BC3406 Business Analytics Consulting

Damien Joseph
Nanyang Business School

Agenda

- What is change?

- The management of change

- Outcomes of change

Learning goals

- Why is change so difficult?

- What are some keys to organizational change?

- What is the role of management in organizational change?

- Developing strategies for change

Key Questions

- What is change?

- What do we know about change?

- What is Change Management?

- How do we successfully manage change in an organizational context?

- What goes wrong most often?

- What skills should I develop?

Change

Change versus Transition

- Change is: an event
  - It is situational and is external to us
  - Something old stops
  - Something new begins

- Transition is psychological
  - It is internal to us
  - Reversible

Global Pressures for Change

- The globalization of markets
  - Emergence of new "power blocks" of international traders

- The spread of information technology and computer networks
  - Positive effects
    - Changing almost everything about a company
    - Increasing the value of invisible assets
    - Democratizing a company
    - Increasing the flexibility of work
    - Allowing companies to unify their global operations and to work a 24-hour day throughout the world

  - Negative effects
    - Increased vulnerability to sabotage, espionage, and vandalism
    - Creation of new social divisions based on differences in computer literacy

- Changes in the nature of the workforce employed by organizations
  - Increasing diversity in terms of gender and ethnicity
  - Dual-career families are becoming the norm
  - Continued growth in the contingent workforce
  - Workforce is becoming better educated
  - Workforce is becoming less unionized
  - Changing values and expectations of the workforce

Local Pressures for Change

- Top down is strategic driven
  - Efforts need to be made to get support of those below you and affected by the change.

  - Entails communication and huge need for unfreezing (unless system is broken).

- Bottom up
  - Problem driven change. Employees feel the need to change. Usually smaller in scope. Need to get top management support. Relatively slow moving.

  - How does it happen. Usually in Committees.

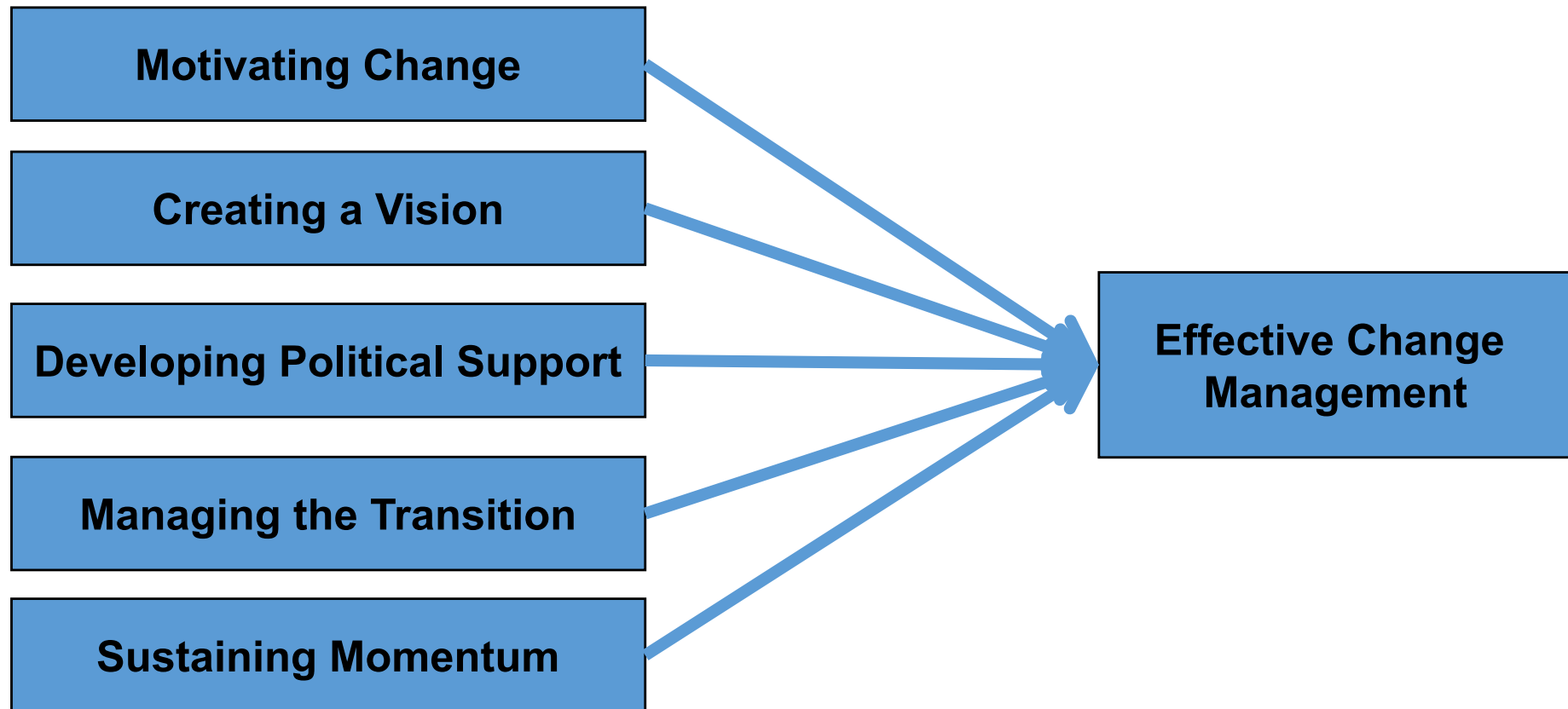 - Are people empowered to give bottom up change.

Approaches to Change

Means	Economic	Organizational Development
Purpose	Profit	Develop employees' competencies
Leadership	Top-down	Participative
Focus	Structure and strategy	Culture
Motivation	Incentives and performance	Incentives lag performance

Source: Adapted with permission from Cummings, J. G., and Worley, C. G. *Organization Development and Change*, 7th ed. Cincinnati: South-Western, 2001, 155.

Essential Conditions Change Programs

- The organization's members must be the key source of energy for change

- Key members of the organization must recognize the need for change and be attracted by the potentially positive outcomes of the change program

- A willingness to change norms and procedures must exist

Initiatives Contributing to Effective Change Management

Motivating Change

Creating a Vision

Developing Political Support

Managing the Transition

Sustaining Momentum

Effective Change Management

Skills for Managing Change

- ## Political Skills
  - Diplomacy, ability to engage a large group

- ## Personal Skills
  - Communicating, listening, understanding different viewpoints

- ## Analytical Skills
  - Workflow operations, systems analysis, financial analysis

- ## Systems Skills
  - Technological and how people, industries and economies interact

- ## Business Skills
  - Understanding how the business works so you can understand how it will change

Difficulty of Change Management

- Soft facts
  - Guesstimates of success. 2/3 fail.
  - 50% fail and another 30% partially fail.

- These are significant changes.
  - Changes that often require a restructuring of the work flow or work procedures.
  - The larger the change and the more people it affects, the more difficult the change (hard side of change management).

- As you move up the organizations and become more successful change efforts become more difficult.
  - Take longer and more people.

Dynamics of Change

- For individuals
    - No Matter How Exciting the Change....Expect a Sense of Loss
    - No Matter How Competent People Are....Expect a Sense of Confusion and Ambiguity
    - To varying degrees....Expect Resistance
    - Expect the Loss and Ambiguity to Lead to a Deterioration of Trust and a Sense of Self-Preservation

- For organizations
    - Communications Deteriorate
    - Productivity Suffers
    - Loss of Team Play – See Each Other as "The Competition"
    - Power/Turf Struggles
    - Morale Goes Down – Lose Commitment
    - Bail-Outs Occur – Lose Good People

The Three Phases of Transition

- Recall, transitions are psychological

- The Ending
  - Losing
  - Letting go…getting closure…saying goodbye
  - All transitions start with endings

- The "Neutral Zone"
  - Chaos, confusion, unsettled feelings, "in-between"
  - Could also be experienced as freeing

- The New Beginning
  - A whole new chapter
  - Sense of renewal and often increased energy
  - Fully moving on

- These are not linear "steps" and can overlap.

Tips for Getting through each Phase

- Acknowledge who is losing what

- Mark the ending

- Let people take a piece of the old way with them

- Set short-term goals

- Strengthen intragroup activities

- Explain the purpose

- Paint a picture

- Lay out a step-by-step plan

- Give each person a part

Change Management

What is Change Management?

- Change management is the continuous process of aligning an organization with its marketplace-and doing so more responsively and effectively than competitors.
  - Lisa M. Kudray& Brian H. Kleiner, "Global Trends in Managing Change," Industrial Management

- Change management is the formal process for organizational change, including a systematic approach and application of knowledge. Change management means defining and adopting corporate strategies, structures, procedures, and technologies to deal with change stemming from internal and external conditions.
  - Society for Human Resource Management, Change Management Survey Report 2007

- Change management is a critical part of any project that leads, manages, and enables people to accept new processes, technologies, systems structures, and values. It is the set of activities that helps people transition from their present way of working to the [new] desired way of working.
  - Lambeth Change Management Team, Change Management Toolkit

A General Framework of Change Management

- Lewin's Three Step Change Process
  - Unfreezing
    - Motivating people to accept the change.
    - Usually involves reducing those forces maintaining the organization's behavior at its present level

  - Changing
    - Putting the change into place with minimal difficulties to all parties.
    - Shifts the organization's behaviors to a new level

  - Refreezing
    - Getting people to follow new behaviors, norms, and procedures that support that change.
    - Stabilizes the organization at a new state of equilibrium

Change Management Plan

- Prepare to build commitment and capability:
    1. Develop case for change
    2. Develop compelling vision for the future state
    3. Identify key changes, affected groups, and prioritize impacted groups
    4. Understand impact and capacity for affected groups
    5. Identify/develop leadership spine

- Build commitment and capability:
    1. Leveraging leadership spine for enrollment
    2. Communicate Effectively
    3. Managing resistance
    4. Shape and reinforce behaviors (antecedents and consequences)

Creating a Compelling Case for Change

	PROBLEMS	OPPORTUNITIES
CURRENT	What problems do we currently face? What is the impact of these problems on our strategy and goals?	What opportunities currently exist to address these problems?
FUTURE	What will happen if these problems continue?	If we address these problems, what opportunities could emerge? Next steps/action planning: What can we do *right now* to create these opportunities?

10 Commandments for Implementing Change

1. Analyze the organization and its need for change

2. Create a shared vision and common direction

3. Separate from the past

4. Create a sense of urgency

5. Support a strong leaders role

6. Line up political sponsorship

7. Craft an implementation plan

8. Develop enabling structures

9. Communicate, involve people and be honest

10. Reinforce and institutionalize the change

Leading Change

- The Art of Balancing
  - Content

  - Processes
    - Foster adaptation
    - Embrace disequilibrium
    - Generate leadership

  - Employees' emotions and behaviors
    - Employee trust
    - Employee empowerment

- Take care of yourself

Source: Managing Change: The Art of Balancing Jeanie Daniel Duck, Harvard Business Review, 1993

Resistance to Change

"We are the Borg. Your biological and technological distinctiveness will be added to our own. Resistance is futile."

- The Borg

Why Transformation Efforts Fail

- Mandate a change without explaining why it's needed.
  - Assume people understand the new "regime" and how to behave differently (new skills are often required).
  - Undercommunicating the vision
    - Stay behind closed doors.

- Not establishing a sense of urgency

- Not creating a powerful enough guiding coalition
  - Lacking a vision
  - Not removing obstacles to the new vision
  - Not anchoring changes in the corporation's culture

- Neglect to deal with your own anxiety.

- Not systematically planning for and creating short-term wins
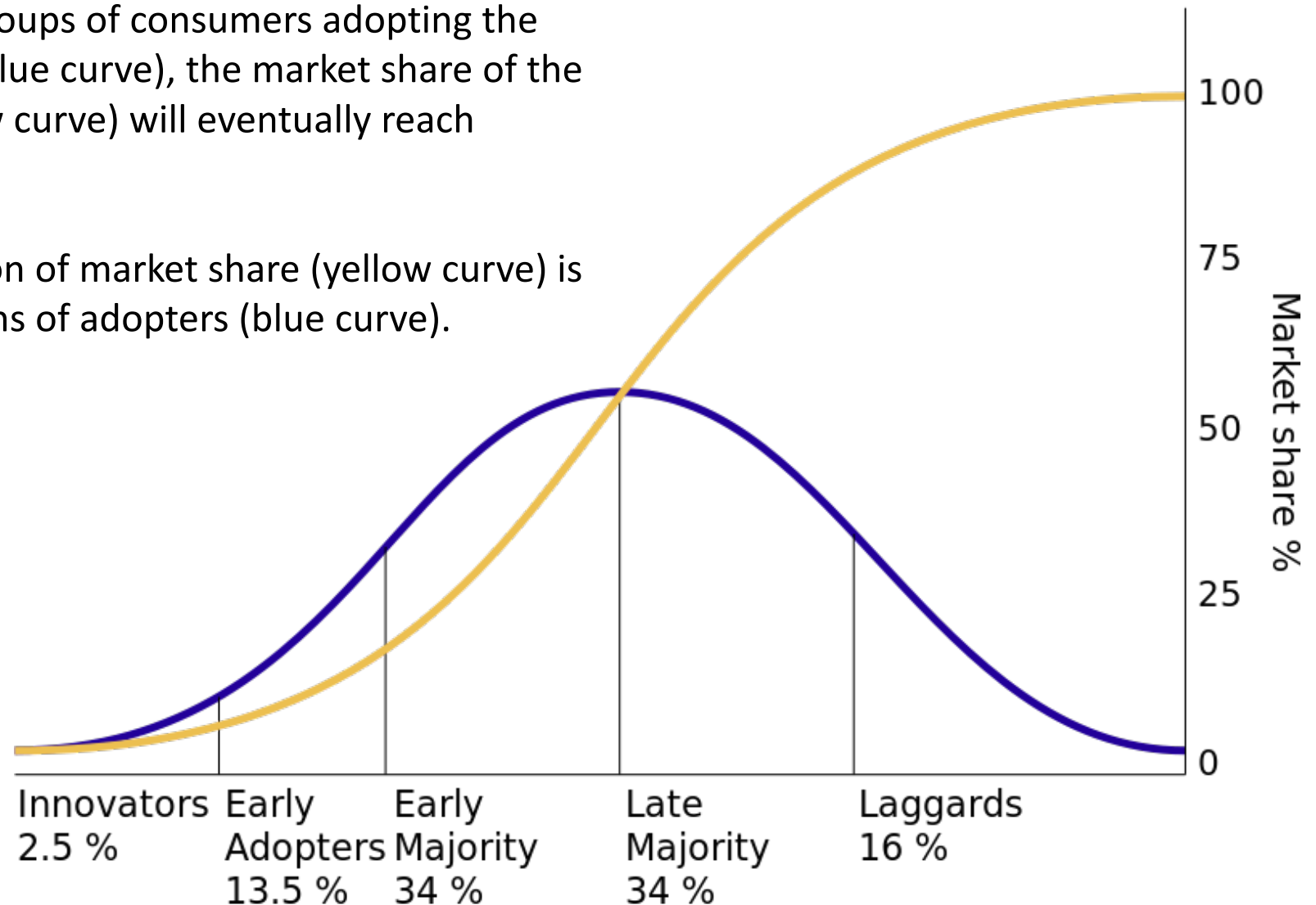
- Declaring victory too soon

Source: Why Transformation Efforts Fail, Kotter, John P. Harvard Business Review 1995

Change as Acceptance of Innovation
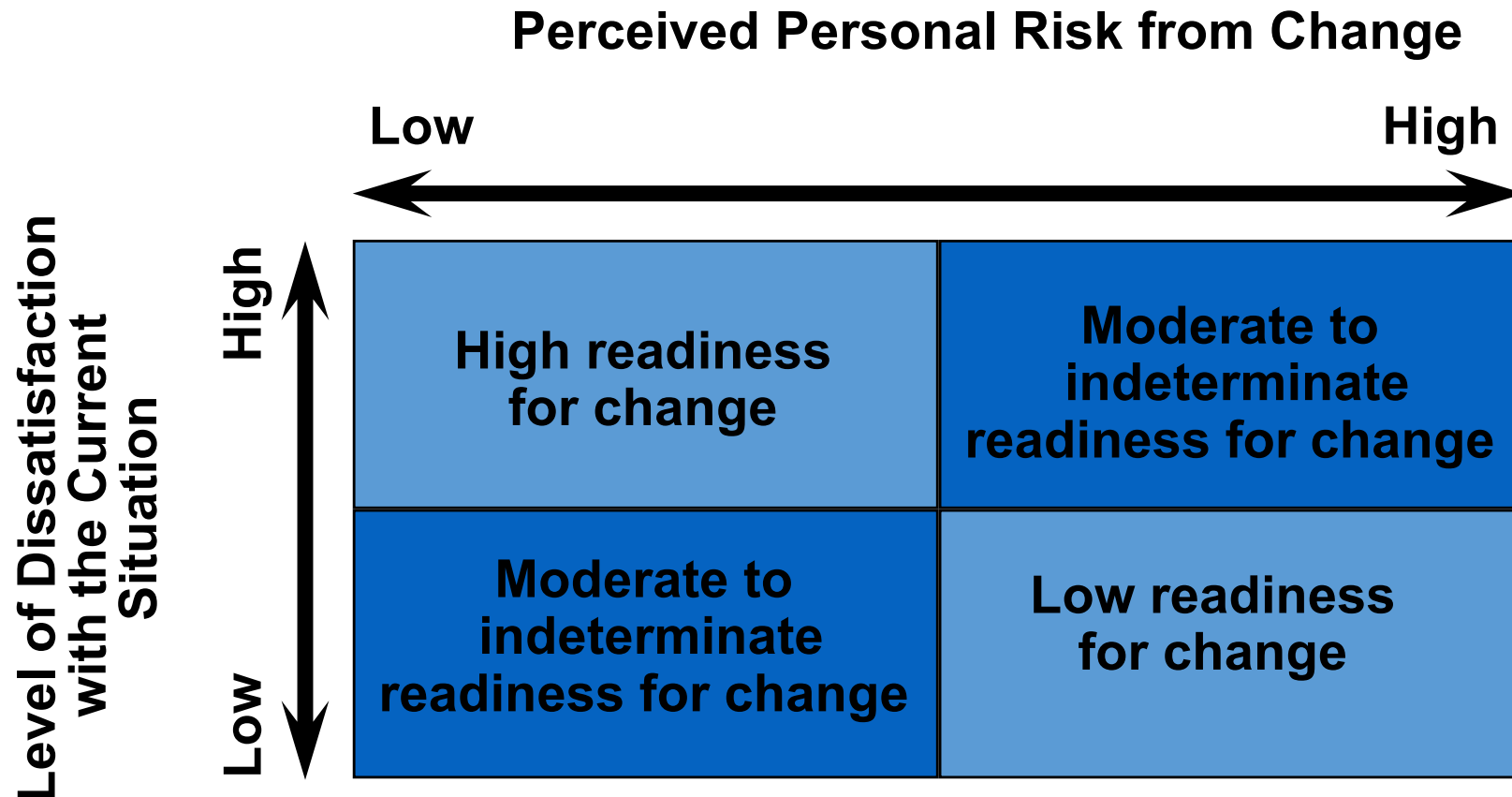
The diffusion of innovations:

With successive groups of consumers adopting the new technology (blue curve), the market share of the technology (yellow curve) will eventually reach saturation level.

The logistic function of market share (yellow curve) is broken into sections of adopters (blue curve).
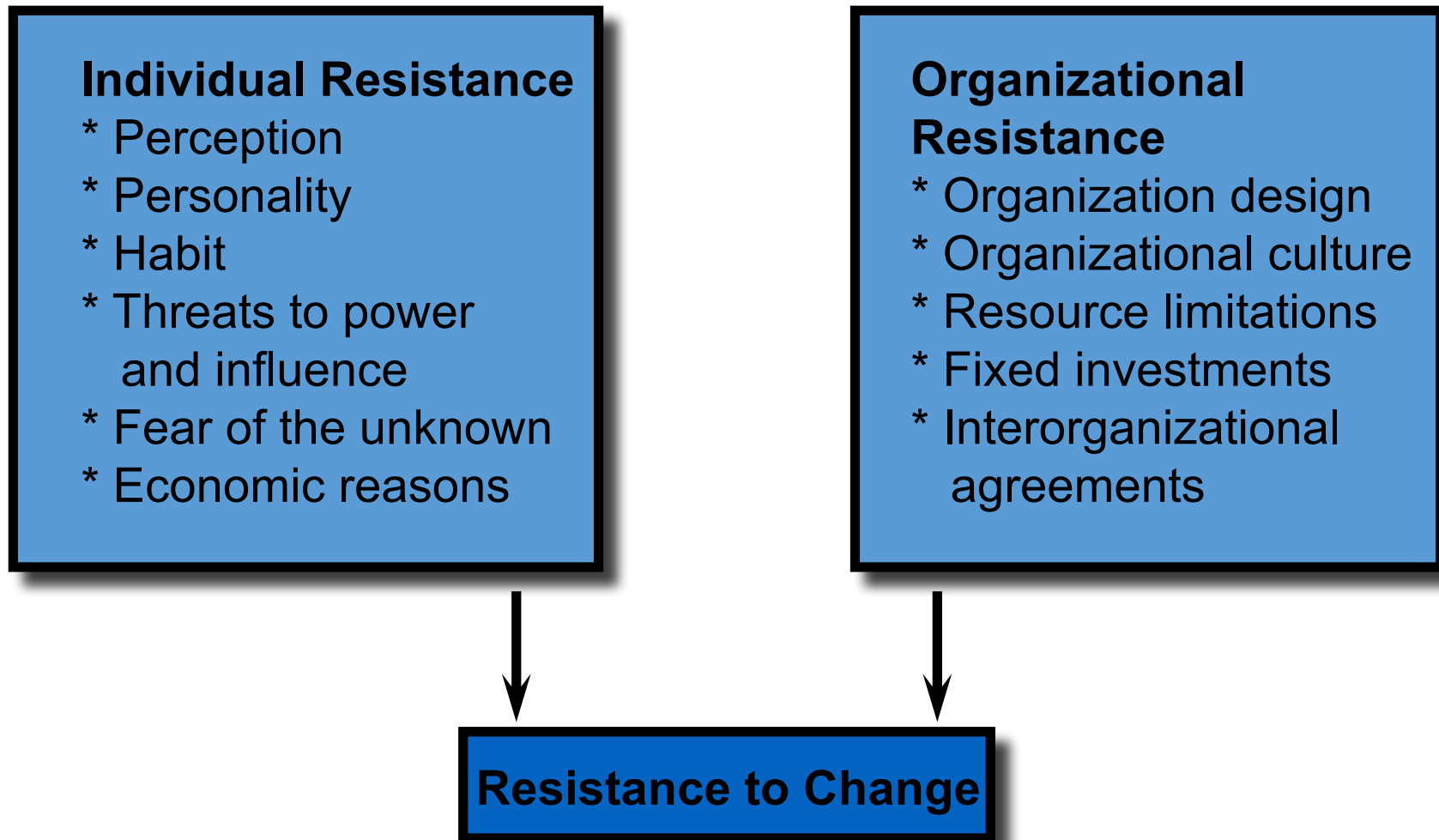

Innovators 2.5 % Early Adopters 13.5 % Early Majority 34 % Late Majority 34 % Laggards 16 %

Market share %

Source: Rogers Everett - Based on Rogers, E. (1962) Diffusion of innovations. Free Press, London, NY, USA.

Employee Readiness for Change

Perceived Personal Risk from Change

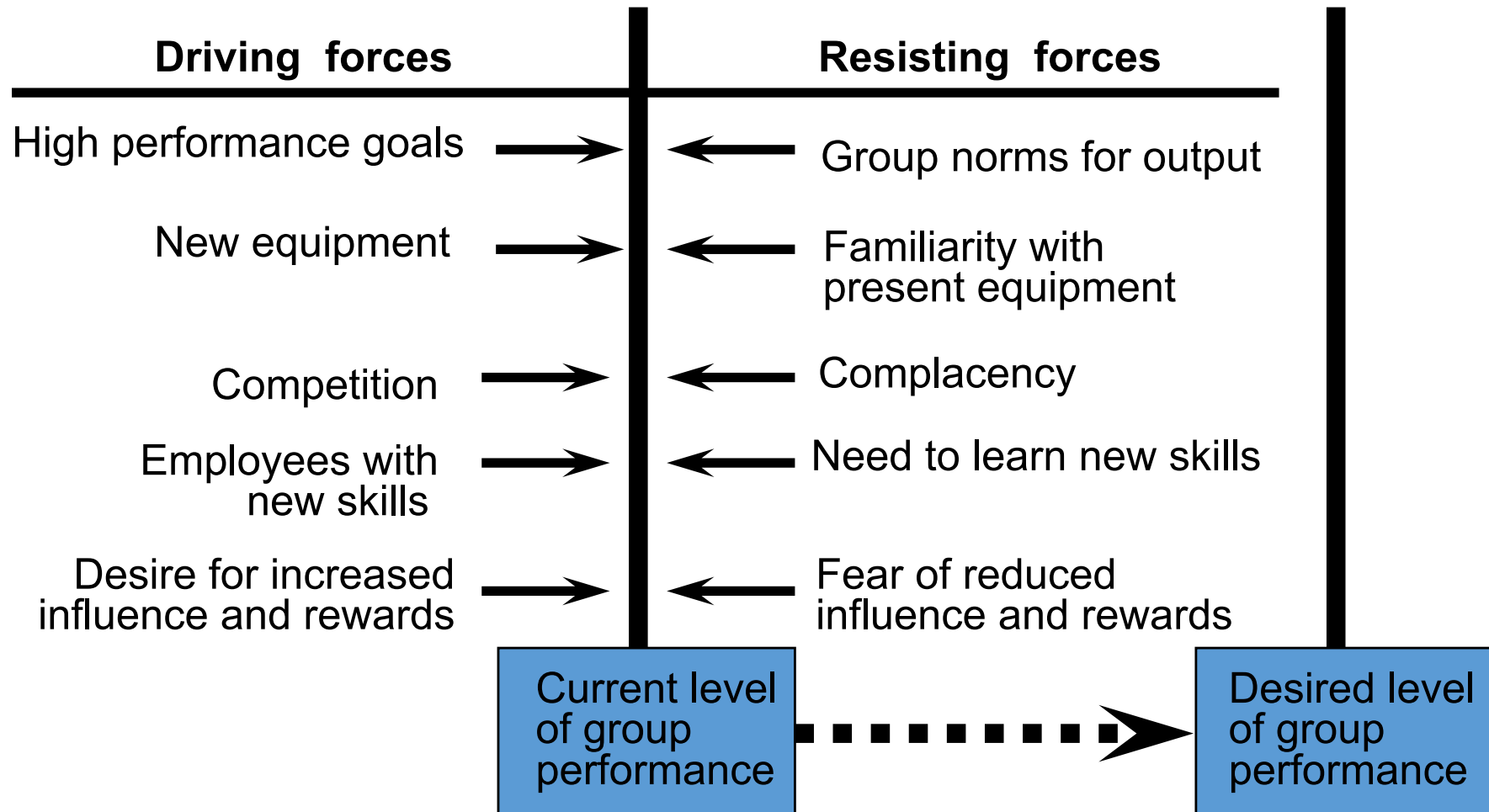|	Low	High
High	High readiness for change	Moderate to indeterminate readiness for change
Low	Moderate to indeterminate readiness for change	Low readiness for change

Level of Dissatisfaction with the Current Situation

Source: Source: Adapted from Zeira, Y., and Avedisian, J. Organizational planned change: Assessing the chances for success. Organizational Dynamics, Spring 1989, 37.

Sources of Resistance to Change

Individual Resistance
* Perception
* Personality
* Habit
* Threats to power
  and influence
* Fear of the unknown
* Economic reasons

Organizational Resistance
* Organization design
* Organizational culture
* Resource limitations
* Fixed investments
* Interorganizational
  agreements

Resistance to Change

Source: Adapted from Zeira, Y., and Avedisian, J. Organizational planned change:
Assessing the chances for success. Organizational Dynamics, Spring 1989, 37.

Force Field Analysis (Ishikawa Diagram)

Driving forces	Resisting forces
High performance goals → ←	Group norms for output
New equipment → ←	Familiarity with present equipment
Competition → ←	Complacency
Employees with new skills → ←	Need to learn new skills
Desire for increased influence and rewards → ←	Fear of reduced influence and rewards

Current level of group performance ┈┈► **Desired level of group performance**

Source: Adapted from Zand, D. E. Force field analysis. In N. Nicholson (ed.), Blackwell
Encyclopedic Dictionary of Organizational Behavior. Oxford, England: Blackwell, 1995, 181.

- ## Empathy and support
  - To aid in understanding how employees are experiencing change

- ## Communication
  - To reduce gossip and unfounded fears, thereby reducing uncertainty about the potential consequences of change

- ## Participation and involvement
  - To increase employee ownership of and commitment to the change

Why Transformation Efforts Succeed

- Resistance to change as feedback and reflection
  - Resistance to cultural change
  - Resistance to changes in the nature of work

- Capitalize on dramatic opportunities

- Combine caution with optimism

- Change many elements but maintain some continuity

- Recognize the importance of implementation

- Modify socialization tactics

- Find and cultivate innovative leadership

Source: Why Transformation Efforts Fail, Kotter, John P. Harvard Business Review 1995

Questions and Answers

Seminar Review

- What is change?

- The management of change

- Outcomes of change