attitudes have three components.

The same is true when we look at change attitudes.

What we're going to talk about right now is stakeholder attitudes towards change in general.

In other words, what have stakeholders learned to believe is true about organizational change in general.

The three components are cognitive, affective, and behavioral tendency -- or what is sometimes called a change agent or change agency score.

When we talk about the cognitive component of attitude towards change, we're talking about the degree to which a stakeholder has learned to believe that when organizations implement change, change is more likely to produce positive effects or negative effects.

When we look at a high cognitive score on attitudes towards change, we're talking about a stakeholder who's learned to believe that change tends to produce more positive outcomes than negative outcomes -- for stakeholders, for people the stakeholders care about, and for their organizations.

The lower the score on cognitive, the more stakeholders have learned to believe that organizational change tends to produce more negative results than positive results.

What's interesting about this attitude is that this attitude towards change in general has an impact on what stakeholders look for first when a change is presented to them.

So the research has shown pretty clearly that stakeholders with a high positive cognitive attitude towards change -- who have learned to believe change usually produces positive results -- when they are presented with an organizational change idea, typically they first look for the good things in that change.

They first look for the payoff.

However, stakeholders with very low or negative cognitive attitudes towards change, when first presented with a change idea, first look for the negatives associated with the change.

So what this cognitive attitude towards change in general does is bias the first reaction of stakeholders toward the merits -- or demerits, if you will -- of the change idea.

The second component of attitude towards change in general is affective.

This is how people have learned to feel about the change experience.

A high score on affective attitude towards change means that a stakeholder, through experiences direct or indirect, has learned to believe that if change is implemented, it will be more likely to be an interesting, challenging, maybe even rewarding and positive experience, than it will be a negative personal experience.

People with low, negative scores of affective attitude towards change are more likely to believe that when change is implemented, there is pain.

Finally, the third dimension is behavioral tendency or change agency.

This is how people have learned to tend to behave when organizational change is presented.

A high score on this behavioral tendency component of attitude towards change means that when a change idea is presented to a stakeholder, that stakeholder is likely to look for ways that he or she can contribute to making that change better, and/or making that change succeed.

So the high behavioral tendency score -- change agent score -- means this stakeholder is more likely to choose to be an agent of successful change.

It also means that this stakeholder is more likely to be proactive in identifying ideas for change as well as more likely to engage in supporting the changes produced by others.

Low scores on this mean that the stakeholder has probably learned that when change is suggested, they should look for a place to hide.

They are less likely to step up and volunteer, they are more likely to try to avoid being actively involved in the change process.

So if you take all three of these components together, you can understand how a person's existing attitude towards change in general can impact what they expect from a change in terms of payoff or loss, can impact how they expect to feel about the change process, and can impact their first tendency to choose to become actually engaged as an agent of change, or try to step away from being actively involved in the change.

Self-Assessment Results:

We've gathered some data that will allow you to compare your own scores on these three components of attitude towards change to the scores of some others.

So on this graph, I'd like to first note that for each of the three dimensions, scores can go from 1 to 5.

The higher the score, the more positive the attitude on that component.

And we've provided you here with just average scores from two different groups.

A group of tens of thousands of professionals and first-level managers from across North America, and averages for a recent group of thousands of University of Wisconsin-Madison students.

So, by looking at these averages, we can observe that your score is above or below these norms.

That can help you understand whether your predisposition due to your attitudes, is likely to be more positive or less positive than professionals and managers, likely to be more positive or less positive than your fellow students.

Personality & Change:

Let's talk about personality.

Personality can delight.

Personality can confuse.

Personality can excite.

Personality can disappoint.

But what we want to talk about here is how the personality of stakeholders can impact how they perceive change and how they choose to react to change.

So what we've done is to identify several personality characteristics that seem to have some of the most significant impact on stakeholder choices of how to react to change.

The first of these I've already mentioned, and that's tolerance for ambiguity.

The higher the score on tolerance for ambiguity, the more comfortable a stakeholder is when faced with uncertainty.

For people with very high tolerance for ambiguity scores, when change is introduced that creates uncertainty, that can actually be exciting and engaging.

However, for someone with low tolerance for ambiguity, when change with a lot of uncertainty is introduced, that can be stressful, that can be distressful, that can be troubling.

It's not surprising that people with high tolerance for ambiguity can become engaged in the uncertainty associated with change, and it's also not surprising that people with low tolerance for ambiguity can be distressed by change.

However, let's try to avoid value judgments that might suggest that one position on tolerance for ambiguity is better than another.

I'm going to give you a couple of examples about this.

First, people with high tolerance for ambiguity tend to be those people who wear the T-shirts or have the bumper stickers that say, "Don't Sweat the Details," and then the fine print says, "Everything is Details."

High tolerance for ambiguity people do not tend to have a first response that says let's identify the details that need to be resolved.

Sure, they're big-picture thinkers, and that's worthwhile, that's valuable, but they're less likely by nature to focus on the details.

So if we have a stakeholder who's very high on tolerance for ambiguity, and if we need to them to attend to the details, we're going to have to work very hard to focus them on the details because that's not their natural tendency.

People with low tolerance for ambiguity, sure, might distressed if there's a lot of uncertainty, but if we know a stakeholder has low tolerance for ambiguity, we can try to manage the communication process to reduce the uncertainty for them, and we can take advantage of this low tolerance for ambiguity by involving them and focusing them on the details of the change itself, or the implementation details.

Those are things that are critically important to make good ideas work.

People low on tolerance for ambiguity like to do that by nature and we can take advantage of that.

The second dimension is dogmatism.

The higher the score in dogmatism, the more rigid a person's belief sets.

In other words, a highly dogmatic person has a fairly fixed view of what should be done and how it should be done in the context of organizational change.

That means that when a change idea is presented, a highly dogmatic person is likely to react quickly and strongly.

Quickly, strongly, positively -- if the change proposal is consistent with their existing dogma -- their belief about the right way to do this.

Quickly, strongly, negatively if the change proposal is inconsistent with their belief of what should be done.

Someone who is low in dogmatism has a less rigid belief set.

We can admiringly call them open-minded, or if we want to be critical, we could call them unfocused.

Let's try to avoid those value judgments and instead, let's just think about what a stakeholder's like if they have low dogmatism.

They are less likely to have a rigid, fixed view of what should be done to drive success, which means when a specific change is proposed to them, they're more likely to consider a wide range of alternative changes as reasonable and valid changes.

That's nice, but it also means that it tends to take them longer to decide if that particular change is a good idea, and it also means they are less likely to react quickly or passionately to a change idea.

Why would they react less passionately?

Because they see a variety of potential good ways to achieve success.

So where the highly dogmatic person who looks at a change that is quote, "on track," is, "Right on!"

"You've got it exactly right."

"You nailed it, let's go."

And they do it with passion.

The less dogmatic person might react, "I understand the idea, that might be a good idea."

"Let's think about it and its alternatives."

Typically, less passion.

Quickly, slower, sometimes better, sometimes not.

By the way, I want to comment on two different ways that a person can arrive at being classified as a highly dogmatic person.

First -- and this is the kind we hope to have in your organizations -- the highly dogmatic person can be someone who thinks ahead of reasonable scenarios that they and their organization might face.

They think about those scenarios, they do research, they do analysis, and they formulate convictions.

And it's that thinking ahead, that research and the development of convictions, or the right thing to do, that creates their dogma.

If an idea is consistent or inconsistent with their dogma, and someone says, why?

They can easily explain, because it's based on research, analysis, and critical thinking.

But the other kind of highly dogmatic person is the person we would commonly refer to as narrow-minded.

And when we ask that type of highly dogmatic person, why is that the right thing to do, or why do you think that is the wrong thing to do, their answer tends to be along the lines of, 'cuz it's the right thing to do, or, it's the wrong thing to do.

In other words, it's not an informed dogma.

The next personality characteristic that can have a big impact on how stakeholders choose to react is authoritarianism.

The higher a person's score on authoritarianism, the more likely they are to believe that it's appropriate in organizations to concentrate decision-making and authority and power in the hands of a relatively small number of designated people, and highly authoritarian people believe that that authority should be respected.

If they are the person in position of authority, they expect others to respect it, and if someone else is in a position of authority, they believe they should respect that.

Someone who's low in authoritarianism is not necessarily anti-authoritarian.

They're just not very impressed by positions of authority.

The person who's high in authoritarianism, who is presented a change, would love to have that message come from someone who is in a high position of authority.

So, for that highly authoritarian person, we have two opportunities to sell the change idea.

First, the merits of the idea; second, the authority of the person who is asking to have that change implemented.

For someone who's low in authoritarianism, however, we need to focus our sales pitch for that change primarily on the merits of the change itself.

Having someone in a position of authority deliver the information about the merits of the change is just fine, it's just not as important to a low authoritarian person that the message come from a person in a position of authority.

So what we often need to do with someone who's highly authoritarian is sometimes have a tag-team approach to presenting a change idea, where someone high in authority speaks to the importance of the change, and some content expert speaks to the merit of the change.

Ideally, of course, that person in the authority position would also be able to effectively present the merits of the change, but quite often, that person's not the best person to do that.

What's critical for the highly authoritarian person is that it's clear that the authority figure supports the change, and that the merits also support the change.

For the low authoritarian person, we put most of our emphasis on selling the merits of the change.

Internal vs External Locus of Control:

Finally, let's think about locus of control.

This is a personality characteristic that today some people are suggesting is kind of a mix of personality and attitude.

But regardless of the label we put on it, there are two aspects of locus of control.

The first is internal, the second is external.

With locus of control as a concept, we are talking about a person attributing success or failure to a cause.

When we talk about internal and external locus, we're talking about the degree to which stakeholder attributes success or failure to an internal cause or an external cause.

Now, these are related dimensions, but we actually find that stakeholders can have quite a mix of scores on these two dimensions.

The higher a stakeholder's score on internal locus, the more likely they are to believe that their success and failure, that the success and failure of a change, is heavily determined by internal factors -- how good I am, how well-prepared I am, how hard I work.

In other words, the person who's high in internal locus of control when looking at a change is likely to be thinking, I can help make this succeed, or I could help prevent this from succeeding.

Part of the payoff to success is how well I'm prepared, how hard I work, how good I am.

The higher a person's external locus of control, the more they believe that success or failure is determined by external factors -- factors outside of themselves.

Now, for some people, that means the alignment of the stars and planets, but in organizations, usually when we talk about external factors, we're talking about whether the organization provided the support that was needed to drive success, we're talking about how good our coworkers are, how good the change managers are.

We're talking about how good the training is.

So when we consider internal and external locus of control together, a person who has relatively high scores on both internal and external locus, will tend to believe that success of a change requires his or her personal preparation and effort, and external support from the organization, the change managers, and other stakeholders.

The person who's low on both of these is not really thinking much about what will drive success or failure.

The person who's higher on internal is thinking I can make this succeed or fail.

The person higher on external is thinking, those external factors will be the primary determinant.

The person with somewhat similar scores is that person saying these both must come into play for success.

As we pitch change to stakeholders, we need to know what their internal and external locus of control is, because if they have high internal locus of control, we need to fire them up over their opportunity to help make this change succeed.

If they have high external locus of control, we have to communicate clearly what the organization and managers and colleagues are doing to help make this change succeed.

Personality Assessment Norms:

As we did for attitudes towards change, we have the assessment you can do for yourself to measure your own position on these personality characteristics, and here we're showing you kind of the averages for, once again, that group of tens of thousands of professionals and first-level managers in North America, and norms for recent assessment of thousands of University of Wisconsin-Madison students.

Again, by looking at these data and looking at your own scores, you can identify whether you -- compared to others -- are more or less likely to be tolerant or intolerant of ambiguity, whether you -- compared to others -- are more or less likely to have that highly dogmatic view, or less dogmatic view.

You can assess whether you -- compared to others -- are more likely to believe that that power should be concentrated in a few hands and respected, or whether your focus is more likely to be on only the merits, and you can determine whether you are, compared to others, more likely to attribute success and failure to internal factors and to external factors.

Considering all of these personality characteristics together, if we understand our stakeholders, we can have a very informed set of information to help us decide how to communicate with stakeholders as we write that part of the story where we are selling our change.

Closing Thoughts:

I think one last time, it's helpful to look at all five of the categories of factors that influence stakeholder reactions to change, starting with that very rational, what will I gain, what might I lose, what will the cost be.

The degree to which we understand and maybe because we understand feel comfortable, or because we don't understand, fill in the blanks with negative information.

The degree to which we trust that we're being told the truth about what will happen, when, where, and why.

The extent to which we trust that the organization has the competence to drive success.

The extent to which we agree that this change is needed, is a good idea, and is a goad payoff to the success that we all want to achieve, and the characteristics of the stakeholders themselves -- the personality that they have, and the attitudes that they've learned.

Unit 8.7 – Expected Behaviors & Gaps

Expected Behavior:

PRESENTER: Now that we've thought about some of the common underlying factors that influence stakeholders as they decide how to react to a change, it's time for us to go back to that grid we previously used.

You remember, we first identified who our key stakeholders are, and then after we talked about the range of reactions stakeholders might give us to change, we identified with the grid again the types of behavior, the type of reactions that we needed from those stakeholders if we would have an ideal success situation.

The Grid:

But now that we've talked about some of the key underlying causes that influence how stakeholders choose to respond to change, it's time to revisit that grid, and this time, what we need to do is predict the behavior, the reactions, the responses that we are likely to get from our key stakeholders if we don't intervene and try to manage them.

This requires us to think about these stakeholders, think about the context, think about the change, take all those causative factors into consideration, and for each stakeholder, do our best possible projection.

Is this stakeholder likely to support or resist?

Is this stakeholder likely to suggest modifications?

Is this stakeholder likely to be active or passive.

So what I'd like us to do now as we visit the grid one more time is to look at each stakeholder, identify the general type of reaction we predict from them, based on our experience with that stakeholder and our knowledge of any of those underlying causative factors, predict the general type of response, and whenever we can, predict the specific behavior that we expect is likely.

Potential Gaps:

After we've done this, we should be able to look at this grid that is now populated with the profile of what we think will happen if we just announce the change and let stakeholders respond the way they think appropriate.

The Grid:

But, when we look at those projected reactions, we're likely to find a real mix of some projected reactions that are exactly what the change needs to drive success, we're likely to find some projected reactions that could prevent the change from succeeding, so we need to go one more time to the grid, and this time we need to identify any key gaps -- gaps between what we previously said was needed from a stakeholder, and what we just predicted is likely from that stakeholder.

Before we can develop an action plan for managing the introduction of the change, we need to know where we've got alignment between what we need from a stakeholder and what we're likely to get, and we need to know where the gaps are.

Because if we just stop here in creating our story about change, this analysis of the gaps will tell us why this change is going to fail to produce the positive results that we hoped for.

Unit 8.8 – Techniques for Influencing Behavior

Expected Behavior:

PRESENTER: Now that we understand why this change will fail, let's close those gaps.

Let's develop an action plan that will close those gaps, and let's write another chapter of our story that will explain what we can do to close those gaps.

To help us with that, let's look at one more batch of research that has gone into organizations and studied what is actually done to manage change successfully.

This time we're going to concentrate on research that was done in organizations that tend to be quite successful at closing gaps, and by closing gaps, driving success of change.

When we study those organizations, we find a number of actions that tend to be repeated.

Some of them are used a lot, some of them are not used very often.

Here's a list of some of the most common things that change managers do in an effort to close those gaps.

Now, I want to caution you, particularly as we get to the bottom of this list, that I'm not recommending that you use all of these techniques.

They are on the list because they are things that were observed that change managers sometimes did in their effort to close those gaps.

We'll talk about each of these individually, we will look at an example of each of these, but let's start out by thinking about the range of tools, the range of techniques, the range of actions that we have to choose from when we ask the question, how can we close these gaps.

We're going to look at education and communication; we're going to look at participation and involvement; facilitative support; emotional support; the use of incentives; the potential use of manipulation and co-optation; and the potential use of coercion.

Let's take a look at each of these.

Education & Communication:

The first tool on the list is education and communication.

This is widely used, it's almost always used, so the question with this tool isn't really can we close gaps with education and communication, but how can we use education and communication to close gaps.

This might involve providing information about the nature of the change.

It might be information about what, when, how, where the change will be implemented.

This could be information about the outcomes that we hope to achieve by implementing this change.

This could be information about what a stakeholder needs to do, what a stakeholder needs to learn, how a stakeholder needs to behave.

So this is really telling a story for an individual stakeholder to help the stakeholder understand how their behavior can help drive success.

This can close gaps by helping stakeholders understand what they need to do.

With some stakeholders, all that's needed to close a gap is for that stakeholder to clearly understand what is needed.

For other stakeholders, helping them understand what is needed is not always enough, so we're going to have to look at some of the other potential tools.

Let's take a look at an example of a change manager using education and communication in an effort to close some anticipated gaps.

CHANGE MANAGER: I know you all heard through the grapevine the rumors that are going around about this redistricting plan.

That's why I've called you all here today, because I want you to have the information.

I want you know what's going on.

Change is always difficult, but we have a detailed plan, and I want to tell you about that plan.

I think it's going to be very important that you understand why this is happening, how this is happening, and when it's going to happen.

Okay?

[VARIOUS: "MM-HMM"]

Now, what we are going to do is we are going to take the United States and divide it up into areas.

PRESENTER: So what this change manager has done is to decide that part of the education and communication process will involve a personal meeting with some key stakeholders.

She has made very clear that she thinks it's important that these stakeholders understand the organization's perspective on what will happen, why it will happen, where it will happen, how it will happen, and what is needed from them.

And then she's starting to be very specific, so that they will not likely have much remaining uncertainty, so that hopefully they will understand how this change will translate into good outcomes.

So education and communication: Very important for almost every change.

The question is what information to share, how to share it, and with which stakeholders.

Participation & Involvement:

The next tool that a lot of change managers use to try to close these gaps is participation and involvement.

This is asking stakeholders to become actively involved in the process.

Now, that might include the process of identifying the changes needed.

It might mean helping to identify the objectives for the change.

It might mean that stakeholders are being asked to provide input on the characteristics of the change that would be appropriate.

It might mean that the stakeholder is being asked to provide input on the implementation process.

An example is what we suggested before when we asked some stakeholders to brainstorm the potential gains, and the potential losses and costs associated with change.

Now, one of the reasons that I think this tool is so powerful is that it has the potential to improve the quality of the change and the quality of the implementation, and beyond that, it has the potential to help stakeholders believe that they own this change, and help them develop a commitment and a personal ownership to the change.

In the best of all scenarios, we get all of those things through the use of this tool, and it can be very powerful.

As a result, a lot of change managers overuse this.

They form a committee for everything.

They ask every stakeholder's input on everything.

We need to remember that our stakeholders are already busy.

We need to remember that most stakeholders already feel they have more work than they can do, and the change is adding more work on top of that existing overly-heavy workload.

If we ask them to be actively involved in every component of everything related to the change, we're layering even more work on them.

So we need to choose when to use this tool very carefully.

For a given stakeholder, we need to ask for example, can this stakeholder help us make this change a better change?

And, if so, is this the best person to ask?

We need to ask, is this stakeholder able to help us design a better implementation plan, and if so, is this the best person to ask to help with that?

We need to ask, do we need to increase this stakeholder's understanding of the change, commitment to the change, engagement with the change, ownership in the change?

If the answer to all those questions is yes, we might heavily involve one particular stakeholder, but for a lot of stakeholders the answer will be, we don't need their help designing the change.

We don't need their help designing the implementation.

They're already highly committed.

They're already highly engaged.

They already feel they own the change.

We don't need to take more of their time by engaging them, involving them, and asking them to participate even more.

So it's a great potential tool when used in appropriate situations.

Let's take a look at an example of a change manager trying to use participation and involvement to help manage the change process.

CHANGE MANAGER: I know all of you have received a lot of information about the redistricting plan.

Today, I'm really asking for your help.

Each of you is much more familiar with your own divisions than I am, and mostly with the workings of those divisions.

Now, you've had some time to look at the plan, how it's going to impact on your division.

I need two things from you today.

The first thing I need is I want you to identify any changes to the plan that would make it more efficient and work better for your division.

Second of all, we can't just go from the old way of doing things to this new plan without some implementation and some processes that will make it work better.

So, the second thing I need from you today is how you plan to take this back to your division.

PRESENTER: Now, you'll notice that in this session, the change manager is starting by saying you have expertise that can be really valuable.

It can be valuable in two ways.

So she's not only determined that these stakeholders are needed for participation and involvement, but she's identified how and why they're needed, she's told them that, she's also shown them that respect that she trusts that they have this competence, and then she was very specific in what she was asking them to do: Help us make this change appropriate for your part of the organization, and help us understand the best way to implement for your part of the organization.

And she's recognizing that these various stakeholders might have different ideas for the best design of the change and the best implementation process in their own parts of the organization.

Facilitative Support:

The next category is facilitative support, and I'd like to start by showing you a little video vignette of a change manager attempting to use this, and as I show you this vignette, I'd like you to think about whether you think this is a good use of facilitative support.

In general, facilitative support is the organization and change manager delivering what's needed to help the change succeed.

Let's take a look.

CHANGE MANAGER: I know this new plan is going to put a lot of new demands on everybody.

I want you to know that we've analyzed what we are going to need to do to make this work.

Today, I want to tell you about the tools and the support we have to help you make it work.

Basically, if you don't make it work, we'll all fail.

So we want you to have the support and to know that we are here to help you succeed.

Because if you succeed, then we succeed.

PRESENTER: You'll notice that in this video, she was right on target in her message -- if.

If these stakeholders have a high internal locus of control and a high external locus of control.

Multiple times she talked about, "you" need to make this work, which is an attempt to engage their internal locus of control, their belief that they can make it work or not.

But multiple times, she also referred to what the organization is doing to support and facilitate the success of the change, engaging their strong external locus of control.

So this message is great if they are both high in internal and external locus of control.

Let's talk a little bit about facilitative support in general.

Let me describe facilitative support by describing how the process might work.

And let me start by making a very strong statement.

No organization should ever implement a change without doing an analysis of the support that is needed to enable a change to succeed, and delivering every piece of that support.

That's a pretty strong statement.

That is saying that we should look at the change, and we should identify everything that the organization and the change managers need to deliver for this to be able to succeed.

The external factors: Time to allow it to work; skills training for stakeholders who will be involved in making it work; the funding that's needed to allow it to work; consultation in areas where the organization doesn't have the expertise itself; hardware, software, infrastructure; whatever's needed.

Now in some organizations, the development of the list of facilitative support that's needed is done through participation and involvement, which might involve asking some stakeholders, identify -- not what you want, not what you need, not what you hope for -- but focus on the change and identify the list of what's needed for this change to be able to succeed.

Now, notice that if the organization has a comprehensive list, and they commit to provide all of that support, what they're saying is, we believe this change cannot succeed unless we deliver this facilitative support, so we're committed to providing it.

Beyond the facilitative support, stakeholders need to provide their support.

Notice that facilitative support is particularly important for people with a strong external locus of control.

Those are people who believe success or failure is driven heavily by external support for the change.

This facilitative support exercise and commitment is all about providing the support that's needed to facilitate the success.

And again, for people with both strong internal and external locus, this is particularly powerful.

You can make it work, but we will make sure that things are aligned so you can make it work.

Emotional Support:

Now we've talked about facilitative support that often has to do with technology and funding and timing and training, but there's another kind of support that's needed.

Earlier in this topic, we talked about how change can have a stressful impact on stakeholders, and we talked about all the reasons that that can be true.

When we prepare to implement a change, one of the things that we really should do is assess how the implementation of this change -- assess how the things we're asking of our stakeholder -- can change those stressors and drive a different type and different level of stress for some of our key stakeholders.

This kind of support is emotional support.

The first step of providing appropriate emotional support is to identify in advance where it's likely to be needed, and deliver it.

Before we talk about some specific examples, let's take a look at another video vignette and let me ask you to think about whether this was done well or not.

CHANGE MANAGER: Now, we are going to begin the implementation of this new plan.

This is going to be an extremely stressful time for all of us.

Change does that to people.

It is going to be difficult.

It is going to take extra time and commitment, but I want you to know that I am here, and I want to listen.

I want to help you cope.

You know we already have a counselor available to us to deal with stress and additional problems.

This is going to be one of them; this change in the plan.

Now, if anyone else has any ideas on how to help each other cope with this situation so that we can all come through it, please let me know.

I do want you to know, though, that my door is open, and I want you to come to me if you have any problems.

PRESENTER: The bottom line with emotional support is that change managers can show stakeholders that they've analyzed the change and the change process, and they've looked for potential stressors, and they've done what they can to manage and reduce those potential stressors; and then help stakeholders understand that they know it could be somewhat stressful, and they're there to help them manage the stressors, and manage the stress reactions; and that a manager will be sensitive if reactions seem to become extreme; and that a manager should know how to identify those symptoms that are potentially critical; and how to do a referral for professional assistance if that becomes necessary.

But the best emotional support is to anticipate what could cause problems and manage those stressors, and if the problems do emerge, manage them quickly.

Incentives:

The next tool involves the use of incentives and rewards.

Let's take a look at another effort by a change manager to try to use this tool.

CHANGE MANAGER: I know you all understand how this plan is going to work, and I know that this is going to take a lot of your resources, energy -- personally.

To recognize that, I've gotten the company to authorize three additional personal or vacation days for each of you.

[VARIOUS SPEAKERS RESPOND, "OH!"]

Now of course they can't be taken until after the plan is implemented, but we realize that we are going to be taking a lot from you in the implementation of this plan.

So I wanted you to know that we are going to give you something back.

I think the more important thing, or the bigger payoff, is going to be that the reason we implemented this plan was not just to change things, we wanted to increase our earnings, and increase the earnings of the company as well as increase your earnings.

So the way we have it computed, there's a possibility for you to increase your earnings up to 20%.

Now, that increase is only going to happen if we make this plan work.

PRESENTER: In that little video vignette, our change manager attempted to address the issue of incentives and rewards in two different ways, and this is pretty common, so I'd like to comment on those two approaches.

First, she offered what we can refer to as a compensatory reward.

She said, I know you're going to have to do more work and more time and extra hours, so we would like to compensate you for that by providing you with three days off after we've made it through the change.

Now, that could be great because it recognizes that the organization and the change manager is aware of the value of the contributions being made.

It indicates those stakeholders -- in this case, that she was aware that they're doing something extra for the organization, and that she wanted to recognize that.

So that's a compensatory use of something of value to the stakeholder, and that can be great for all the reasons I just described.

It's a little risky, however, because a stakeholder might conclude that the value of those three days off, or that dinner for two that the manager provides, isn't equal to the value of all the extra work and all the extra time that they've put in, but in an organization where there's a culture that values recognition, that extra work is being done, and the organization appreciates it and rewards it with something like some time off can be very powerful.

The other thing that she did was to offer a big payoff, in this case a financial payoff, that could only be realized by the stakeholders if the change is successfully implemented.

This by far is the most powerful type of incentive and reward structure to build, because this approach says, here's something I know you value.

I know you'd like to have it, and I'd like you to have it, but the only way to get it is for you to help navigate through this path to success.

In other words, this thing of significant value for you can only be achieved if the change is successfully implemented.

Notice that the three days off of compensatory time was just being provided because they were spending their extra time, but the big long-term payoff would only be realized if the change was successful, and therefore, these stakeholders help to make that change successful.

Now in this particular instance -- this was a unique situation where it was easy to map: Drive a successful change, get a big reward.

For a lot of changes, the financial reward is not that clearly and not that large of an outcome.

So what we need to think of as change managers is what can these stakeholders gain, and how can we maximize what they will gain that they value.

It might be money, as was the case in this example.

Or it could be responsibility.

It could be challenge.

It could be learning.

It could be visibility.

It could be growth opportunities.

It could be a good feeling about achieving something that they care about.

It could be recognition or promotion.

The key here is that that a good change manager understands that when a stakeholder looks at a potential change, they're thinking about what am I likely to gain, what might I lose if this change is implemented.

And a good change manager addresses that directly by specifically talking about things that the stakeholder values, that they can realize as a gain from this change, but only if they help to make this change succeed.

In other words, they have an incentive to help make this change succeed.

They see how making the change succeed will help them gain things that they value.

Manipulation & Cooptation:

The next tool is manipulation and co-optation.

It's not a tool that I'm recommending you use because of some potential adverse impacts.

But it is a tool that some change managers use, and to be honest, it can often work -- once.

Maybe for really slow stakeholders it can work twice.

But very quickly, the use of this tool can lead to a lack of trust, a lack of caring about the change manager and the organization.

Let's take a look at one way that a manager might attempt to use manipulation and co-optation.

CHANGE MANAGER: Now I know you've heard some rumors about this plan and that a new change is happening, and it's going to cause you more work and more stress and all kinds of problems.

I'm here today to tell you that I don't think it's going to cause any of that.

WOMAN: [SARCASTIC] Yeah, right.

PRESENTER: Well, I don't expect any problems.

Let's put it that way.

I want you to know that if you support you, I am going to support you.

If you help me with this project and support me in the new plan, I am going to write a favorable review for each and every one of you and put it in your personnel file.

In other words, you support me, I will support you.

PRESENTER: The best way to describe manipulation and co-optation is the intentional distortion of reality to convince a stakeholder to engage in behavior that they would not otherwise choose to engage in if they knew the truth.

It's the distortion of information.

It is withholding negatives.

It's making false promises of positives.

It is saying to stakeholders, here's a rosy picture of what you will need to do, what we will ask of you, and what you will receive in exchange for doing this.

False promises, incentives that won't be delivered, underestimates of the pain and suffering that's likely to result.

This is spinning a positive picture while intentionally distorting the facts behind that spin.

And from a co-optation perspective, the second thing that this change manager tried to do: Co-optation in some cases is an outright bribe -- if you do this, I will do this for you.

A lot of stakeholders object to that.

Co-optation can also involve taking a stakeholder out of the picture at a point in time when they could have created a problem.

So, for example, identify a stakeholder who I think is likely to actively resist a change, and I know the critical point where they're actually -- probably -- going to express that resistance, so I take them out of the picture.

Send them off for training somewhere.

Or put them on another assignment, so that I have co-opted their opportunity to show that resistance.

Again, this can work once.

If you can convince people of your fabricated reality, this can work once, but as soon as a stakeholder learns that you are willing to fabricate reality to manipulate them, or you're willing to co-opt them deceptively, you're likely to lose their trust, you're likely to gain their active resistance.

Coercion:

One final category of tool or technique that a change manager can use is the use of coercion.

Now, where I have an ethical problem with the use of manipulation and co-optation, I don't have an ethical problem with the use of coercion.

Let me show you an example of the use of coercion.

CHANGE MANAGER: Here's the deal: I know you all know the details of the plan change, and I expect each and every one of you to support me on this.

And I'm going to be honest and up-front with you all.

Any failure to support the plan will result in a zero pay increase, and any action to impede the implementation of the plan will result in immediate termination.

Any questions?

PRESENTER: I think the coercion in that clip was pretty clear, pretty straightforward, pretty understandable.

Coercion involves saying to a stakeholder, I want you to do this, I want you to not do this, and unless you comply, you will experience negative outcomes.

You will experience loss.

In this particular vignette, this change manager was very clear about what the negative consequences would be.

Now, as I said, I don't have an ethical objection to this, but I have a practical objection to it if it's overused.

A manager who uses coercion too much will likely become that hated manager who tries to force people to do what he or she wants.

The change manager who relies too heavily on coercion is likely to cause stakeholders to ask the question, what's so terrible about this change that she has to threaten us to get us to work on this change?

However, a change manager who seldom uses coercion, but who in a particular situation chooses to use coercion is sending a very clear signal: This is a very important thing that I need you to do; it's mission-critical; and there is no choice but for us to do this; and let me tell you how important it is; and the way I will tell you how important it is, is by telling about the bad things that will happen if you don't support it.

So, coercion, if it's a very rare activity from a manager, can be successful, both in communicating what's needed and the consequences of not complying, and also signaling how important this is.

When used a lot, it can become very dysfunctional, causing stakeholders to reject the manager, dislike the manager, want the manager to fail, and cause stakeholders to question the quality of the change, if it has to be force-fed like this.

Summary:

So as we've been discussing our stakeholder analysis, we started by identifying who our key stakeholders are.

We then identified the behavior, the reactions that we need from those key stakeholders, so that that behavior will help drive the success of the change.

We then projected what kind of behavior, what kind of reactions we are likely to get from our stakeholders if we don't manage them.

We compared those last two things, we identified gaps.

Those gaps told us these are the likely causes of failure of the change, and we have just now talked about some tools and techniques that we could use to close those gaps.

Now we need to visit our grid one last time.

Now let's look at the grid, and let's focus on each of the gaps, and let's describe the action plan that we will use to close that gap for that stakeholder, to make it less likely that this cause of failure will occur.

This is a plan that might be unique to individual stakeholders.

It might be that there's a component to the plan that's applied to everyone, but the goal of what we do on this visit to the grid is look at a gap, look at the available tools, and ask what combination of the use of these tools is most likely to close the gap, and let's explain how it will do that.

If, after this visit to this grid, we have a plan that will convincingly show how this action plan will close these gaps, then we are in a position where we believe we have reduced or removed the barriers to success of this change.

Unit 8.9 – Summary

Overview:

SPEAKER: We started our discussion of this topic by talking about stories.

I argued that if you have a good idea that can drive good outcomes for the organization, you need to recognize that most good ideas will fail and that to increase the probability that your good idea will succeed and turn into good outcomes, we need to write and tell a good story, and we need to sell that story.

A reminder of what that story can look like now.

We open the story by talking about things that our stakeholders already care about.

This is the mission of the organization.

This is why we exist.

This is the vision we have for the future of the organization, and this is how we measure success.

These are our strategic objectives.

So we begin our story by talking about what we already care about and by talking about what greatness we can achieve in the future.

Our next chapter puts a little shock into the story and talks about why we are unlikely to achieve that success and that vision for the future unless we change.

The next chapter talks about the change that can be made that can drive us and provide the path to achieving those outcomes that we care about.

Then the story talks about who the key stakeholders are, what we need from them, what we're likely to get from them if we don't manage them, and it has a chapter on gaps.

That chapter is depressing.

If we don't do anything else, this is why our change will fail.

So we follow that quickly with a chapter on an action plan to close those gaps, and we close our story by emphasizing we can achieve those outcomes that we care about.

We can reach that vision of the future.

And the way we will do that is by having a good idea that we will implement effectively, and a key to effective implementation is an effective stakeholder analysis.

We truly believe that the approach we have just discussed for turning good ideas into good outcomes does have a very significant chance of helping you gain competitive advantage by being better than the competition at turning good ideas into good outcomes.

I want to remind you that when we talk about those good ideas, we're talking about things that could be small or things that could be large.

We're talking things that could be structural or job-related or resource-related.

This model that we've discussed should be one that you can use regardless of the type of specific organizational change that you're making.

In closing, I want to make a pitch.

Come up with good ideas, distinguish yourself with that.

Make yourself good by having better ideas than the other folks.

But distinguish yourself as great by being able to also convert those goods ideas into good outcomes through great execution from effective change management.

Enduring Ideas & Recap:

At the very beginning of this topic, we talked about enduring ideas.

The ideas we hope you will take with you and keep with you after you've finished learning from this topic.

We started by observing that organizations cannot survive and thrive without having good ideas.

And we have to emphasize that search for developing our own good ideas or the acquisition of good ideas from others.

We also observed that most good ideas fail to achieve all of their objectives, and we understand why.

They tend to fail because their execution is not well-managed.

Change management is all about effective execution of good ideas.

Now, where change is often unpredictable, the process of managing change is pretty well understood and pretty manageable.

And that's why we tried to focus here on that manageable process.

In short, this unit, this topic is about turning good ideas into good outcomes.

Writing a good story, telling a good story, selling a good story.

Make your story one you're proud of, make your ideas good and ones you're proud of, make yourself more proud of your execution of those goods ideas.

Change is Constant:

Change, love it or hate it.

Effective change management is a great route to gaining competitive advantage.

Ineffective change management is a sad route to failure.

Let's seek success.