ORGANIZATIONAL CHANGE

What is Organizational Change?

- An alteration of an organization's environment, structure, culture, technology, or people
  - A constant force
  - An organizational reality
  - An opportunity or a threat
- Triggered by internal or external pressure
- Change agent
  - A person who initiates and assumes the responsibility for managing a change in an organization

Reason for Change

- It is not uncommon for an organization to choose to conduct a project that will have impact on the organization itself. Examples:
    - A change in mission
    - Restructuring operations
    - New technologies
    - Mergers
    - Major collaborations
    - "Rightsizing"

- IT implementation projects usually mean radical changes to an organization including fundamental changes in procedures, processes and job functions.

Organizational Commitment

- A successful implementation entails the unwavering commitment and "will" of senior management and key staff to see the implementation through.

- Senior management and key staff need to be steadfast in the quest to succeed though all the problems.

- There are two key areas to consider to ensure organizational commitment:

  - A well-defined Communication Plan
  - Organizational Project Management Maturity Model (OPM3)

Organizational Change Management

- Upper Management undertakes these projects because they believe that there is sufficient gain to the organization to warrant the expense.

- And Upper Management usually moves forward on the basis that since it is in everyone's best interest, those individuals affected will of course endorse the project and work to make it a success.

- And all too often Upper Management receives a rude shock.

Change

Discussion Questions

- How did it feel when you were asked to cross your arms the other way?

- Did it come naturally or did you have to stop and think about it?

- Were you comfortable with doing this differently from your normal process?

- What are some things that make people resistant to change?

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- Change management is the process of developing a planned approach to change in an organization.

- The objective is to maximize the collective benefits for all people involved in the change and to minimize the risk of failure.

- Change management must be an integral part of the overall implementation planning strategy to implement an IT system successfully.

Organizational Change Management

- The management team must be aware of the extent to which the projects may introduce organizational change, and then they must deal with this issue.

Organizational Change Management

- What is Organizational Change?

  - It is generally considered to be an organization-wide change, as opposed to smaller changes such as adding a new person.

  - It includes the management of changes to the organizational culture, business processes, physical environment, job design / responsibilities, staff skills / knowledge and policies / procedures.

  - When the change is fundamental and radical, one might call it organizational transformation

Organizational Change Management

- Take a moment to think of an example of organizational change that you have experienced.

  - Was it successful? Did it go smoothly?
  - What were your feelings early on? Later?
  - What did the people around you say about it?

Organizational Change Management

- Factors in Organizational Change

  – Efforts by employees to block the intended change is referred to as Resistance to Change.

  – Resistance to Change has been defined as:

    - "...behavior which is intended to protect an individual from the effects of real or imagined change" - Alvin Sander, 1950

    - "...any conduct that serves to maintain the status quo in the face of pressure to alter the status quo" – Zaltman and Duncan, 1974

Organizational Change Management

- Factors in Organizational Change

  - Resistance is a natural and inevitable reaction in an organization. You can expect it
  - Resistance is sometimes hidden, so it may be necessary to take active steps to find it
  - There are many reasons for resistance; it is important to understand it
  - We manage resistance by working with people, and helping them deal with their concerns
  - There are many ways to build acceptance. It is important to be flexible. But persist!

Organizational Change Management

- Factors in Organizational Change

  - The key to successful management of organizational change lies in the people.

    - They are the agents for successful transformation of the organization.
    - They determine the Return on Investment from this process

  - So let's have a look at where Resistance to Change comes from and how to best manage it

Organizational Change Management

- Resistance to Change

  - Why people resist change:
    - Resistance to change can be a **defense mechanism** caused by frustration and anxiety

    - In many cases there is not a disagreement with the benefits of the new process, but rather a **fear of the unknown future** and about their ability to adapt to it, e.g. fear that one will not be able to develop new skills and behaviors that are required in a new work setting

Organizational Change Management

- Resistance to Change

  - Why people resist change:
    - There may be **resentment** in disgruntled employees due to a perceived unfairness of the change. This can be strong enough to lead to sabotage.

    - Some employees may see the change as a **violation of "personal contracts"** management has with their employees. This can involve elements of mutual trust, loyalty and commitment
    - An employee may have a "**competing commitment**" that is incompatible with the desired change

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- ## Resistance to Change

  - ### Why people resist change:

    - An employee may be operating on the basis of a **desire to protect what they feel is the best interests of the organization**

    - An employee may provoke insightful and well-intended debate, criticism, or disagreement in order to **produce better understanding** as well as additional options and solutions.

Organizational Change Management

- Resistance to Change

  - The take-home message from all this is that there is no simple explanation for Resistance to Change, and therefore no simple way to circumvent it.

  - Indeed, there are instances where an employees "resistance", although not in the plan, could result in beneficial consequences

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- How prevalent is Resistance to Change?

  – It is generally acknowledged that in an average organization, when the intention for change is announced:

    - **15% of the workforce is eager to accept it**
    - **15% of the workforce is dead set against it**
    - **70% is sitting on the fence, waiting to see what happens**

Organizational Change Management

- How can I best accomplish Organization-wide Change?

    - Since our interest here is in Management of Organizational-wide Change, it can be helpful to re-define Resistance to Change as employees are not wholeheartedly embracing a change that management wants to implement

    - This allows us to focus on gaining acceptance (a positive) rather than on breaking down resistance (a negative).

Organizational Change Management

- How can I best accomplish Organization-wide Change?

  - Get senior management agreement (i.e. conflicting goals can kill the project!)
  - Identify a champion who can articulate the reasons for and advantages of the change
  - Translate the vision for change into a realistic plan and then carry out the plan
  - Involve people from every area of the organization
  - Communicate. Communicate. Educate. Educate.
  - Get organizational buy-in to the change
  - Modify organizational structures so that they will **sustain** the change

Organizational Change Management

Take home message:

- Provide adequate attention to the human side of technology projects and you will eliminate one of the greatest causes of technology project failure.

Organizational Project Management Maturity Model (OPM3)

- A framework within which ganizations can re-examine their pursuit of strategic objectives via Best Practices in organizational project management

- The OPM3 model is a three-step continuous improvement process.
  - **Step 1:** *Knowledge*
  - **Step 2:** *Assessment*
  - **Step 3:** *Improvement*

Benefits of OPM3

- Helps organizations identify and deliver the right projects to advance their strategy.

- Improved project performance and return on investment - Isolates process improvements while forcing organizations to consider external pressures increasing operational and organizational efficiency

- Helps the organization align its strategy with the projects that sustain business success

- Mitigates operating costs by keeping projects aligned to business strategy

Organizational Project Management Maturity Model

Organizational Project Management Maturity Model (OPM3)

Knowledge	Prepare for Assessment: Learn and understand the value of system implementation best practices
Assessment	Perform Assessment: Evaluate the current state of organizational project management skills and abilities against "best practices", identifying strengths and weaknesses.
Improvement	Plan for Improvement: Prioritize project management areas by building on current strengths and developing weakness. Implement Improvements: Based on the plan, apply the requisite organizational changes to increase the organization's implementation abilities. Start the cycle over: After a set period of time reexamine the organization's skills and abilities to see if the improvements have taken hold.