Managing Change

Lesson 2

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Study Information and Tips

This Study Text replicates the video content for the lesson

Supplementary knowledge can also be found in the information sheets and text boxes that accompany the videos, as well as in the resources in the Insights section

Activities to help you consolidate your knowledge are deliberately delivered through practice questions and exercises found in the Test and Apply sections on the VLE. These help you to further build on your knowledge and apply the learning in a way that supports your assessment

You can use this Study Text to test your understanding of the learning content at the end of each lesson. It may also be helpful to refer to it when preparing for your assessments

We recommend that you also produce your own notes in addition to the Study Text. Research has shown that handwritten notes can be very effective for learning retention

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The Driving Factors of Change

Key theoretical models of change management	The role of leadership in gaining commitment to change	Engaging internal and external stakeholders

Managing Change Successfully

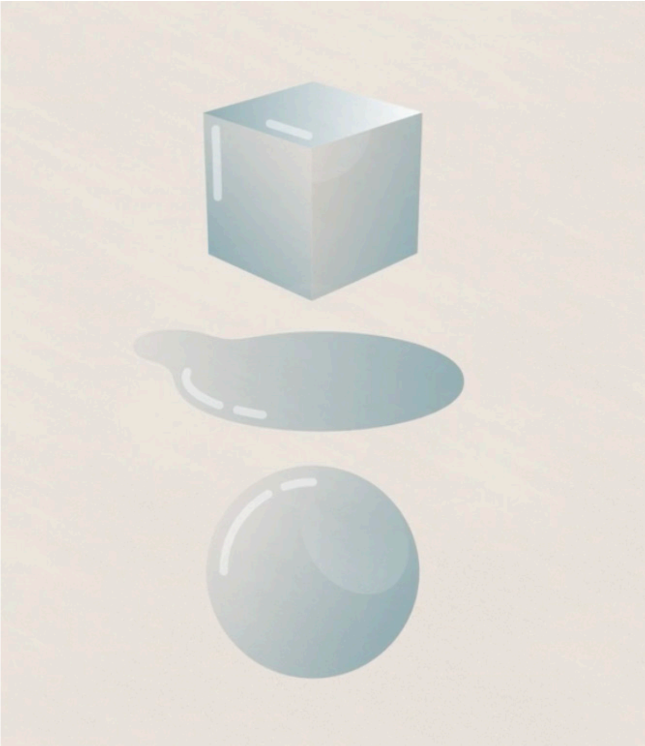
Successful organisational change will not happen by accident – it needs to be carefully managed if you are going to get the outcome that you are after.

Indeed, research from the CIPD suggests that more than **40% of change initiatives fail to achieve their intended goal** – so it is important to do all you can to make the process a success.

You can increase your chances by using a respected model of change management to help you plan your approach and enhance your effectiveness.

Lewin’s 3-Step Model

One of the most commonly used models for managing the change process is **Kurt Lewin’s 3-Step Model**. This was first published in 1947, but it is still widely used today.



This model is often referred to as the **‘Unfreeze-Change-Refreeze’** model, and it is sometimes described in terms of changing the shape of a block of ice. In order to change, say, a cube of ice into a ball of ice, you first need to melt – or ‘unfreeze’ – the ice. Only then can you reshape it, before refreezing it in its new form.

The key here is that it is not possible to force change on an organisation without preparing the ground first – you must ‘unfreeze’ the current situation before you can introduce new values or new ways of working.

Lewin's 3-Step Model (cont.)

An often overlooked aspect of Lewin's model is that it places great emphasis on breaking down resistance to change in a group setting. Lewin believed that group habits and norms are the biggest barrier to achieving change, as people have a natural desire to follow the social norms of those around them.

He believed it is therefore much easier to try to change individuals who form a group than to try to change people individually. If you can change the attitudes and values of a group, the individuals within the group should follow.

Lewin’s 3-Step Model (cont.)

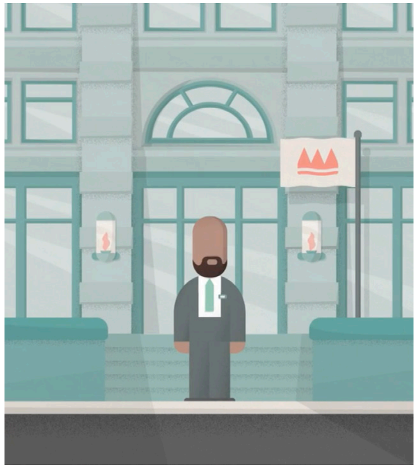
Lewin suggested that this stage of ‘breaking down’ or ‘unfreezing’ group norms and values needs to involve the group sharing their views and agreeing among themselves that a change is needed. It is not enough to just tell them that a change is required – they need to make the decision themselves, as a group.

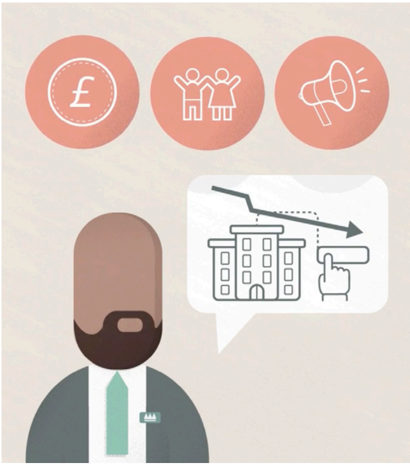
This way, the group owns the change – and once the change has occurred, the new situation will naturally ‘refreeze’ as the group adopts the new social habits and norms.

Lewin's 3-Step Model – Example

Let's consider an example. Mohammed is the manager of a large hotel in London. He's identified a fall in the number of business bookings the hotel is receiving. He believes the hotel needs to attract more tourist visitors to maintain revenue, by changing its prices, offering more family-friendly services and running a new marketing campaign.

Rather than trying to force this change on the hotel's staff, he brings together a small group of the most influential members of the workforce and gets them to discuss the issue together.





Lewin’s 3-Step Model – Example (cont.)

Mohammed presents the situation and introduces his idea of rebranding the hotel, along with its likely benefits – but at no point does he suggest that this has to happen. Instead, he lets the team members discuss his idea together.

In this way, the group begins to ‘unfreeze’ their previous way of thinking and come to a joint agreement that rebranding as a tourist destination is the way forward. They then go back to their colleagues and convince them to get on board with the change too.

Kotter’s 8-Step Programme for Transformation

In 1995, Harvard professor John Kotter expanded on Lewin’s approach with his own **8-step programme for transformation.**

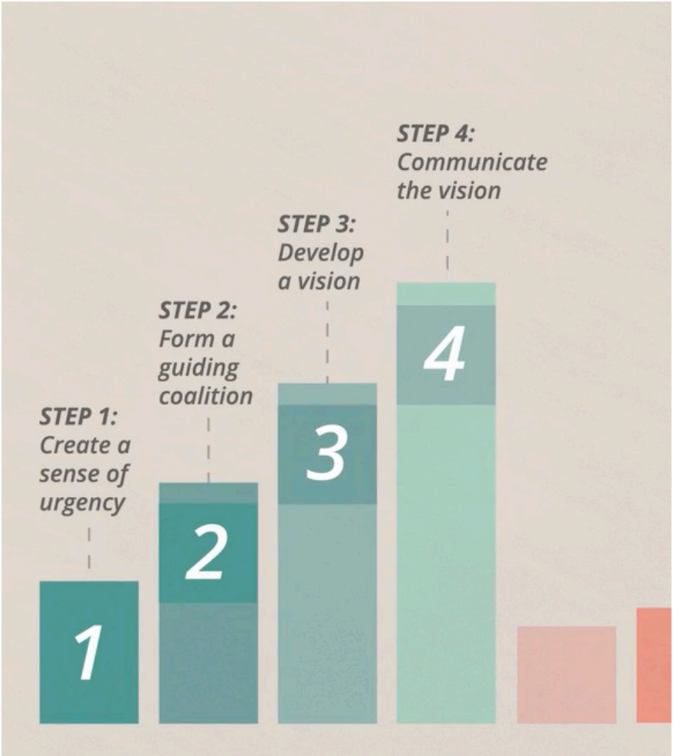
Similar to Lewin’s model, this begins at Step 1 with a process of getting people ready for change – what Kotter calls ‘creating a sense of urgency’. This involves driving them out of their comfort zone and making it clear that change is required.

Kotter's 8-Step Programme for Transformation (cont.)

Step 2 involves building a team of people to guide the change – this should include people from a variety of levels, not just senior management.

In Step 3, this group develops a vision for the change, including developing plans and proposals.

In Step 4, the group communicates this vision across the organisation, 'using every vehicle possible'. According to Kotter, this step is vital for achieving successful change – the rest of the organisation must know why and how they are expected to change, and they must buy in to the team's vision.



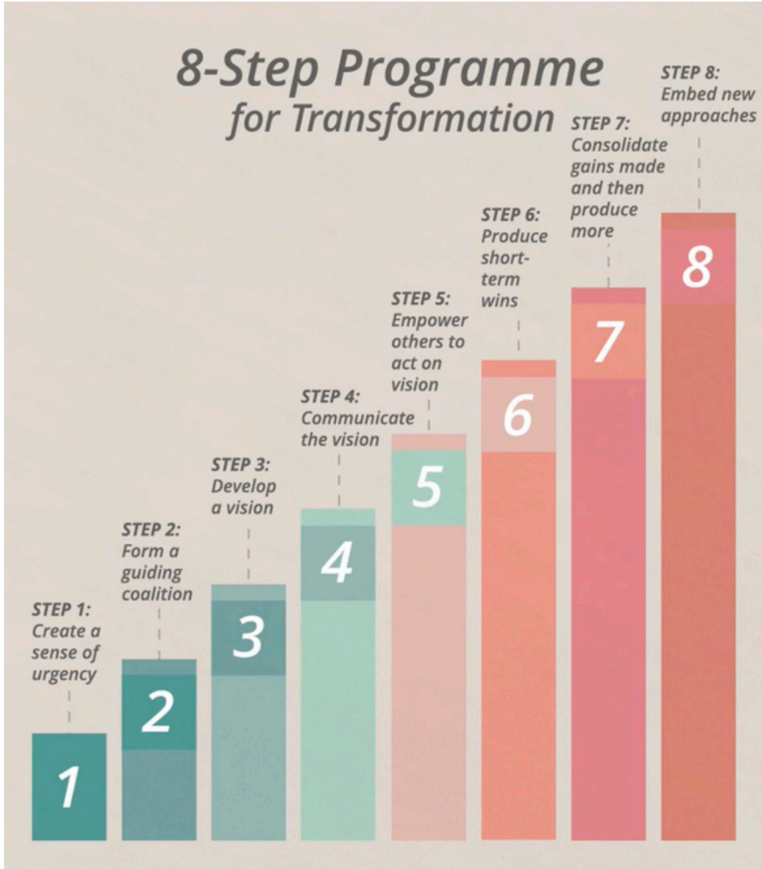
Kotter's 8-Step Programme for Transformation (cont.)

In Step 5, the team makes sure there are no obstacles that will stop employees implementing the change, so they can act on the vision.

In Step 6, the team aims to produce some early 'short-term' wins – some highly visible and positive results – and they then build on these with larger changes in Step 7.

Finally, in Step 8, the team makes sure the change sticks by embedding it within the company's culture.

As you can see, this model is very similar to Lewin's approach, but it sets out more steps and provides more detail on what is required to help achieve change at each stage.



Beckhard-Harris Change Equation

Now we'll look at one more major model of organisational change – and this one is slightly different to both Lewin and Kotter's step-by-step approaches. Instead, it encourages you to carefully consider three key factors that could help overcome resistance to change and make sure it happens.

The **Beckhard-Harris Change Equation**, which was developed by organisational theorists Richard Beckhard and Reuben Harris in 1987, tries to distil the reasons behind the success or failure of change into a simple formula.

The equation looks at three variables. The first is 'Dissatisfaction' – that is, how dissatisfied are people with the current situation and do they see the need for change?

Beckhard-Harris Change Equation (cont.)

The second variable is 'Vision' – is the new vision for the organisation desirable? Do people believe that the proposed change will improve things?

And the third variable is 'First steps' – that is, how easy is it for people to take the first steps needed to start the change process?

Beckhard-Harris Change Equation (cont.)

Beckhard and Harris believed that if you multiply each of these factors together and the result is greater than the resistance to change in the organisation, then the change should be successful.

But, because the variables are multiplied in this way, if any one of them is missing, then the equation will equal zero – and the change will not happen. All three factors must be present – and, taken together, they must outweigh any objections or obstacles to the change happening.

Beckhard-Harris Change Equation – Example

To see how Beckhard and Harris's model might work in practice, let's take a look at an example.

Adam is the head chef in a large restaurant. A new restaurant has opened in the same town and he has started to lose customers as a result. His plan is to completely revamp his restaurant's menu to bring people back – but he has found that his employees are resistant to the change and are not co-operating with his plan.

Talking to them, he finds that they are also worried by seeing empty tables every night and they are excited about the idea of having a completely new menu.

Beckhard-Harris Change Equation – Example (cont.)

However, they are resisting the plan because they cannot see how it will be possible for them to completely change the menu when they have been preparing and serving the same dishes for several years.

Using the Beckhard-Harris model, Adam sees that while his staff are unhappy with the current situation and they have fully bought in to his vision for the change, he has not done a good enough job of outlining the first steps they can take towards achieving this change. And this means he has not been able to overcome their resistance to it.

Beckhard-Harris Change Equation – Example (cont.)

To resolve the issue, he decides to start the revamp by changing just two or three dishes to begin with, then to change the rest gradually over the next few months. By setting out some simple first steps, his team gets on board and they drop their resistance to his plan.

While the model is undeniably basic and it attempts to quantify factors that are very difficult to measure, it serves as a useful tool for thinking about some of the key factors that must be addressed if you are to bring about a successful change.

Leading Change

An organisation's leaders have a vital role to play when it comes to managing change successfully. It is down to them to communicate their vision for where they want the organisation to go and to gain people's commitment for the journey.

But what kind of leadership is best suited to managing change?

Perhaps you might need to adopt different styles of leadership, depending on the specifics of the situation.

Situational Leadership Model

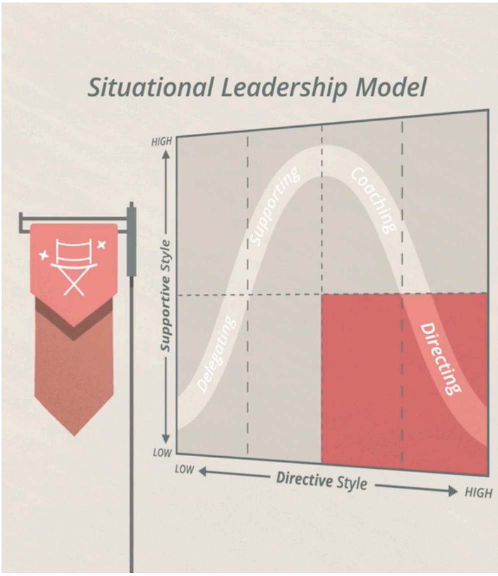
This is what researchers Paul Hershey and Ken Blanchard believed. In 1977 they published their **Situational Leadership Model**, which identifies four different styles of leadership according to how much direction and support are given to employees.

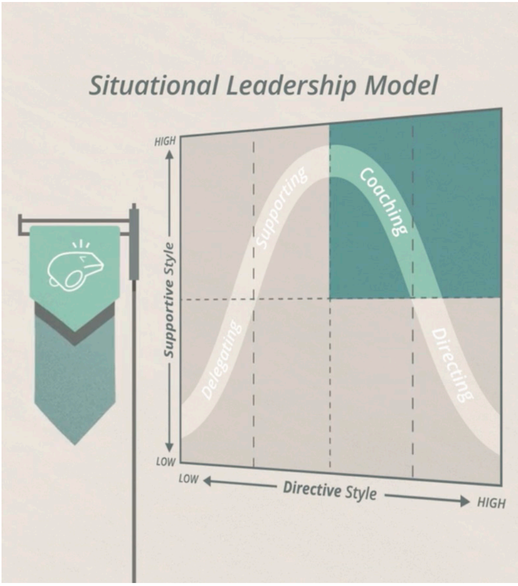
They believed that leaders need to be flexible in their approach and to adapt their style to meet the needs of their followers and their specific situation.

Let’s look at each of the four leadership styles in turn.

Situational Leadership Model (cont.)

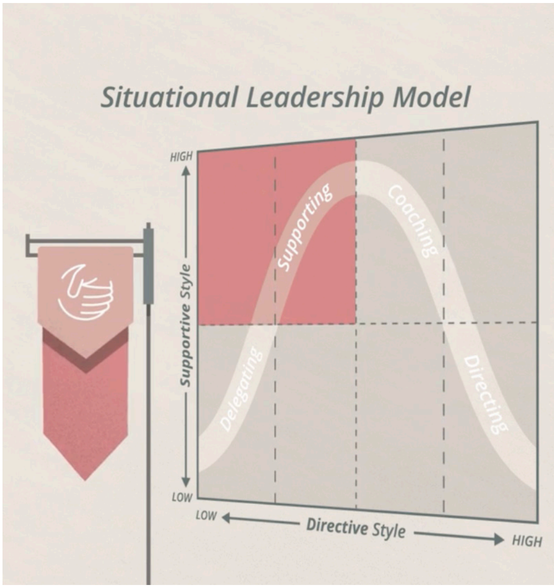
- A Directing style involves giving high levels of direction and low levels of support. A directing leader clearly defines roles and tasks for their employees and then closely monitors them. This is sometimes called a 'telling' style.
- A Coaching style involves giving high levels of both direction and support; the leader defines roles and tasks, but they also encourage employees to ask questions and to contribute their own ideas and suggestions. This is sometimes called a 'selling' style.

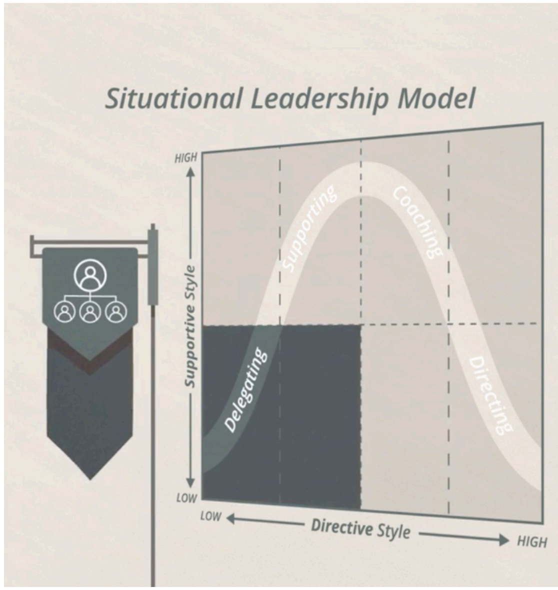




Situational Leadership Model (cont.)

- A Supporting style is characterised by giving low levels of direction and high levels of support; the leader and their employees share ideas and make decisions together, using a collaborative approach. This is sometimes called a ‘participating’ style.
- Lastly, a Delegating style involves giving low levels of both support and direction; effectively, a delegating leader passes all responsibility for decisions and implementation to their followers. They trust their team members to get the job done.





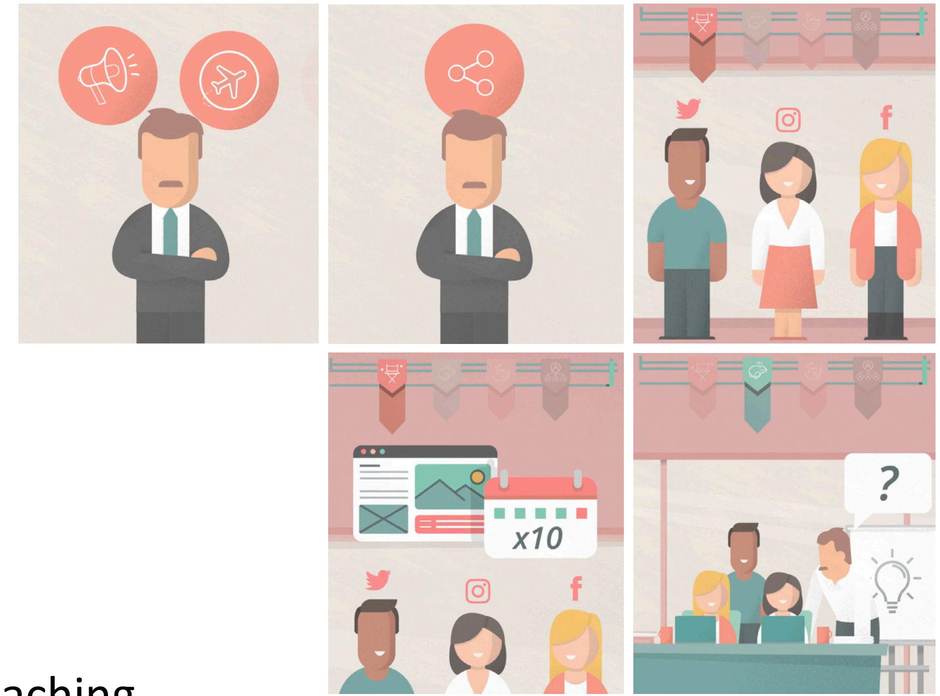
Situational Leadership Model (cont.)

When managing change, leaders may need to move through one or more of these styles as the process evolves.

At the start, for example, they may need to set clear goals and take a hands-on approach, while towards the end they may be happy to let others lead the way – particularly when the change has become embedded.

Let's look at an example of how this might work in practice.

Situational Leadership Model – Example



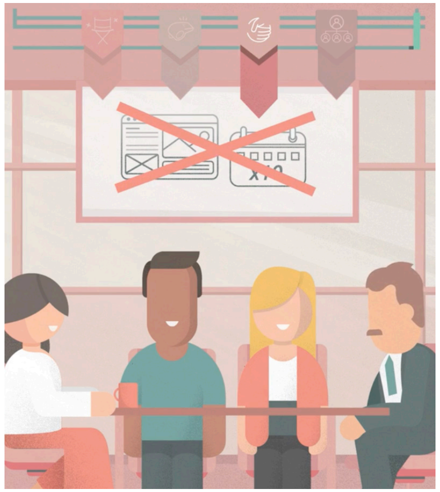
John is the marketing manager for a commercial airline and he wants his team to change the way they market the company by making greater use of social media. To help instigate this change, he starts out by taking a directing style, assigning each member of his team a social media channel, giving them a template to follow to create content, and telling them to make at least ten posts a week for the first month.

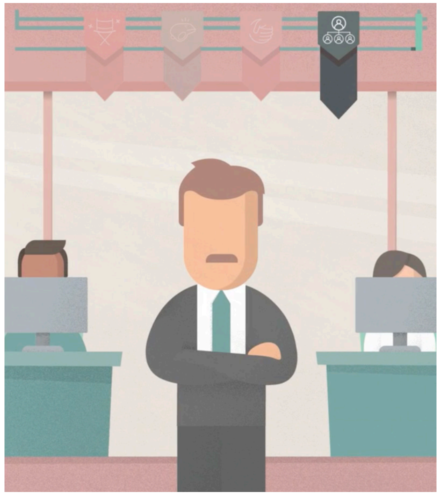
Once these goals are understood, he shifts to a coaching style, where he begins to ask his team which channels and which types of content are receiving the most engagement, and to contribute their own ideas for creating content for him to approve.

Situational Leadership Model – Example (cont.)

Once his team are comfortable making their own content and he is approving the majority of their ideas, John shifts to a supporting style. He gets rid of his previous targets and works collaboratively with the team to decide the best marketing strategy for each channel, in terms of content type and number of posts.

Finally, once he is happy that the team have embraced the new model and know what they are doing, he changes to a delegating style, which effectively leaves the team to get on with their new tasks on their own, without any close support.





Goleman’s Emotional Intelligence

In the 1990s, psychologist Daniel Goleman popularised the concept of emotional intelligence. This looks at the role people’s emotions play in their lives, including their work activities.

Goleman defines emotional intelligence as our **“capacity for recognising our own and others’ feelings, for motivating ourselves and for managing our emotions.”**

Goleman's Emotional Intelligence (cont.)

He developed a framework to explain emotional intelligence in terms of **five elements**.

These are:

- Self-awareness
- Self-regulation
- Motivation
- Empathy
- Social skills

Goleman's Emotional Intelligence (cont.)

In his work, Goleman looked at how these elements affect your ability to lead others.

At a basic level, he thought that the better you are at managing each of these traits, the better a leader you can be.

He saw emotional intelligence as a skill, that – like any skill – can be improved through practice.

Think of a great leader, from your own experience or from public life. What is it that makes them so good?

Goleman's Emotional Intelligence (cont.)

Chances are, they are self-confident and clear about their own abilities (self-awareness); they are able to stay composed and they can think under pressure (self-regulation); they enjoy challenges and are able to take the initiative (motivation); they are able to see other people's points of view (empathy); and they have good communication and influencing skills (social skills).

Later on, Goleman developed this work even further, using the elements of emotional intelligence to underpin a set of six leadership styles, which he believes the best leaders are able to switch between as the situation demands.

Goleman's Six Leadership Styles

He described these styles like a set of clubs in a golfer's bag. Over the course of a round, the golfer will pick and choose the club he uses, based on the demands of each shot. Sometimes he has to think about which club to use, but usually it is automatic. The golfer 'senses' the challenge ahead and knows which tool to use. That's how high-impact leaders work too.

Goleman divided the six styles into two categories. The first category contains four styles that he described as 'resonant' – they are underpinned by the five elements of emotional intelligence and they boost team members' performance through having a positive effect on their emotional states.

Goleman's Six Leadership Styles – Resonant

Let's look at each of these resonant styles in turn:

- Visionary leaders energise people towards a goal through their energy and expertise. They keep people focused on 'the bigger picture'.
- Affiliative leaders build relationships with their colleagues to encourage better performance. They put people first and tasks second.
- Democratic leaders actively encourage their teams to get involved in decision-making. They want to work things out together.
- Coaching leaders focus on expanding and developing their team members' skills. They want to help others develop.

Goleman's Six Leadership Styles – Dissonant

The other category contains two styles that Goleman described as 'dissonant' – they are fully focused on achieving the task at hand, with little regard for the impact on team members' emotions. These styles lack empathy – a key element of emotional intelligence – and Goleman advises they be used with caution.

- Commanding leaders give very clear orders and demand results from their followers.
- Pace-setting leaders set high standards of performance with their own work and behaviours, and expect people to follow their lead.

Goleman's Six Leadership Styles – Dissonant (cont.)

The potential drawbacks of adopting a commanding style are plain – people rarely respond well to being given orders, and they are likely to quickly become demoralised or resentful if this style is followed for more than a short time.

The concept of pace-setting, on the other hand, sounds quite desirable. In this case, the leader does not just issue demands – she puts in just as much effort as the rest of her team.

Goleman's Six Leadership Styles – Dissonant (cont.)

However, employees can soon become overwhelmed by their leader's demands for excellence, and the leader herself can also become exhausted by trying to involve herself in every aspect of the work. As with the commanding style, employees can soon become resentful of being expected to work long hours and of having their tasks micromanaged.

Like Hershey and Blanchard, Goleman believes that the best leaders will switch between different styles as the situation requires, although the pace-setting and commanding styles should be used sparingly.

As a manager, you will need to use your judgement to decide which style – or styles – will help you successfully manage each stage of the change process in your particular organisation.

Managing change is all about gaining the commitment of those you work with, so you need to ensure the style of leadership you choose will do this.

Engaging Stakeholders

We looked at how leaders can help manage the change process from the front. But who is it they need to lead? Who do they need to take with them through the process to deliver a successful outcome?

Next, we'll take a look at some of the key stakeholders who need to be involved in the change management process, and why it is important to engage with them right from the start.

Defining Stakeholders

Before we begin, let's take a moment to define the key term here: what do we mean when we talk about 'stakeholders'?

The CMI defines a stakeholder as:

"Any group or individual with an interest or a stake in the operations of a company or organisation."

Essentially, a stakeholder is anyone who can affect or be affected by an organisation's activities.

Defining Stakeholders (cont.)

Clearly, many stakeholders will be found within the organisation, such as team members, line managers, senior managers and members of the board. All of these groups are directly affected by – and directly affect – the company's activities.

But stakeholders may also be found outside the organisation. They may include customers, pressure groups, shareholders, and the media, for example.

Defining Stakeholders (cont.)

And then there are stakeholders who straddle both sides of the divide, such as suppliers, partners and contractors. These are people who are employed by other companies, but work closely with your own.

One way of categorising all of these different groups is to make a distinction between primary and secondary stakeholders.

Primary and Secondary Stakeholders

Primary stakeholders are those who define the business and are vital to its day-to-day activities – customers, suppliers and employees would fall into this category.

Secondary stakeholders are people or groups that might influence primary stakeholders – the media, for example, could influence the behaviour of your customers through its coverage of your organisation in the news.

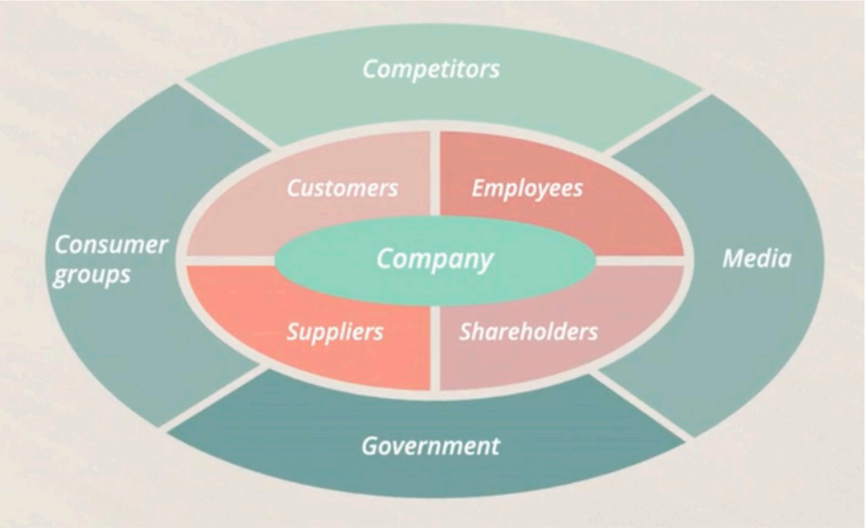
Stakeholder Analysis

Given the large number of people and groups who might have an interest in any planned change within your organisation, it can be useful to carry out a **stakeholder analysis**. This will help you to identify all these stakeholders, and to plan how best to manage them through the change process.

The analysis typically begins with a mapping exercise, where you write down all the parties you can think of that might have some level of interest in the change you are planning.

Stakeholder Analysis – Listing

One way of doing this is to construct a diagram with your organisation at the centre. Around this, in a circle, you write down all of the primary stakeholders you can identify. Then, in an outer circle, you write the names of any secondary stakeholders.



It is important to be as specific as you can at this point. You may need to split certain groups up if you think they need to be managed differently. For example, you might want to divide your customers into retailers, distributors and end-users, as each group may have its own particular interests.

Stakeholder Analysis – Listing (cont.)

Alternatively, you may want to divide up the board members. If you are planning to install a new IT system for managing the company's finances, for example, your IT director and finance director may need to be managed much more closely than the marketing director.

Once you have listed all of the possible stakeholders, you can move on to the next stage of the analysis. Here, you need to assess each stakeholder's level of influence over the change, or the degree to which they are impacted by it.

Focusing Your Time and Energy

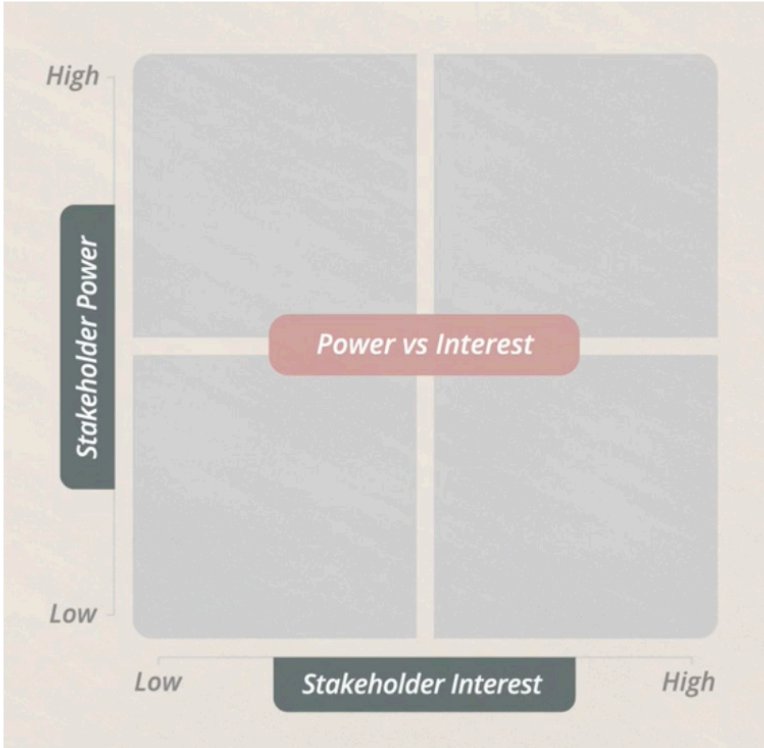
Once these stakeholders have been mapped out, you need to analyse them to help you decide how to manage them through the change management process. The key is to ensure that you focus your time and energy on managing the most important groups – the people who have the potential to make or break your plans.

You need to ask yourself: who will be most affected by the change, and who has the most power to make the change happen? This will tell you where you need to invest your efforts to ensure the change process happens as smoothly and efficiently as possible.

Power-Interest Matrix

To do this systematically, you could use a **'Power-Interest' Matrix.** There are several versions of this model, but one we use here was developed by authors Kevan Scholes and Gerry Johnson in the 1990s, and expanded with the help of Richard Whittington over the following decade.

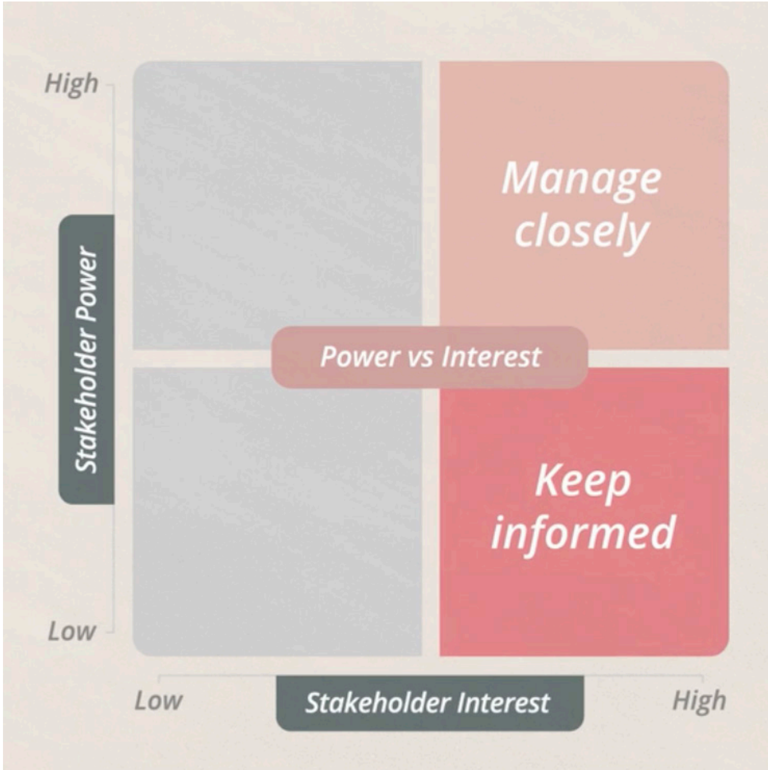
The model involves taking each stakeholder and deciding how much **power** they have over the change – high or low – and how much **interest** they have in the change. This will give you four groups, and you will want to approach each of these differently.



Power-Interest Matrix (cont.)

Clearly, you will want to **closely manage** any stakeholders who have both high power over the planned change and a high level of interest in it. This will include senior managers who are directly affected by the change, and might also include key customers and suppliers who have the power to withhold their custom or renegotiate contracts if they are unhappy with the proposed change.

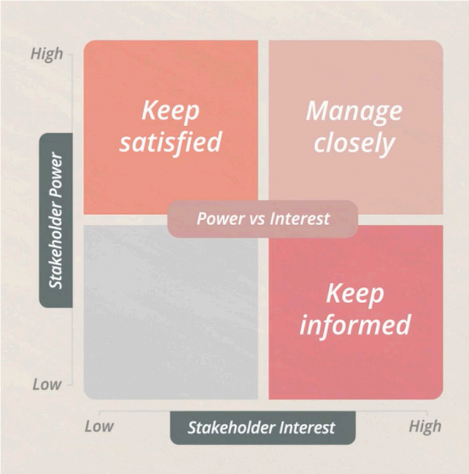
Stakeholders with a keen interest in the change, but little power to affect it, should be **kept informed** during the change process. This typically includes employees who will be impacted by the change but who are not senior enough to influence or disrupt the process.

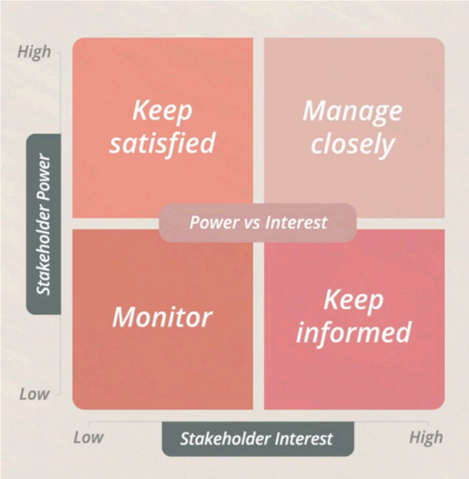


Power-Interest Matrix (cont.)

Those with the potential power to disrupt the planned change, but little interest in the process, should be **kept satisfied** to ensure they do not feel the need to get involved. Senior managers in departments not directly affected by the change might fall into this category.

And finally, stakeholders with little interest or power over the change need only be **monitored** – you do not need to put much effort into managing this group. It might include employees in other areas of the business, who will only be marginally impacted by the change.





Recap

In this lesson, you have learned about:

- Key theoretical models of change management
- The role of leadership in gaining commitment to change
- Engaging internal and external stakeholders