

An Introduction to Change Management

INSTEAD OF RISKING ANYTHING NEW,
LET'S PLAY IT SAFE BY CONTINUING OUR
SLOW DECLINE INTO OBSOLESCENCE.



© marketoonist.com

Rate of Change

**“When the rate of change outside exceeds the rate of change
inside, the end is in sight”**

Jack Welch

Forces for Change...

"Knowledge economy"



Virtual organizations



Mergers & acquisitions



Electronic commerce



Digital convergence



Privatizations



... are transforming the world of business

Two Sides of Change



Technical Side of Change



Human Side of Change

Goals of Change Management

The goal of change is to **improve the organization** by altering how work is done.

Change has an impact on the following **four parts** of how the organization operates:

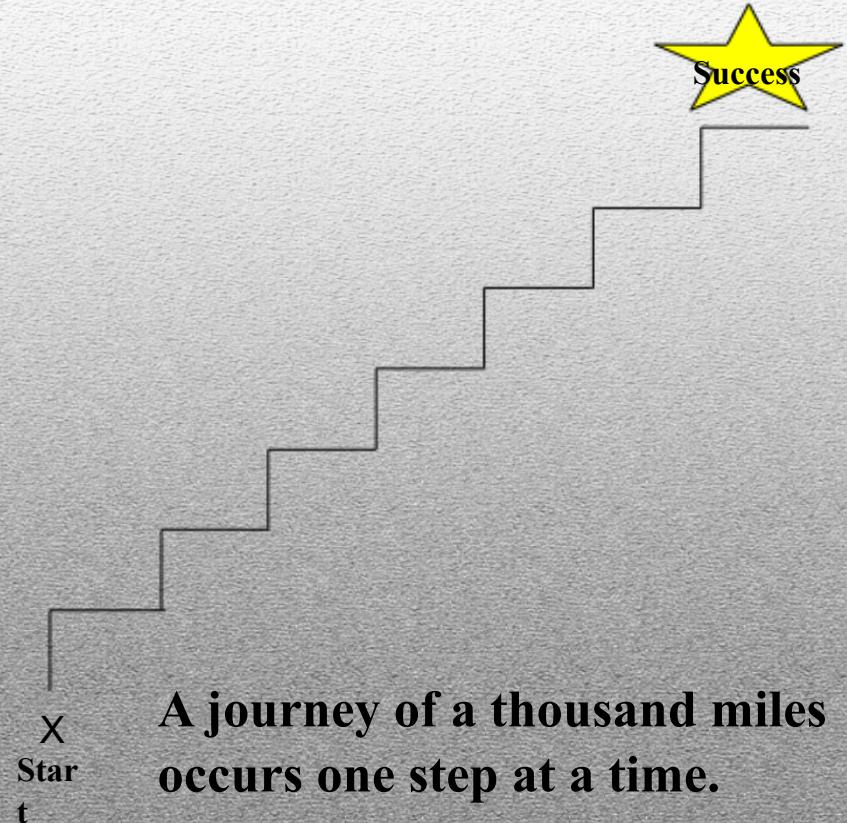
- Processes
 - Systems
 - **Organization structure**
 - Job roles
-

What is Change Management??

It is a **structured** approach to moving individuals, teams, and organisations from a **current state** to a **desired future state**.

Change Management includes both:

- **organisational change management processes** and
- **individual change management models.**



Four Features of Change Management

Four features of change management:

- Change is the result of **dissatisfaction** with present strategies,
 - It is essential to develop a **vision** for a better alternative,
 - Management have to develop strategies to **implement change**,
 - There will be **resistance** to change.
-

Force Field Analysis

Lewin model identified forces that drive change and forces restraining it.

Where there is equilibrium between the two sets of forces there will be no change.

In order for change to occur the driving force must exceed the restraining force.



Lewin's analysis can be used to:

- Investigate the **balance of power** involved in an issue,
 - Identify the **key stakeholders** on the issue,
 - Identify **opponents** and **allies**,
 - Identify how to **influence** the target groups.
-

Factors that drive change: Internal

Internal factors that drive change include:

- The desire to **increase profitability**,
- The need for **reorganisation** that leads to an increase in efficiency,
- **Conflict** within the firms (between departments),
- **The need and desire to change organisational culture.**

Factors that drive change: External

External factors that drive change include:

- Customer demand,
 - Competition,
 - Cost of inputs,
 - Legislation & taxes,
 - Political,
 - Ethics & social values,
 - Technological change.
-

Stakeholder mapping

Influencing Key Stakeholders

A set of questions designed to profile an individual stakeholder:

Power

- What is their source of power ?
- What they can control: money, time, resources, people, information ?
- Who they can influence: friends, admirers, those who feel obligation ?

What is their style of using power?

- Reluctant and occasional
- Make response to threats
- Assertive and direct
- Deception and subtlety

Influencing Key Stakeholders

Effect of Change

How does the change
really affect them?

- Changes their power ?
- Affects other needs ?
- Affects goals, objectives and interests ?

What is their likely
response to the
change?

- Opposition, uncertainty or support ?
- Action now or 'wait and see' ?
- Open action or hidden action ?
- Individual action or acting with others ?

Influencing Key Stakeholders

Effect of Change

What would be the
impact of their
response?

- Significant or limited ?
 - Local or widespread ?
 - Recoverable or permanent ?
-

Influencing Key Stakeholders

Influencing Key Stakeholders

**What would make
them more
supportive of the
change?**

- Information / understanding ?
- Involvement and ownership ?
- Changes in planned actions?
- Direction from more senior managers ?
- Evidence of the success of the change ?

**What would make
them less supportive
of the change?**

- Personal threat ?
- Non-involvement in decisions ?
- Personal rivalries ?
- Insufficient evidence in 'trial period'
(defined by them) ?

4. Managing the Transition



Change Management Team : Roles Example

Head (Executive Sponsor)

- Corporate Management
- Key project accountability and ownership
- Report to CEO on project outcomes/success

Head Organizational Development (Change Leaders)

- Coordinate overall change program
- Develop clear change strategies for change
- Responsible and accountable for overall success
- Develop individual and team change capability

Communication Role (Change Agents)

- Provide clear communication to all key stakeholders on change related issues
- Develop 2-way communication channels to foster ongoing organizational change

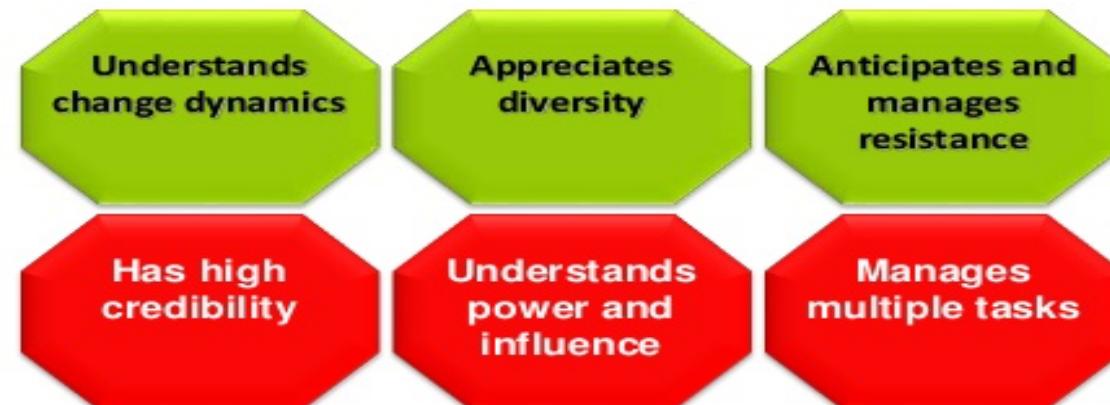
Human Resources Role (Change Agents)

- Provide expert HR advice on personal transitions and support
- Provide Change Office & project based HR infrastructure

Change Management Team : Roles Example

| | |
|------------------------------------|---|
| Project Leaders | <ul style="list-style-type: none">• Take responsibility for key initiatives• Coordinate project team• Report to business unit GM and Change Office on project progress |
| Leadership Advisory Role | <ul style="list-style-type: none">• Develop leadership change management capability• Provide ongoing change advice to leaders |
| Process Co-ordination Role | <ul style="list-style-type: none">• Coordinate project infrastructure & integration• Prioritize and plan overall project timeframes |
| Performance Management Role | <ul style="list-style-type: none">• Establish clear project performance measures and reporting systems• Manage ongoing project performance• Report to Executive on overall progress |

Critical Skills of Change Agents



5. Sustaining Momentum



Providing Resource for Change

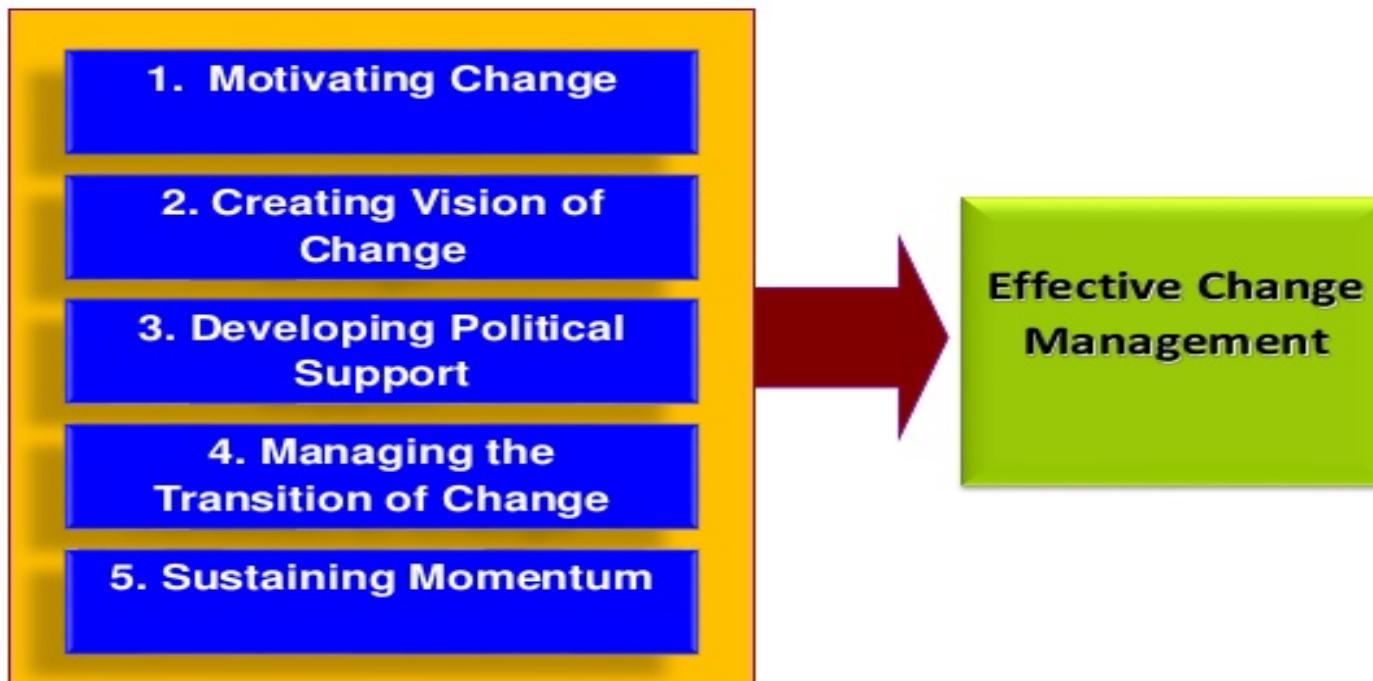
Building a Support System for Change Agents

Developing New Competencies and Skills

Reinforcing New Behaviors

Staying the Course

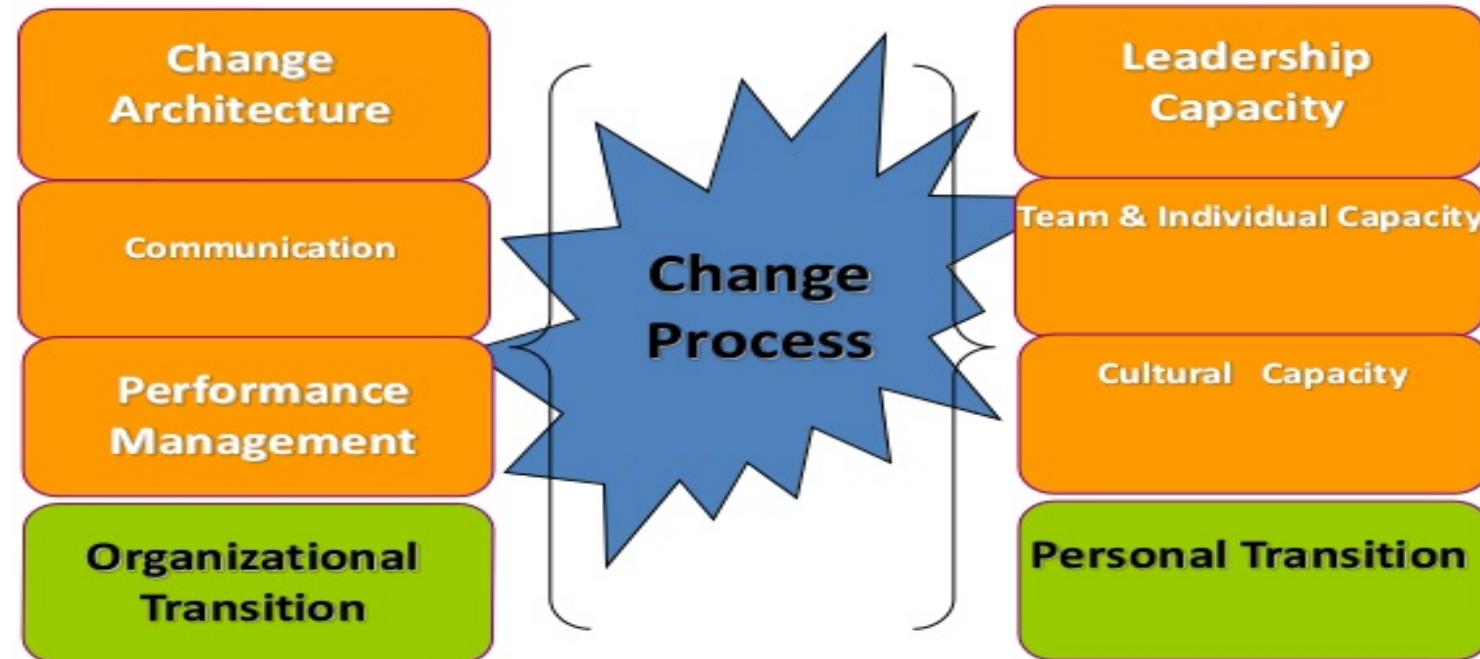
Five Activities Contributing to Effective Change Management



Elements of Change Enablement



Elements of Change Enablement



Change Enablement – Best Practices

Change Architecture

There is an explicit strategy and structure which define the nature and sequence of specific activities and resources required to facilitate the change process.

Communication

An infrastructure and plan is in place to build awareness of change goals, communicate progress toward attainment of these goals, and encourage collective ownership of the change process and outcomes.

Change Enablement – Best Practices

Performance Management

Human Resources processes - recruiting, training, measuring and rewarding - are aligned to drive new behaviors in support of the business vision.

Change Enablement – Best Practices

Leadership Capacity

Leaders' values and behaviors are aligned with the business vision; leaders possess the skills to drive the change process to completion, and accept the responsibility for doing so

Team & Individual Capacity

Actions have been taken to increase individuals' and teams' ability to enact the business vision and operate effectively in the new environment.

Change Continuum

Change occurs along a **predictable continuum**:

- **stagnation,**
 - **preparation,**
 - **implementation,**
 - **determination, and**
 - **fruition.**
-

Stagnation

In the first phase, an organisation becomes satisfied as work processes become familiar and the comfort level grows.

Stagnation can result from any number of factors:

1. poor strategy,
2. lack of leadership,
3. product failure,
4. a lack of new products or services, too few resources,
5. an outdated technology or process, or
6. poor execution of a business model.



Preparation

Once an organisation has determined a course of action but hasn't yet implemented it, executives and employees begin to **prepare for change**.

This period is prone to **rumours, gossip**, and a general **drop in productivity**, particularly during a merger or acquisition, where negotiations might be held secretly.



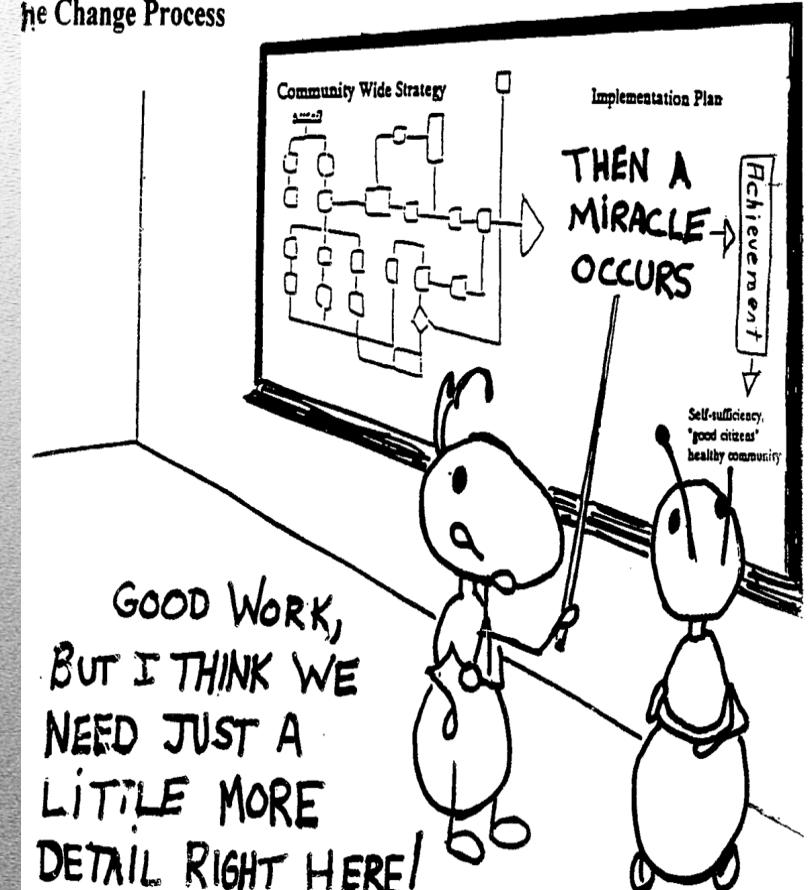
Implementation

Implementation, is marked by management **announcing an overall plan and actual assignments.**

Managing the **logistics** of change is essential, but it's also important to address emotional needs, which can range from joy to despair.

Success comes from **altering** people's mind-sets and work practices.

The Change Process



Determination

During this critical stage, people report to a new boss or discover that the **work really is different**.

They find themselves in new offices or their pet project dropped. This is also the time when organisations experience '**change fatigue**'.

The most successful firms create an open, honest environment where people feel comfortable admitting and addressing problems and challenges.

Fruition

Fruition, is when all the hard work and long hours pay dividends.

The most important legacy is teaching the organisation how to **perpetually change** and adapt and helping it muster the will to do so.

BUSINESS TALK



WWW.TOONDOO.COM

muddabunny

What changes?

Some change theories focus on the whole organisation – **the macro level.**

Others on the group or the individual – **the micro level.**

Change focused on individuals

Changing individuals' skills or views will help the organisation to move in its new direction.

Individuals have a sense of what they **expect to do** at work and get from **being at work** – **expectations satisfied.**

Changes can take place at the **individual level**. For example, training the sales and marketing team in adopting effective selling skills which will help in winning new business.

Other types of changes focus on teaching individuals on how to deliver and contribute to the **wider organisational goal**. For example, British Airways trying to put customer service at the heart of every activity.

Training in new skills is just one way of intervention at the individual level!

Other ways include:

- **Recruitment and Selection:** This involves getting the right people in the right jobs or changing the people within a team.

It may include placing people in positions that are important to the overall change effort.

Appointing of key people in strategically important roles may serve to plant new ways of working across the organisation.

- **Executive coaching:** This can be used at more senior levels, to achieve a change in individual approach.

Change at the group level

Burke (2008)

Change at organisational level

1. **Delayering:** The creation of leaner organisations by taking out layers in the hierarchy.

Such structural changes may require **different job design and behaviours**, with employees assigned new roles and responsibilities.

Those who remain may find themselves more accountable, which can be a source of **job satisfaction**. It can also bring pressure to perform, which can be a **source of stress** (Lawrence, 2002).

1. **Downsizing**: Reducing headcount to reduce costs – also often referred to as '*rightsizing*'.

Recession does not always happen because of revenue reduction.

Lawrence (2002) notes that investors respond positively to **headcount reductions**, even when profits are already good.

Thus, the focus of the organisation change is sometimes selected to **impress external parties**, such as investors, rather than to respond to perceived internal issues.

1. **Process reengineering:** This change concentrates on reviewing processes or the technology to improve the performance of the organisation.

Methods such as **Lean** produce cost savings by streamlining processes to maximise outputs. Companies like **Toyota or General Electric** use such methods.

Mergers and acquisitions could be considered to differ from any other process of major organisational change in three important aspects:

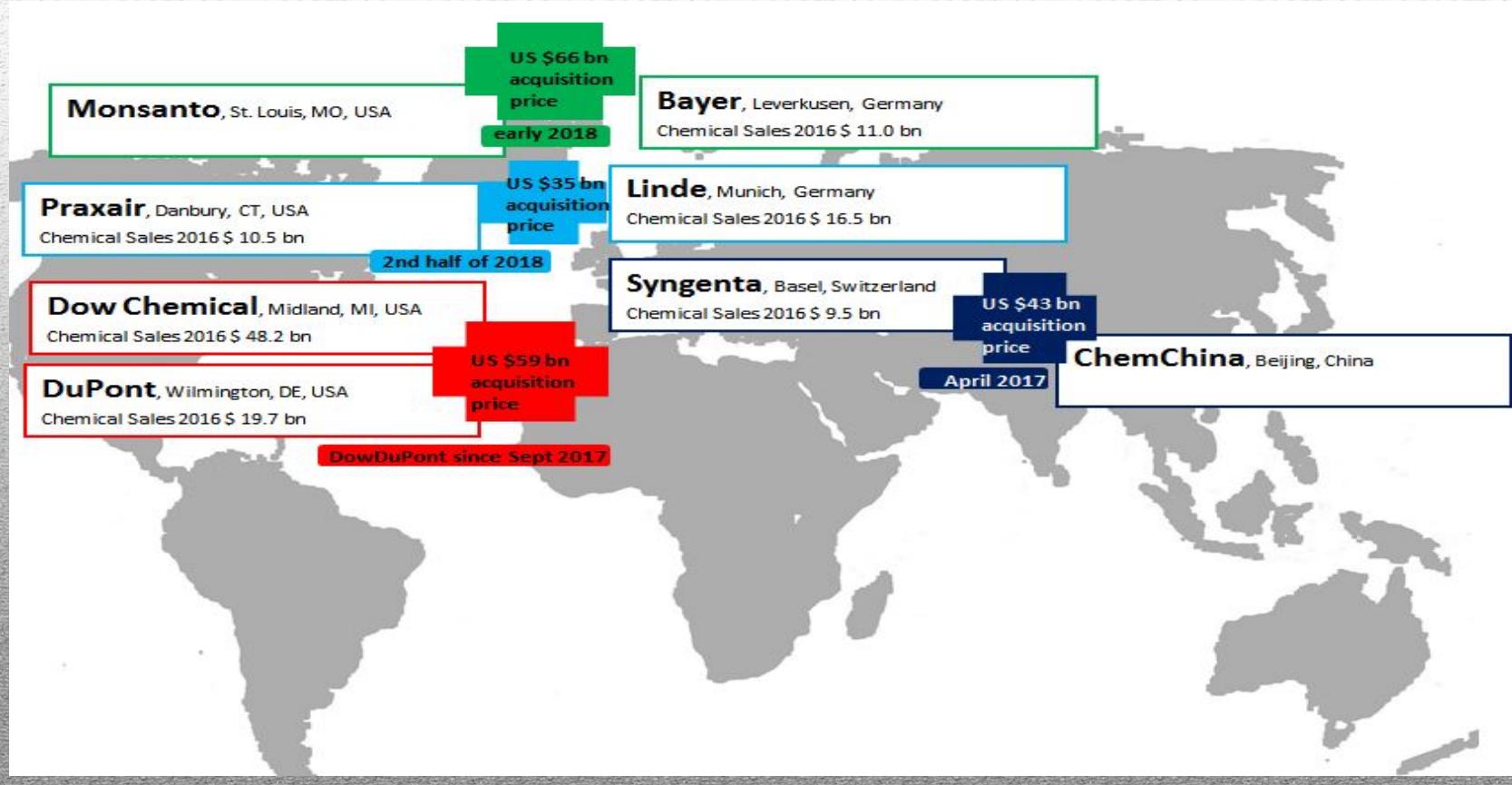
- **the speed of change,**
 - **the scale of change and;**
 - **the critical mass of the unknown they present for both parties**
(Cartwright and Cooper 1996).
-

According to a merger and acquisition survey by Deloitte Consulting,

- **50% to 80%** of all merger and acquisition deals fail to live up to expectations;
- **70%** fail to achieve **synergies**; and;
- only **23%** earn their **cost of capital**.

Furthermore, within the first six months,

- productivity drops by 50%,
 - and after only one year, 47% of the new company's executives have left.
-



Emotions of Change and Neuroscience



Reality of Change

- We know change **will** occur.
- We don't know the outcome
 - multiple emergent paths
 - unknown unknowns
- Causes natural **anxiety**.



Why is it hard?

- Cognitive sloths and willpower.
 - Inevitability – Change is out of our control.
 - People react by trying to internalise the locus of control again. So they start blocking processes.
-



Responses to organisational transition may vary depending on:

- how the particular change **affects** the individuals,
 - how they themselves are **involved** in the change process,
 - their **personality** and **resilience**,
 - their **recent experiences** of organisational change,
 - their past experiences of **loss**,
 - and the extent of their **support network** inside and outside the workplace (Schlossberg, 1981).
-

If change is a necessary ingredient for success, why do so many in the workplace fear it?

- Sense of loss, confusion.
 - Mistrust and a “me” focus.
 - Fear of letting go of that which led to success in the past.
 - People hold onto & value the past.
 - High uncertainty, low stability, high emotional stress
 - Perceived high levels of inconsistency.
 - High energy — often undirected.
 - Control becomes a major issue.
 - Conflict increases — especially between groups.
-

Stage models of transition

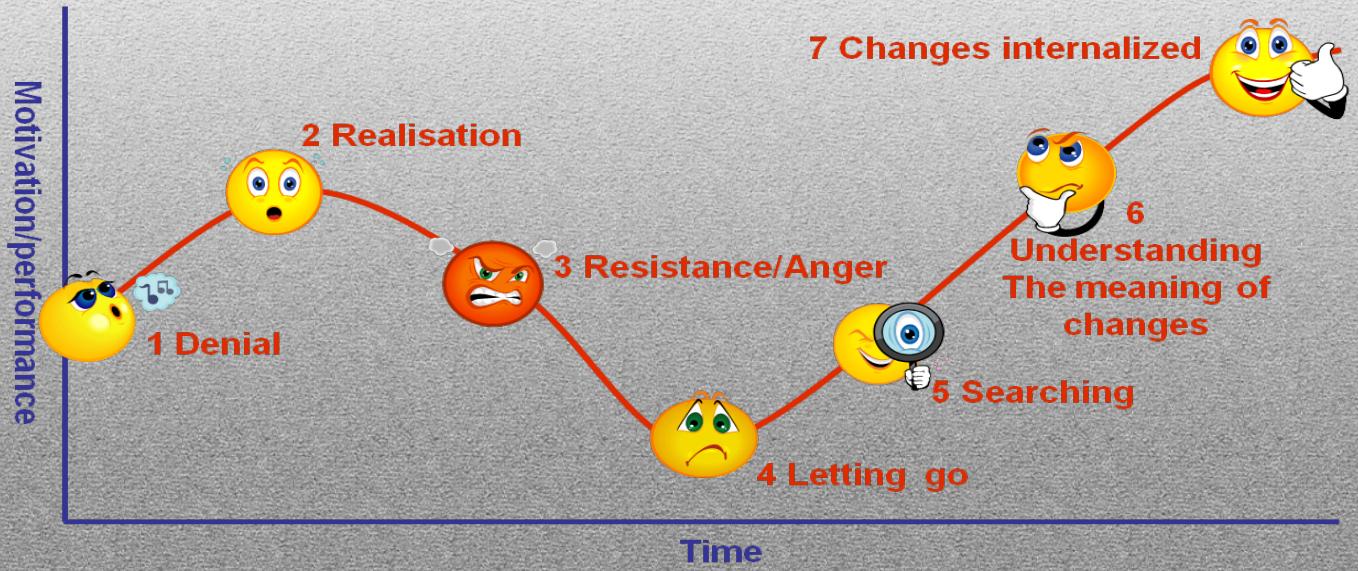
Can we detect a **pattern of emotion** through which people typically progress in response to organisational change?

The exploration of this question originates in the experience of **death and dying**, with the work of Elisabeth Kubler-Ross.

Kubler-Ross (1969) found that patients with a terminal illness went through a pattern of **emotionally charged psychological responses** as follows.

- 1.** **Denial** – carrying on as if nothing is wrong.
 - 2.** **Anger** – rage, frustration and resentment.
 - 3.** **Bargaining** – acknowledgment of the situation, but attempting to negotiate more time.
 - 4.** **Depression** – mourning for things already lost and lost prospects.
 - 5.** **Acceptance** – preparation to move forward.
-

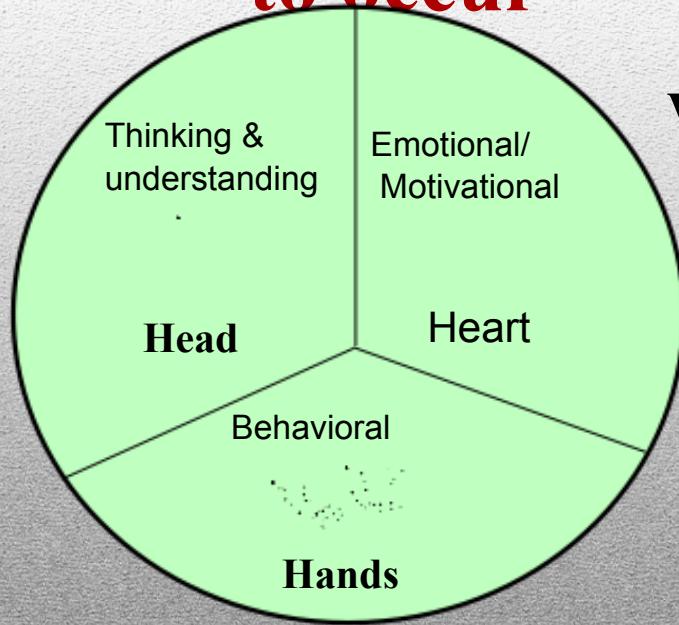
Many companies make it their business to present this to employees and enable them to understand all of these possible stages and what they could mean.



Individual prerequisites for change to occur

Why should I
change?

What's in it for
me?



What do I do differently?

Kurt Lewin's Model

His model is a simple and easy-to-understand framework for managing change known as **Unfreeze – Change – Refreeze**.

Lewin, explained organisational change using the analogy of changing the **shape of a block of ice**, i.e. unfreezing a large cube of ice to change it and reform it into a cone of ice.

Unfreezin
g

Moving

Refreezin
g

By recognising these three distinct stages of change, you can plan to implement the change required.

You start by creating **the motivation to change (unfreeze)** as it is necessary to change existing attitudes towards working practices and prepare the ground.

Communication about the proposed change is vital at this stage if people are to understand and support it.

You move through the change process by promoting **effective communications** and **empowering** people to embrace new ways of working and learn new values, attitudes and behaviours.

Problems are identified and **action plans** developed to enable implementation.

Maximum flexibility is needed in the **planning** and **implementation** of the change.

The process ends when the organisation returns to a **sense of stability (refreeze)** and the benefits of the change are realised.

Praise, rewards and other reinforcement by managers are required on an **individual level** and more effective performance at an **organisational level**.

Not until the change has **become incorporated** into the culture can it be said to be **frozen!**

Lewin's Framework for Change

Unfreeze

To reduce forces and change existing attitudes which maintain behaviour in present form/recognising the need for change

1. Initial problem identification
2. Preparing the ground and Communication
3. Obtaining data

C
h
a
n
g
e

Development of new attitudes or behaviour and implementing change

3. Obtaining data
4. Problem diagnosis
5. Action planning
6. Implementation
7. Follow up and stabilisation
8. Assessment of consequences

Re-freeze

Consolidating the change at a new level and reinforcement through supporting mechanisms/policies/structure/organisational norms

8. Assessment of consequences
9. Ongoing monitoring
10. Learning from process

Importance of Communication in Empowerment and Organisational Change

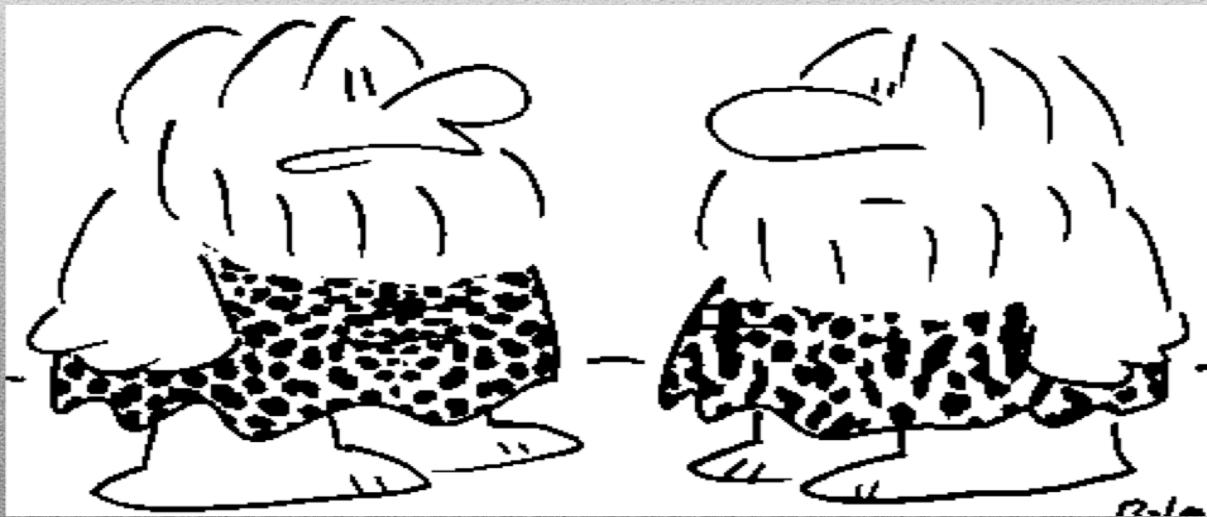
Klein (1996) provided evidence concerning the way communication process can help employees:

- **Feedback and adjustments,**
 - Strategies that encourage **disclosure** of problems,
 - Discussion of solutions through intensive **face-to-face communication** between management and employees, was helpful.
-

Brain evolution: from emotional responses to cognition.

Now that we've evolved, we should work on our people skills

Yeah, but I can't stop feeling



A little bit of brain anatomy

Rational brain

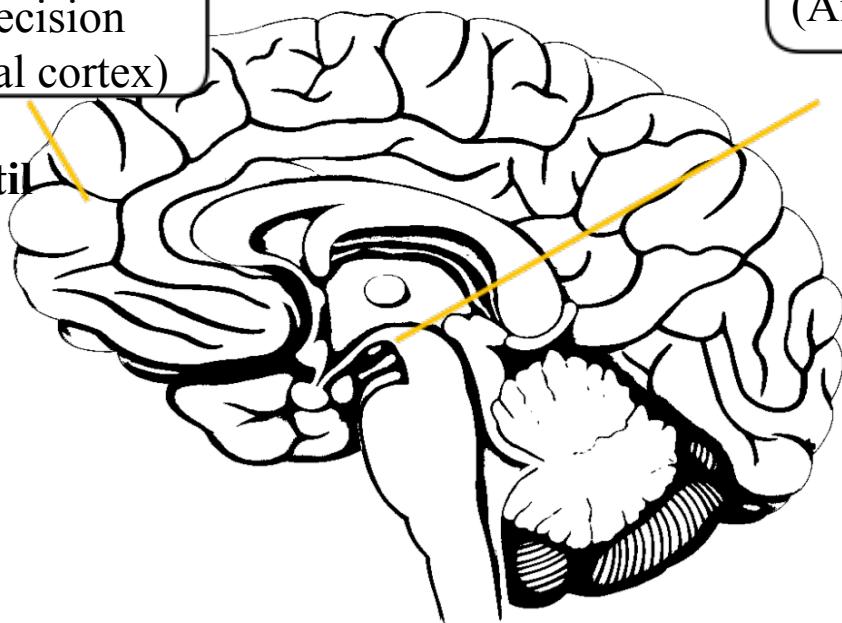
Self-control, decision making (Frontal cortex)

Developing until the 3rd decade

Empathy

Social behaviour
Analytical

Attention
n



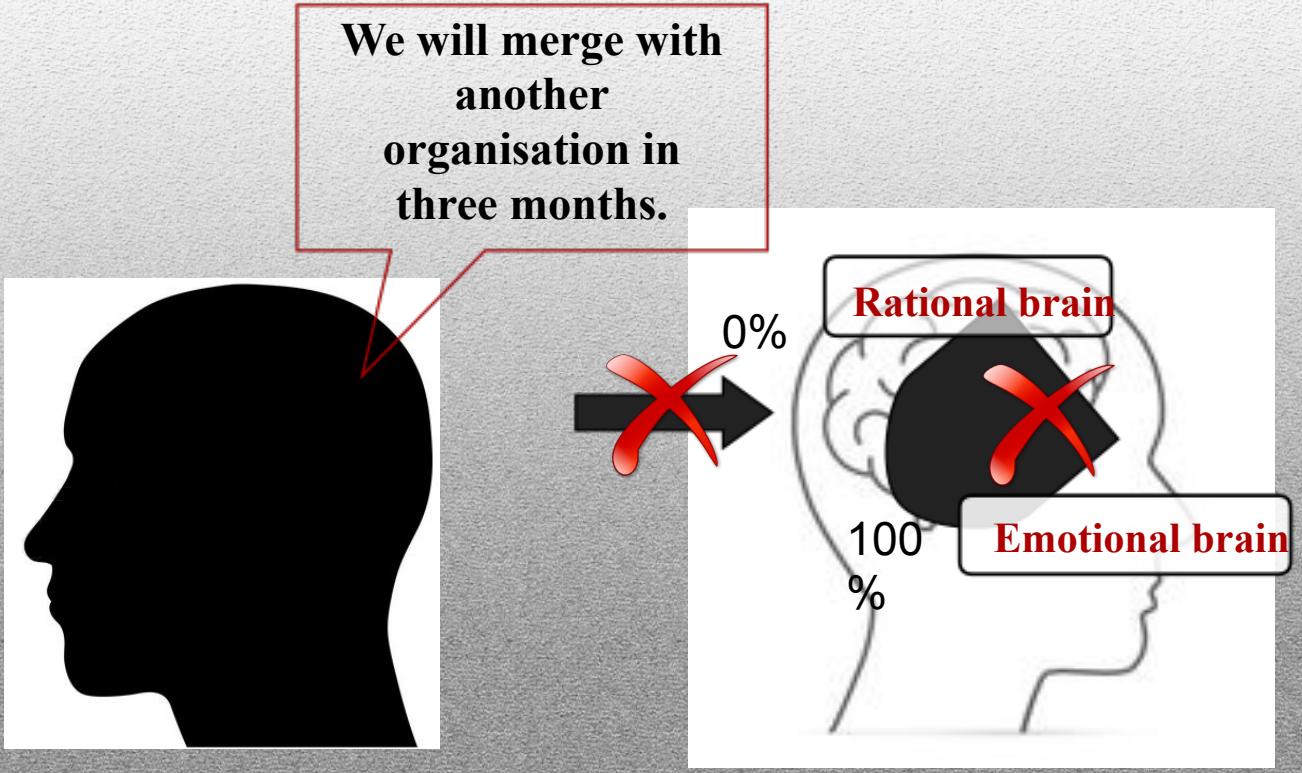
Emotional brain

Emotions, learning (Amygdala)

20 times faster

Perception
Assumptions
Emotions

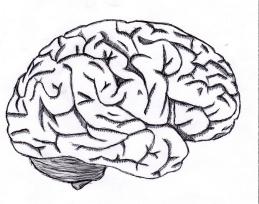
Rational vs Emotional



How an abstract term can be perceived?

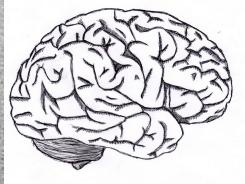
Business Transformation – Merger or Acquisition

Lay-offs



- **Generate fear**
- **Activate Fight-or-flight**

Systems
Optimisation



- **Generate anticipation**
- **Activate positive decision making**

Follow the way that brain makes its own stories

Motivation/Why

Intrinsic motivation

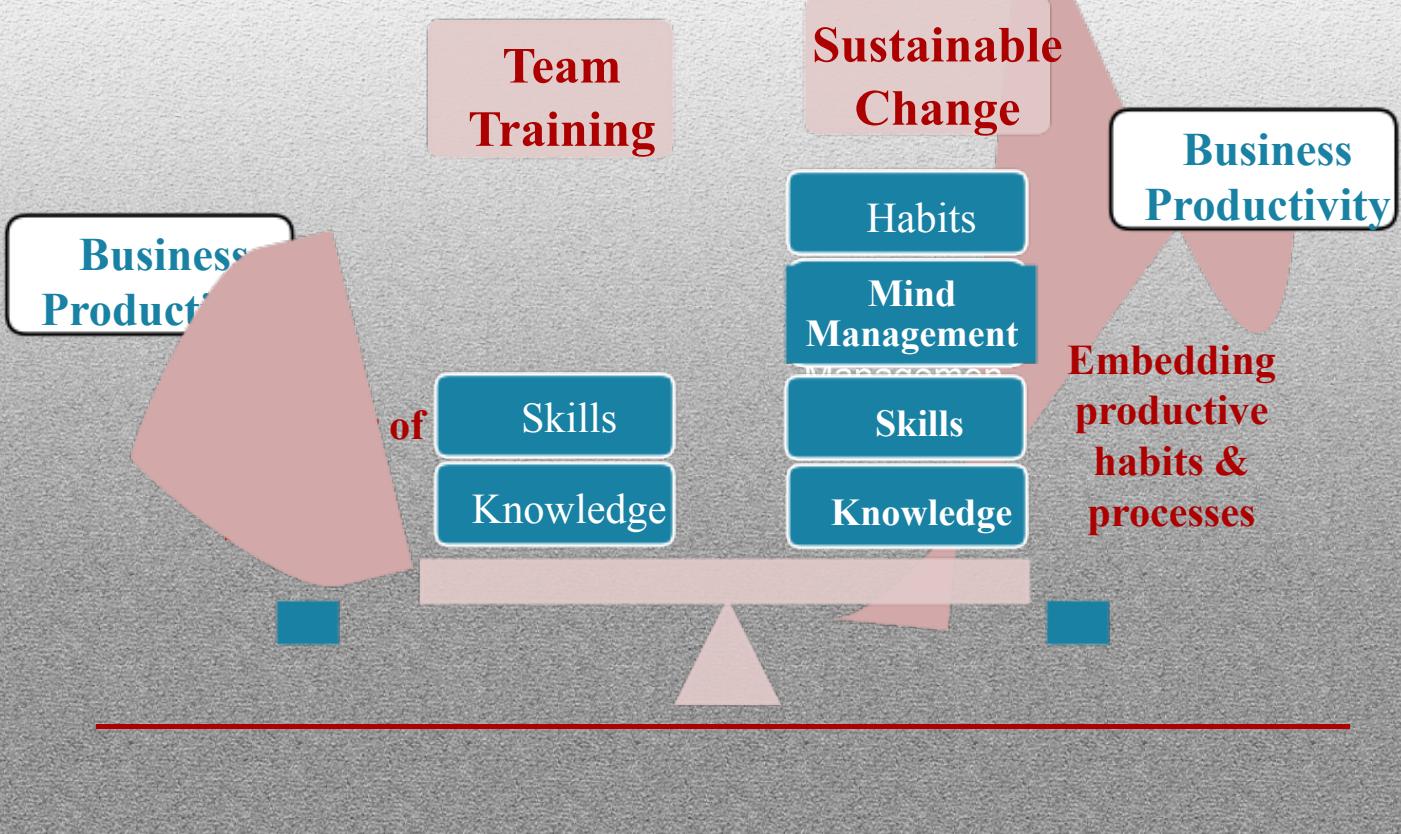
Understanding/What

Focus on the process of change

Build the thinking patterns

Individual ownership

Sustainable change



Key successful factors in human performance

**People + Systems + Process = Business Delivery
and Growth**

- Decision making
 - Problem solving
 - Adaptation
 - Communication
 - Innovation
 - Emotional regulation
 - Stress management
 - Emotional intelligence
 - Self regulation
- Cognitive processes
- Affective processes
- M
in
d
Ac
tiv
ity

Face to Face activation

- Mirror Neuron
 - Fire at 1/6 second
 - Fire in team bonding
 - Contagion effect



Spindle Neurons

- Very long
- Combine emotion, belief and judgement
- Establish empathy and trust
- Fire at 1/20 second – very fast



Neuroplasticity: It's time for a change.



NEUROPLASTICITY

The Ability of the Brain to Reorganize Itself,
Both in Structure and How It Functions

HOW THE BRAIN CHANGES



NEUROGENESIS
Continuous generation
of new neurons in
certain brain regions



NEW SYNAPSES
New skills and
experiences
create new neural
connections



**STRENGTHENED
SYNAPSES**
Repetition and
practice strengthens
neural connections



**WEAKENED
SYNAPSES**
Connections in the
brain that aren't used
become weak

SCARF Model



SCARF

| | | |
|-------------|---|---|
| Status | "Will I lose my influence, high paying job, team, corner office, sexy job title?" | <ul style="list-style-type: none">• ask their opinion and seek their exert advice• listen• include and appreciate• ask for help and include them• avoid jargon |
| Certainty | "What exactly does that mean for me and my team?" | <ul style="list-style-type: none">• eat the elephant bit by bit• refocus people on what is certain• be open about what you are uncertain about• set goals and expectations and stick to them• communicate often and with transparency |
| Autonomy | "Do I lose the amount of control I have over what I do?" | <ul style="list-style-type: none">• delegate clearly and co-decide on tasks• encourage self-directed learning• allow team to make their own decisions• encourage people to find answers proactively• pay attention to when directive is needed |
| Relatedness | "Does my role change or do I lose my job and therefore all my mates at work?" | <ul style="list-style-type: none">• find things you have in common• set up a buddy system• get to know what motivates them• encourage everybody's input and team cohesion• listen, coach and mentor |
| Fairness | "How is that supposed to be fair?" | <ul style="list-style-type: none">• ensure everybody has access to information• increase positive culture and sense of 'I have a say'• acknowledge emotions, show empathy• understand that fair does not mean equal• don't shy away from behavioural issues |

Based on Tips Sheet by Sue Langley

Change Capacity

- When we interact with each other, build trust and solid team work:
 - motor neuron system **triggers dopamine**.
 - **lowers resistance** to new ideas.
 - **more information absorbed** because there are chemicals in your brain that build new neurons.
 - you can be **more quick** with your responses.
 - **higher creativity and innovation.**
-



Kotter's 8-Step Plan for Implementing Change

1. Establish a sense of urgency by creating a compelling reason for why change is needed.
 2. Form a coalition with enough power to lead the change.
 3. Create a new vision to direct the change and strategies for achieving the vision.
 4. Communicate the vision throughout the organization.
 5. Empower others to act on the vision by removing barriers to change and encouraging risk taking and creative problem solving.
 6. Plan for, create, and reward short-term “wins” that move the organization toward the new vision.
 7. Consolidate improvements, reassess changes, and make necessary adjustments in the new programs.
 8. Reinforce the changes by demonstrating the relationship between new behaviors and organizational success.
-

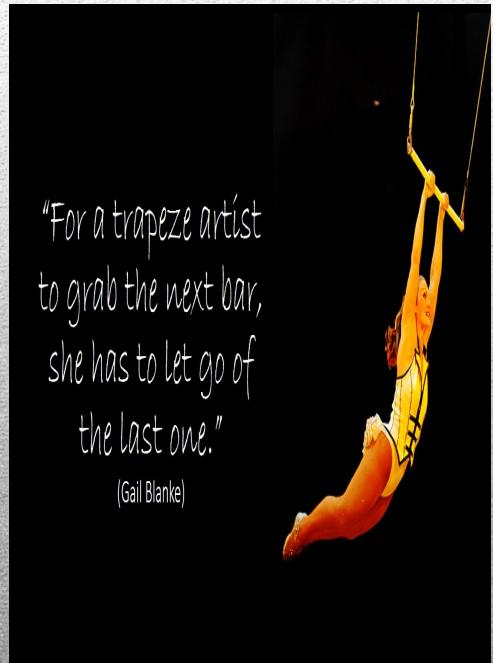
Change Causes Anxiety

- Anxiety is energy:

Positive – creativity , trust, mutual respect and commitment

Negative – fear

- Lack of above, people might not even agree a change is necessary. Especially when no collaboration or communication has taken place.



Effect of clear, consistent values

- When people are involved in the process we have:
 - High group trust
 - Stronger collective identity
 - Higher contribution
 - ~~- More creativity~~



True engagement

- Respect
- Real delegation
- Clear mandate and boundaries
- Empowerment



Respect

- Talk positively with people
 - Brain looks for **alignment**
 - Matches things with **resonate**
 - Think long term (**consequential**)
 - Potential neurogenesis (**PSNS**)



Lack of Respect

- Ordering people produces the following:
 - Brain looks for differences and analyses data for why they are wrong
 - Closes down optimism
 - Short term goal
-
- Minimises contribution

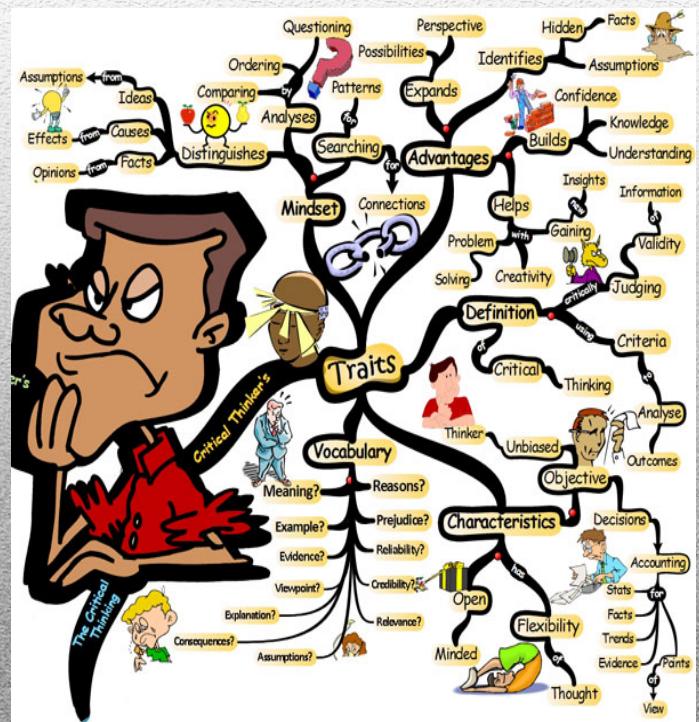


Delegation

- Armed with facts
- Armed with resources
- Allowed to lead (try, act, fail)

Cognitive effects:

- Engages complex thinkers
- ~~Look for missing, valuable information and new ways.~~



Clear Boundaries

- Clear mandate
- Agreed non-negotiables

Cognitive effect

- Creativity heightened
- Manages expectations
- Creates capacity to structure and scope solutions.



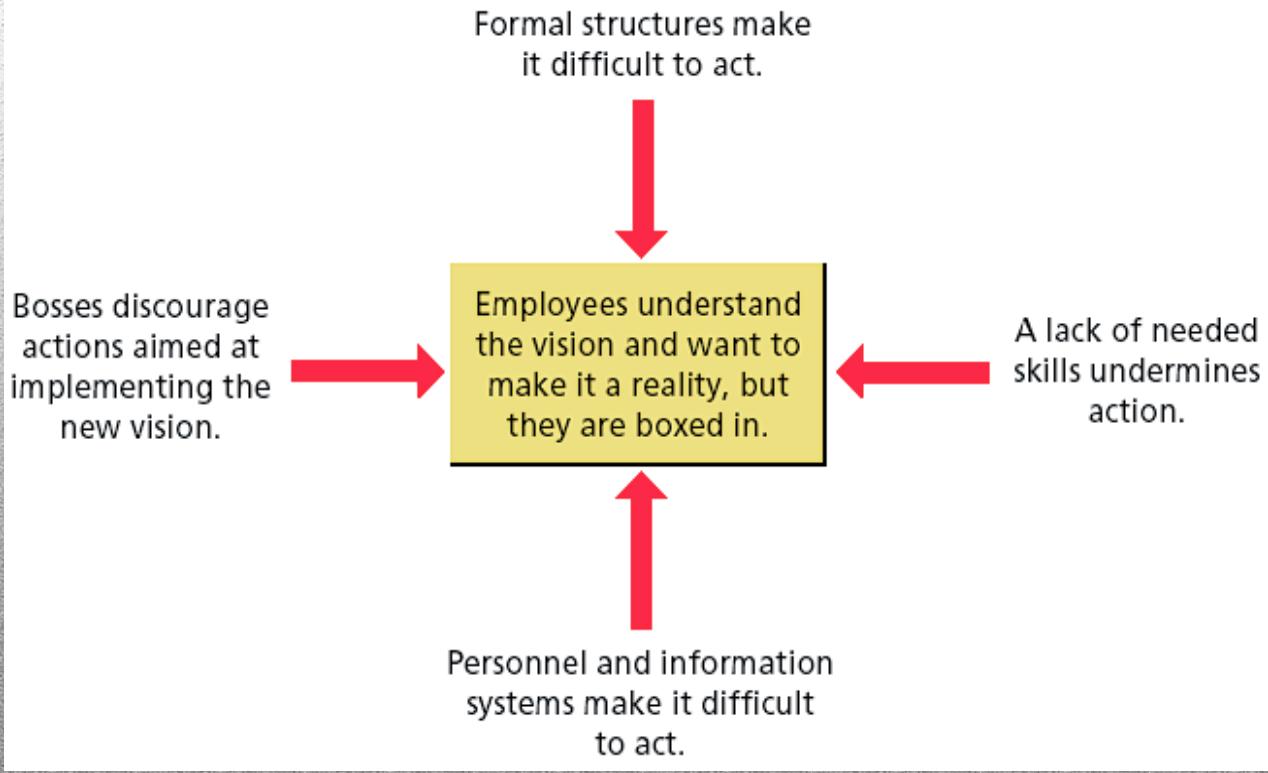
Empowerment

People need to feel:

- **Meaningfulness** – add value
- **Choice** – use judgement
- **Competence** – satisfaction and pride
- **Progress** – moving forward
- **Values alignment**



Barriers to Empowerment



Organizational Stressors: Role Demands

- Role conflicts
 - Work expectations that are **hard to satisfy**
 - Role overload
 - Having **more work** to accomplish than time permits
 - Role ambiguity
 - When role expectations are not **clearly understood**
-

Too Much Work, Too Little Time

A national sample of U.S. employees finds that they:

Feel overworked 54%

Are overwhelmed by workload 55%

Lack time for reflection 59%

Don't have time to complete tasks 56%

Must multi-task too much 45%

Work Stress and Its Management

Stress

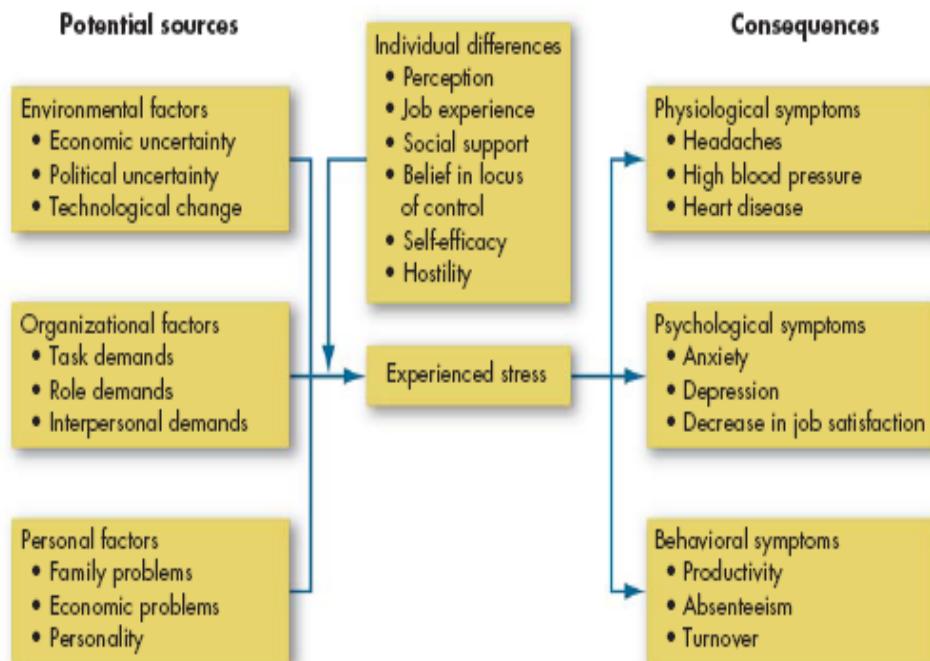
A dynamic condition in which an individual is confronted with:

- **an opportunity,**
- **constraint, or**
- **demand related**



A Model of Stress

Exhibit 19-9 A Model of Stress

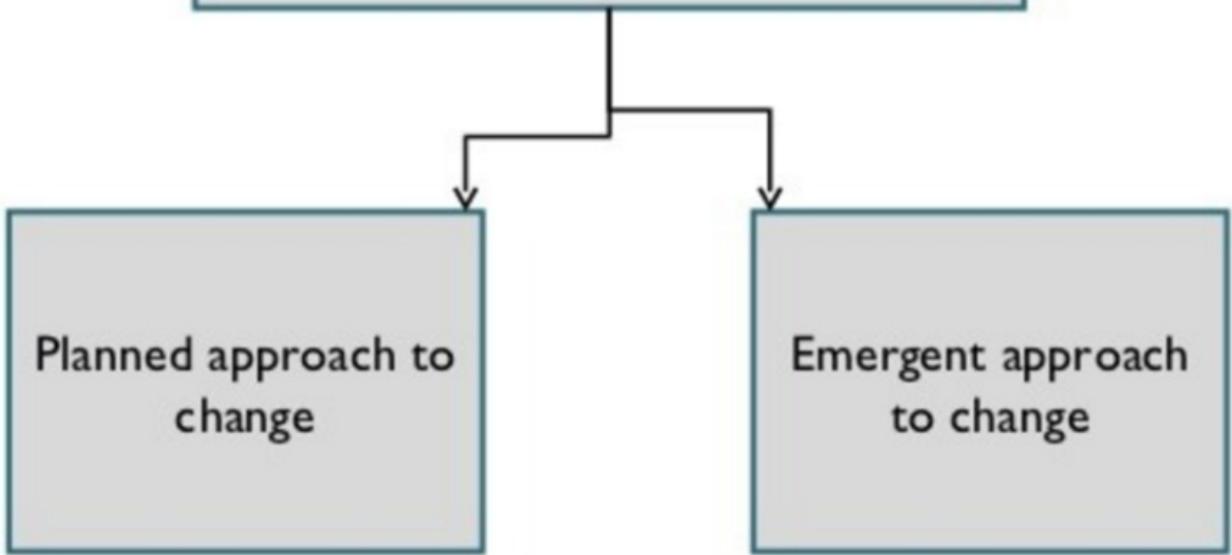


Managing Stress

- Organizational Approaches
 - Improved personnel selection and job placement
 - Training
 - Use of realistic goal setting
 - Redesigning of jobs
 - Increased employee involvement
 - Improved organizational communication
 - Offering employee sabbaticals
 - Establishment of corporate wellness programs
-

Delivering Change

Different Approaches to Change and Managing Change



The Nature of Change: Planned or Emergent?

Planned change approaches **rely more on assumptions** that an organisation's environment **is known**.

Emergent change emphasises the **need to be responsive** and **adaptive**.

It may be that some changes can be seen as **more stable** and **predictable**, whilst other change is **more on-going in nature**.

Directed or facilitated change implementation?

Directed change is driven from the **top** of the organisation.

Facilitated change takes place when the **wider membership** of the organisation is involved in the shaping of what needs to happen.

A model of approaches to change

Durphy and Stace (1993) suggest the choice of approach has to do with the **circumstances the organisation is facing.**

Through a study of **13 service sector organisations**, they identified four styles of change management.

Two facilitated styles, namely **collaborative** and **consultative**, and two directed styles, **directive** and **coercive**.

- **Collaborative** – Employees are engaged in the change process, typically through cascading workshops or meetings.

They will be kept up to date on top management's moves and receive information about the change taking place.

Their views will be actively sought and acted upon.

Additionally, an employee could be able to produce ideas and information during the process which could be used.

True engagement means:

- **excitement,**
 - **ideas,**
 - **disagreements,**
 - **diversity,**
 - **innovation,**
 - **experimentation,**
 - **power sharing across all levels of the organisation.**
-

- **Consultative** – Employees are kept informed about the changes and could discuss possible outcomes with the management before the management made the decision.
 - **Directive** - The workforce is informed about the changes and why those changes are important but they are not given the opportunity to express an opinion.
 - **Coercive** - The workforce is told that they must obey the new instructions. No information was provided or their opinions asked.
-

They also note that organisations face changes of differing scale such as:

- **Fine tuning** – gentle change at unit level, for example refining procedures.
 - **Incremental adjustment** – in response to the changing environment. For example, adjusting strategies at unit or departmental level.
 - **Modular transformation** – major realignment of one or more department (and not the whole organisation).
 - **Corporate transformation** – organisation wide change fundamentally affecting ways of thinking and operating.
-

Through plotting the styles of change against the scale and span of the change, they identify four key change approaches:

1. **Developmental transitions** – the primary style of change management is **consultative**.
 2. **Task focused transitions** – The style is **directive**, with the change leader seeking **compliance**. Managers further down the organisation may adopt a more consultative approach.
-

Charismatic transformations – refer to change needing a more **radical shift** that may involve the whole organisation.

Turnarounds – are fast discontinuous changes to recreate the organisation, needing **directive change** management with some **coercion** to radically change existing practices.

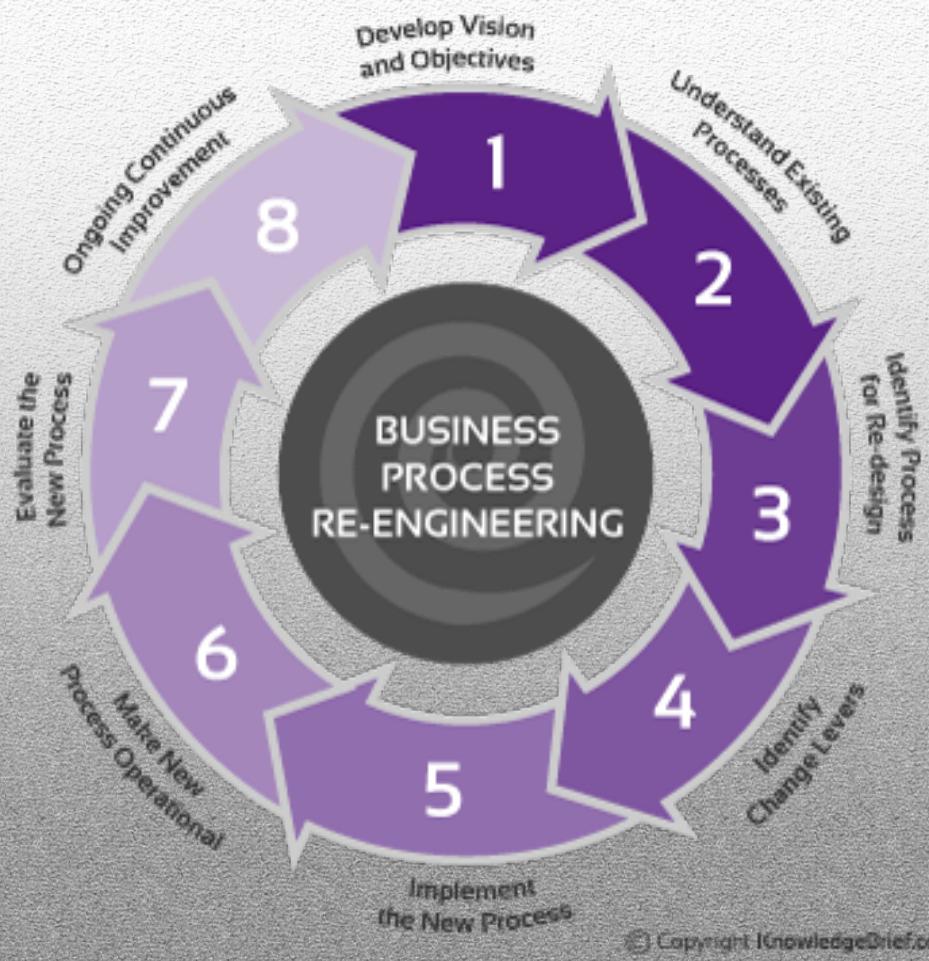
Directed change methods

1. Business

There are four key steps involved in implementing BPR:

1. **Prepare the organisation** – involving assessment of the **strategic context** and **communication** throughout the company of reasons for re-engineering.
2. Rethink the way in which **work gets done** – **define performance objectives** and **design new processes** in accordance with:
 - **simplify** the current process by combining or eliminating steps.
 - **attend** to both technical and social aspects of the process.

1. **Restructure** the organisation around the new business processes. This is important: re-structuring and the associated disruption are an expected part of BPR.
 4. **Implement** new information and **measurement systems** to enforce change.
-



Copyright KnowledgeBrief.com

Lean: ‘The Toyvota System

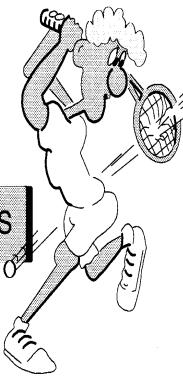
ZERO BREAKDOWNS



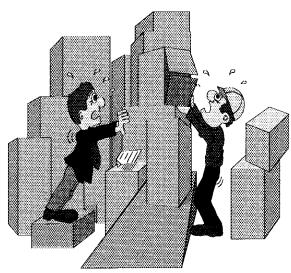
ZERO DELAYS



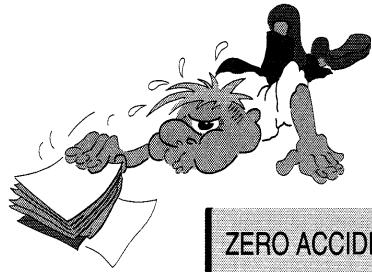
ZERO DEFECTS



ZERO INVENTORY



ZERO ACCIDENTS



ZERO PAPER



Lean's focus is on **examining process flow** and **streamlining processes**.

Main aim is to **reduce** any activity that does not **add value**.

Unlike BPR, which intends to **dismember** the process.

Lean's target is to examine the whole process chain and to identify key **wastage** within the process.

In application, key aspects of Lean include the following principles:

- Customers are **better** for the changes that Lean identifies.
 - Lean's purpose is to **pull service** through the system in order to meet customer requirements, so that the product or service flows continuously.
 - Lean is not overly **analytical** and **statistical** – it requires simple observations to identify visible problems.
 - Lean is not '**big bang**'; it is a continuous, long-term approach to achieve flexibility.
 - Lean emphasises including and **empowering** employees through change.
-

The three secrets of successful implementation are:

- **No redundancies as a result of Lean exercises,**
- **Involve staff at all levels,**
- **Show and practice respect for people.**

These three elements make Lean different to BPR where job reductions arise from the change and considered to be key success factors.

SIX SIGMA - "Delivering Tomorrow's Performance Today"



- It is a Quality Philosophy which tries to **improve performance** by knowing where you are and where you could be.
- It is a methodology to measure and improve company's **practices and systems**.

<https://www.sixsigma.co.uk/>

Why Six Sigma?

- Six Sigma emerged as a natural evolution in business to **increase profit by eliminating defects**.
 - The Current business environment now demands and rewards innovation more than ever before due to:
 - **Customer Expectations**
 - **Technological Change**
 - **Global Competition**
 - **Market Fragmentation**
-

Sigma Levels

| Sigma Level (Process Capability) | Defects per Million Opportunities |
|-----------------------------------|-----------------------------------|
| 2 | 308,537 |
| 3 | 66,807 |
| 4 | 6,210 |
| 5 | 233 |
| 6 | 3.4 |

Companies Using

6σ

Six Sigma is in use in virtually all industries around the world. Some of companies can be listed as:

- Motorola
 - Ericsson
 - General Electric
 - Sony
 - Ford Motor Co.
 - CITI bank
-



SONY



ERICSSON ≡



Six Sigma Methodologies

(It takes money to save money)

- **BPMS**
 - Business Process Management System
 - **DMAIC**
 - Six Sigma Improvement Methodology
-

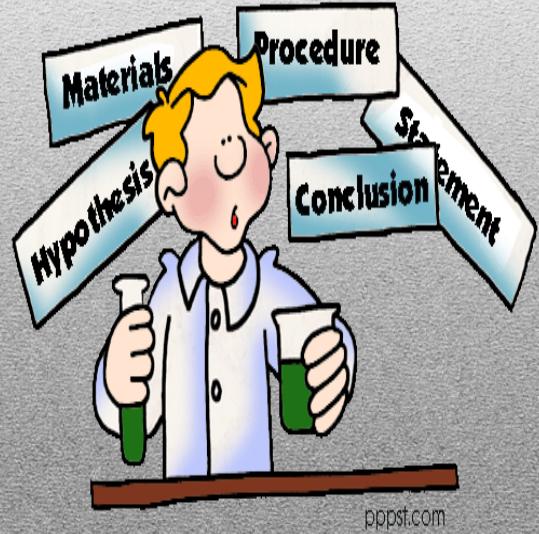
Business Process Management System

- BPM strategies emphasize on **process improvement** and automation to derive performance.
 - Combining BPM strategies is most powerful way to **improve performance**.
-

WHAT IS DMAIC?

(Define, Measure, Analyse, Improve, Control)

- A **logical** and **structured approach** to problem solving and process improvement.
 - A **continuous** process with constant improvement.
 - A **quality tool** which focus on change management style.
-

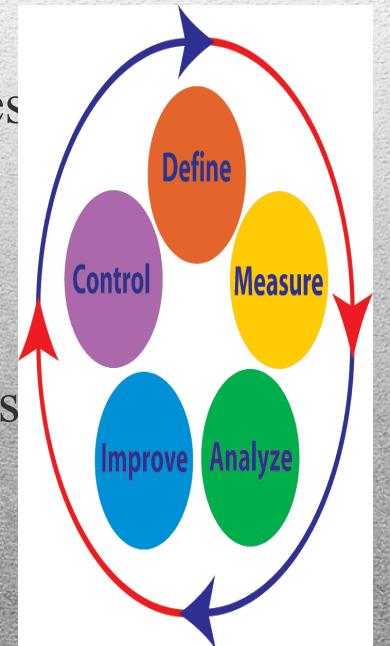


ppst.com

Phases

Phases of Six Sigma are:

- **Define specific goals** to achieve outcomes consistent with customers demand and business strategy.
 - **Measure reduction** of defects.
 - **Analyze problems**, cause and effects must be considered.
 - **Improve process** on bases of measurements and analysis.
 - **Control process** to minimize defects.
-



Benefits of Six Sigma

- Generates sustained success
-

Six Sigma Management

When practiced as a management system, Six Sigma is a **high performance system** for executing business strategy.

Six Sigma is a **top down solution** to help organizations:

- **Align** their business strategy to critical improvement efforts
 - **Mobilize** teams to attack high impact projects
 - **Accelerate** improved business results
 - **Govern** efforts to ensure improvements are sustained
-

Key Roles for Six Sigma

Six Sigma identifies several key roles for its successful implementation:

Top

- Executive leadership
- Champions
- Master Black Belts (Identify projects & functions)
- Black Belts (Identify non value added activities)
- Green Belts (works on small projects)

Bottom

Lean Six Sigma Roles



White Belt



Yellow Belt



Green Belt



Black Belt



Master Black Belt



Champion



Understands the structure and goals of Lean Six Sigma
Uses basic Lean Six Sigma vocabulary terms
Reports process issues to Green and Black Belts



Understands basic Lean Six Sigma concepts
Reports process issues to Green Belts and Black Belts
Participates on project teams and receives just-in-time training



Starts and manages Lean Six Sigma projects
Has Lean Six Sigma expertise but in less detail than Black Belts
Provides just-in-time training to others



Can report to a Master Black Belt
Has advanced Lean Six Sigma expertise
Functions as a coach, mentor, teacher, and project leader for project teams



Works with leaders to identify gaps and select projects
Coaches, mentors, teaches, monitors and leads projects
Responsible for Lean Six Sigma implementation and culture change



Executive leader who drives the initiative
Helps select projects and remove barriers for project teams
Supports change and develops a Lean Six Sigma culture

Understanding and Managing the Risk of Change



TAKING RISK

There's a fine line between taking a calculated risk and doing something dumb.

DIY.DESPAIR.COM

Practical essence of Change Management

Change Management involves:

- **understanding** and;
 - **controlling** the exposure to hazards such that overall risk to the business is handled in an efficient and effective manner.
-

Change Management supports business adaptation in several ways:

- **First**, effective Change Management offers a **standardized method** that efficiently **evaluates** the potential positive and negative aspects of change.
 - **Second**, Change Management ensures that all changes are **recorded, evaluated, properly planned, and accounted for..**
 - **Finally**, Change Management minimises the **disruptions** often associated with change at all levels.
-

The risk of change often avails itself in five ways:

- The risk of **unauthorised** and **properly** assessed changes,
 - The risk of a **low change success rate**,
 - The risk of **high numbers of emergency changes**,
 - The risk of **significant project delays**.
-

Seven questions must be answered about every change:

- Who raised the change?
- What is the reason for the change?
- What is the return required from the change?
- What are the risks involved in the change?
- What resources are required to deliver the change?
- Who is responsible for the build, test, and implementation of the change?
- What is the relationship between this change and other changes?

Effective Change Management provides the organization with the right amount of **time** and **expertise** to properly balance the **risk** and **reward** of change.

For example, assembling a **Change Advisory Board (CAB)**, composed of membership from both the technical and business parts of the organization.

The purpose of a CAB is to mitigate the various risks associated with change by having **technical and business representatives** review and assess the various aspects of changes.

Ideally, **scheduled changes** are circulated to CAB members prior to the full meeting to allow enough time to conduct a thorough review.

Thus, the CAB is focused on mitigating risk by providing a formal mechanism to ensure that:

- **the right expertise is available, and;**
- ~~**the right amount of time is taken to review planned changes.**~~

Architecture can be thought of as a set of shared decisions about **policies, principles, rules, and common approaches** that organizations follow.

Architecture must serve the **organization's mission!!!!**

A formal Change Management process effectively **reviews, assesses, authorises, and manages** changes.

Positioning change management

| | <u>Costs</u> | <u>Risks</u> |
|-----------------------------|---|---|
| <u>Project level</u> | <p>Project delays</p> <p>Missed milestones</p> <p>Budget overruns</p> <p>Rework required or design</p> <p>Loss of work by project team</p> | <p>Resistance</p> <p>Project put on hold</p> <p>Resources not made available</p> <p>Obstacles appear unexpectedly</p> <p>Project fails to deliver results</p> <p>Project is fully abandoned</p> |
| <u>Organisational level</u> | <p>Productivity declines</p> <p>Loss of valued employees</p> <p>Reduced quality of work</p> | <p>Impact on customers</p> <p>Impact on suppliers</p> <p>Moral declines</p> <p>Legacy of failed change</p> <p>Stress, confusion, fatigue</p> |

If the change is not implemented!!!!

Costs:

- Lost investment made in the project
- Lost opportunity to have invested in other projects

Risks:

- Expenses not reduced
- Efficiencies not gained
- ~~Revenue not increased~~
- Market share not captured

What is the Return on Investment (ROI) of Change Management?

There are studies that discuss the ROI of a Change Management process.

One such study, conducted by McKinsey found that there was a common denominator to the success of a project.

That common denominator was shown to be the **quality of the organization's approach** to Change Management.

The McKinsey study found **common traits** throughout the organizations that received the **highest ROI**. These traits include:

- **Clear and effective** follow-through by senior executives,
 - All employees clearly **involved** and **communicated** with in the context of change,
 - **Clear boundaries and responsibilities** throughout the organization,
 - Change activities were **communicated, understood, and accepted** throughout the organization.
-

PROSCI

ADKAR is a research-based, individual change model that represents the five milestones an individual must achieve in order to change successfully.

A – Awareness of the need for change

D – Desire to support the change

K – Knowledge of how to change

A – Ability to demonstrate new skills and behaviours

R – Reinforcement to make the change stick

A study by PricewaterhouseCoopers, which involved 200 companies, demonstrated the **positive effects of high-quality Change Management**.

One conclusion of the study was that those organizations that had the **most mature Change Management processes** tended to see the **highest rate of project success**.

However, according to Prosci's ROI of Change Management Model, there are three factors that contribute to the potential variance in ROI.

These factors are **speed of adoption, ultimate utilization, and proficiency**.

Speed of adoption refers to **how quickly** the organization begins using the **new functionality** implemented through a change.

Organizations are faced with both **expected** and **actual speeds** of adoption of change functionality.

Prosci claims that the actual ROI of a change is directly affected by **how well** a change is managed.

This means that changes that are communicated better and include any requisite preparation and training will tend to contribute to higher ROI.

2. Ultimate utilization refers to the long-term percentage of employees **who will use** whatever functionality was delivered by the change.

Organizations deal with an **expected ultimate utilization**, which is often 100%, and an **actual ultimate utilization**, which is often much less than the expected ultimate utilization.

Ideally the expected ultimate utilization and actual ultimate utilization percentages are close.

The closer these percentages are, the higher the ROI of Change Management will be.

3. Proficiency refers to how effectively a change is implemented.

Organizations have an expected level of proficiency for every change, as well as an actual proficiency. The closer together these two values are, the **higher the overall ROI of Change Management** will be.

Any difference in these three factors contributes to **variance in the ROI of Change Management**.

As both the McKinsey and PricewaterhouseCoopers studies showed, organizations that are more effective at controlling this type of variance tend to experience a higher ROI from Change

What Is the Value on Investment of Change Management?

VOI, or Value on Investment, is a concept introduced by Gartner recognizing that in the modern economy, intangible assets contribute heavily to an organization's products and outputs.

These intangible assets include:

- **knowledge,**
 - **processes,**
 - **the organizational structure, and;**
 - **ability to collaborate.**
-

Gartner indicates that VOI is composed of several measurable components. These include:

- Business process innovation,
- Cultivation, leveraging, and managing knowledge assets,
- Individual and organizational competencies,
- ~~Change Management plays a key role in each of these components of VOI.~~

Business process innovation is the **optimization of business processes** such that existing processes can be leveraged to allow the organization to pursue new opportunities.

Effective Change Management contributes to business process innovation by providing:

- a **formalized mechanism** through which change, and;
- its **positive and negative impacts** upon the business, can be fully understood.

The success of an organization is often determined by how **effectively** and **efficiently** an organization arranges and deploys its knowledge assets.

Change Management contributes to this in several ways.

1. First, the successful implementation of a change often involves a **transfer of knowledge** in order for the organization to support and benefit from the change.
2. Second, in order to properly review, assess, and authorize a change, an organization must learn how to **effectively arrange and deploy knowledge assets**.



National Differences in the Management of Change

Introduction

The context of change processes **differs** fundamentally across national environments.

The attitudes of participants towards:

- **Its management,**
- **The powers that actors enjoy to manage or constrain change,**
- **The legal and political context within which change is managed;**

All of these aspects of national contexts have an impact on change.

Cultural values and the management of change

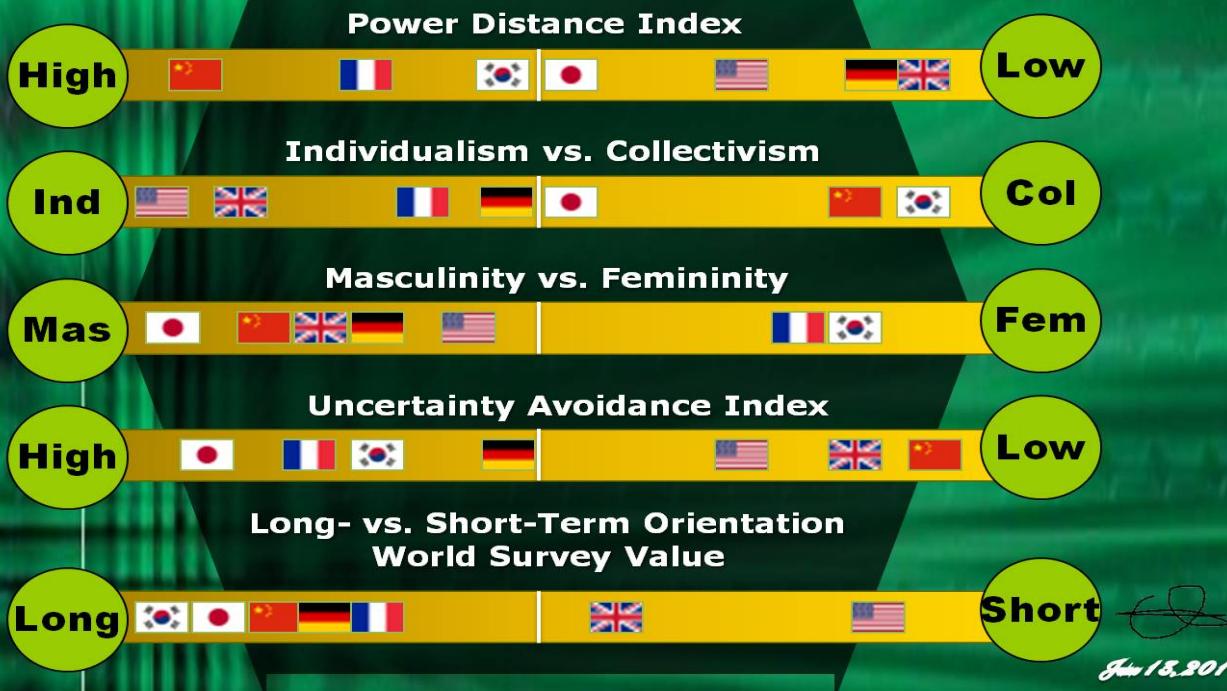
Geert Hofstede (1980) devised a model to understand organisations in relation to **national differences**.

His study consisted of a large US multinational which had branches and facilities in over **50 countries**.

This multinational was known for its **strong corporate culture**.

Cultural dimensions

Source: Hofstede, G., & Minkov, M. (2010).
Long- / short-term orientation: new perspectives.
Asia Pacific Business Review, 16 (4), 493-504.



Hofstede identified four cultural attributes which in his view varied between national contexts:

Power distance: the extent to which a society accepts the **unequal distribution** of power in organisations.

Uncertainty avoidance: the degree to which individuals within a society feel discomfort in the face of **uncertainty** and prefer **predictability and stability**.

Individualism/collectivism: the extent to which people prefer to **take care of themselves** and their immediate families, as opposed to **looking to the state** or the firm to provide for them.

Masculinity/femininity: **assertiveness** and **commitment** to work above family or social life; as opposed to a **balance between work and family life**.

Responding in a way that **does not ‘fit’** will create conflict and problems. For example:

Power distance: in societies with **low power distance**, employees expect to be **consulted** about change.

They do not consider that senior managers have the **right** and **authority** to make change without a process of consultation.

Similarly managers themselves **would expect** to manage change in this way!

Deciding on the nature of change cannot be a rapid process; it has to be slow as the various groups are consulted.

In high power distance societies, senior managers are considered a class apart, for example:

- **on the basis of birth or,**
- **on the basis of a distinctive elite education.**

They expect to be able to **shape** the organisation as they **see fit**, exercising the power to bring change with little regard to the interest or opinions of others.

Uncertainty avoidance: in societies that are high on UA, there tends to be a **high level of formalisation** in practices and procedures.

Jobs and functions have to be **tightly defined**.

Thus, on-the-job monitoring and supervision is low!

Overall approach is one of **avoiding risks**.

In this context, **change is incremental**, deriving from the improvements **generated by specialists** as they meet new problems or learn new techniques.

Large-scale programmes are **more likely to arise** and to be perceived by stakeholders as having a **realistic chance of success**.

UA firms will be concerned to be **proactive**, shaping the future by developing new products and moving out of product areas that are easily copied.

Firms that are more willing to accept uncertainty try to ensure that they can be flexible in response to market changes.

They will want to be able to:

**hire and fire quickly,
to raise new capital rapidly and;
to acquire the skills on the labour market for new technologies.**

They will become experts in managing **rapid change situations**.

- **Individualism/collectivism:** in societies that are **highly collective**, change management will have to be concerned with **winning the approval** of the key groups in the organisation.

This will be partly about ensuring that decision-making over change is itself **collective and involving**.

It will also involve change processes that build on **existing teamwork processes**.

Motivation derives from a sense of **belonging** and the change process must be managed to foster this.

In individualistic societies it will be much easier to:

- **move individuals around the organisation,**
- **to re-shape teams ad groups as required.**

The building block of the change process will be seen as **the individual, not the group.**

Key Differences Between Individualist and Collectivist Societies

| Individualist | Collectivist |
|--|--|
| Everyone grows up to look after him/herself and his/her immediate family only. | People are born into extended families or in other groups that continue protecting them in exchange for loyalty. |
| Children learn to think in terms of “I”. | Children learn to think in terms of “we”. |
| Individual ownership of resources. | Resources should be shared with relatives. |
| Low-context communication prevails. | High context communication prevails. |
| Media is the primary source of information. | Social networks are the primary source of information. |
| Self-actualization by every individual is a ultimate goal. | Harmony and consensus in society are ultimate goal. |
| Occupation mobility is higher. | Occupation mobility is lower. |
| Task prevails over relationship. | Relationship prevails over task. |
| Individual interests prevail over collective. | Collective interest prevail over individual. |
| Per capita GDP tends to be higher. | Per capital GDP tends to be lower. |

- **Masculinity/femininity:** ‘masculine’ societies assume the **full commitment** of their employees to change processes.

They make **no compromises** about work/life balance; these considerations enter into:

- neither **the change process** itself (where change agents and others may be expected to work extra long hours in the transition).
 - nor **the type of change** (where conditions of work will be changed according to the expectations of the senior managers and with no consideration for the out-of-work life of their employees).
-

Key Differences Between Masculine and Feminine Societies

| Masculine | Feminine |
|---|--|
| Challenge, earnings, recognition, and advancement are important. | Relationships and quality of life are important. |
| Men should be assertive, ambitious, and though. | Both men and women should be modest. |
| Women are supposed to be tender and take care of relationships. | Both men and women can be tender and focus on relationships. |
| Being responsible, decisive, and ambitious is for men ; Being caring and gentle is for women. | Being responsible, decisive, ambitious, caring, and gentle is for women and man. |
| Double standards ; Men are subjects, women are objects. | Single standards ; Both sexes are subjects. |
| Aggression by children is acceptable. | Children are socialized to be nonaggressive. |
| People live in order to work. | People work in order to live. |
| There is a lower share of working women in profesional jobs. | There is a higher share of working women in profesional jobs. |
| Performance society ideal – Support for the strong. | Welfare society ideal – Help for the needy. |
| Environment – Big is beautiful. | Environment – Small is beautiful. |

The Japanese Society

In Hofstede's terms, Japan ranks **number one** on the masculinity index.

This reflects the fact that the employee in the large-firm sector is in effect **taken on for life**.

In return, the employee **owes total loyalty** to the firm.

Japanese workers work **extremely long hours**; they take **few holidays** and they are very **reluctant to take any sick leave**.

Once women are married they are expected to **leave work** and devote themselves full time to looking after the needs of their families.

Japanese firms cannot respond quickly to market changes by **reducing their labour force**; thus they want to reduce any uncertainties in markets by **being proactive in developing new technologies**.

Employees are **trained internally** to identify new areas for improvements or new products.

Their future depends on the ability of the firm to be **successful**.

There is a strong incentive to **work as a group** in a **collectivist manner**, which is reflected in the strong traditions of **teamwork** in Japan.

Japanese large firms are characterised by change processes which are:

- **Long term,**
 - **Incremental and;**
 - **Generally participative and teamwork based.**
-

The U.S.A Society

US firms are characterised by individualism; the US is ranked **number one** on Hofstede's individualism index.

Change programmes are likely to be much more characterised by an **individualistic orientation**.

Managers can focus on determining which people will **fit** and which will not.

The firm cannot be expected to look after the **individual** and the **family**.

This relates to a **high acceptance of risk** and **low uncertainty avoidance**.

Individuals recognise that they may have to:

- **Move jobs,**
- **Areas,**
- **Industries and;**
- **~~Occupations in the US society.~~**

The lack of a social safety net (either provided by the firm or the state) means that **risk is inevitable**.

This is built into the individual's expectation that **mobility and flexibility** are of crucial importance to surviving and prospering in this society.

Failure is therefore **not a permanent stigma** it is an inevitable result of a context where people take risks.

Corporations do not need to be so **sensitive about the expectations** of their employees when it comes to change processes.

It is recognised that these may lead to **redundancies or changed work patterns**.

In the US context these are presented **not as negative forces**, but as **positive opportunities**.

The firm itself is therefore able to change much more

Skills and competencies of managers in national contexts

- **Senior managers with high-level engineering skills:** firms in Germany and Japan are characterized by these sorts of senior managers.

In Germany, this comes from the long-established **technical training system** in which school-leavers are trained in **apprenticeship systems**.

This can lead on to **further skill development**, either in **University equivalent institutions** or through becoming **Meister (master craftsmen)** in an area.

German firms are **high on uncertainty avoidance**; they prefer to **anticipate market changes** by placing themselves at the forefront of these changes, rather than **be reactive**.

Unlike the Germans, Japanese senior managers do not have an apprenticeship system, they do still **acquire high-level engineering skills**.

These are entirely moulded by the context of the firm itself. As with Germans, change is **slow, participative, incremental and product-focused**.

Senior managers with high-level analytical skills: in the French system, top managers of large firms are the product of **a highly elitist system of education.**

In France, the top positions in government, industry, finance and the civil service are reserved for the graduates of **grandes écoles**.

These **graduates are not specialists** in the sense of the German or the Japanese.

They may move between government and industry, a process referred to as pantouflage (spinning doors).

- **Senior managers with financial skills:** in the British and American context, senior management has been dominated by accounting and finance professionals in the last 20 years.

Senior managers have to **manage the market directly**, ensuring that earnings per share are continuously improved.

Without this, the firm's share price tends to drop, making it a potential victim to takeover, as well as making it more difficult to raise funds for expansion.

On the one hand, there is change to do with incorporating new acquisitions into the firm, which will involve restructuring and possibly some closures.

On the other hand, in response to falling share prices, it will involve either a large-scale change programme or rapid down sizing and closures, to cut costs and restore profitability.

Change is going to be top-down, driven by senior management attempting to meet the demands of the capital market.

The UK and the US allow managers the greatest leeway in terms of change, with little countervailing power exercisable by others inside the company.

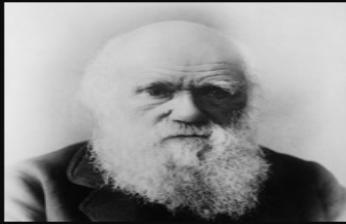
The greatest constraint though is convincing the shareholders of the value of what they are doing.

In France there is also a high amount of power vested in the senior management, though here it is a connection with the elite as a whole that is crucial for sustaining large-scale change.

German and Japanese companies, tend to be more incremental and participative in their change process.

Resistance to Change

— Charles Darwin —



The most powerful natural species are those that adapt to environmental change without losing their fundamental identity which gives them their competitive advantage.

AZ QUOTES

Learning Goals

- Explain the importance of managing change for businesses.
 - State the 4 general reasons for resistance to change.
 - State the 3 specific reasons for resistance to change.
 - Explain the 3 basic stages of managing resistance to change.
 - State the specific approaches to managing resistance to change.
-

50 Reasons Not To Change



Image copyright: <http://13c4.wordpress.com/2007/02/24/50-reasons-not-to-change/>

Why Resistance To Change???

- Fear of the unknown.
- Lack of good information.
- Fear for loss of security.
- No reason to change.
- Fear for loss of power.
- Lack of resources.



Factors Effecting Change

- Advocates of Change
- Degree of Change
- Time Frame
- Impact on Culture
- Evaluation of Change



Faces of Resistance

Active

- Out in the open
- More constructive
- Easier to manage

Passive

- Hidden
 - Can go unnoticed
 - Undermines efforts to transform an organization
-

Sources of resistance

- Aptitude (ability)

is unable to make the change

- Attitude (willingness)

doesn't want to make the change

- Change Threshold

~~Doesn't have the “energy” to make the change~~

Resistance to change in the business

General resistance

Inertia, timing, surprise, peer pressure



Resistance to change



Self-interest, misunderstanding, different assessment

Specific resistance

General reasons to resistance to change

Inertia

- The tendency to **remain unchanged**.
 - The old way of doing things are comfortable and easy, so people **do not want to change or try something new**.
-

General reasons to resistance to change

Timing

- Poor timing may cause resistance.
- When employees and managers are in **bad relations**, the time to introduce change is not fit.

General reasons to resistance to change

Surprise

- Resistance may occur when the change is **unexpected** or **sudden** for employees. .

General reasons to resistance to change

Peer pressure

- Individuals may resist a change when the **team resists**, even if the individual does not strongly oppose the change.

Specific reasons for resistance to change

Self-interest

- Individuals may resist a change if they feel it will cause them to lose something.

Specific reasons for resistance to change

Misunderstanding

- Employees may resist a change because they **do not fully understand** its **purpose or benefits** even if it will benefit them.

Specific reasons to resistance to change

Different assessment

- Employees and management may see the change and its advantages in a **different way**.
- Management may see the change as **increased efficiency** while employees may see only the **costs** of it.

Methods for Dealing with Resistance to Change

Many managers **underestimate** the variety of ways people can react to organisational change.

Also the ways they can **positively influence** specific individuals and groups during a change.

Managers often do not have an **accurate understanding** of the **advantages** and **disadvantages** of the methods with which they are familiar.

- **Education and Communication**

One of the most common ways to overcome resistance to change is to educate people beforehand.

Communication of ideas helps people see the need for and the logic of change.



The education process can involve
one-on-one discussions, presentations
to groups or memos and reports

- **Participation and Involvement**

If the initiators involve the potential resistors in some aspect of the design and implementation of the change, they can often forestall resistance.

With a participative change effort, the initiators listen to the people the change involves and use their advice.

- **Facilitation and Support**

Another way that managers can deal with potential resistance to change is by being supportive.

This process might include providing training in new skills or giving employees time off after a demanding period or simply listening and providing emotional support.

- **Negotiation and Agreement**

Another way to deal with resistance is to offer incentives to active or potential resistors.

For example, management could increase an individual's pension benefits in return for an early retirement.



- **Manipulation and co-optation**

Managers might not have enough time to educate, involve, or support people and without the power or other resources to negotiate or coerce employees.

In this case, managers have resorted to manipulating information channels in order to scare people into thinking there is a crisis coming which they can avoid only by changing.





- **Explicit and Implicit Coercion**

Finally, managers deal with resistance coercively.

Here they essentially force people to accept a change by explicitly or implicitly threatening them (with the loss of jobs, promotion possibilities) or by actually firing or transferring them.

Question for critical thinking

- What are the advantages and disadvantages of each of the specific approaches for managing resistance to change?

Advantages of Each Method

- **Education and Communication**

Once persuaded, people will often help with the implementation of the change.

- **Participation and Involvement**

People who participate will be committed to implementing change, and any relevant information they have will be integrated into the change plan.

- **Facilitation and Support**

No other approach works as well with adjustment process.

- **Negotiation and Agreement**

Sometimes it is a relatively easy way to avoid major resistance.

- **Manipulation and Co-optation**

It can be a relatively quick and inexpensive solution to resistance problems.

- **Explicit and Implicit Coercion**

It is speedy and can overcome any kind of resistance.

Disadvantages of Each Method

- **Education and Communication**

Can be very time consuming if lots of people are involved.

- **Participation and Involvement**

Can be very time consuming if participants design an inappropriate **change**.

- **Facilitation and Support**

Can be time consuming, expensive, and still fail.

- **Negotiation and Agreement**

Can be too expensive in many cases if it alerts others to negotiate for compliance.

- **Manipulation and Co-optation**

Can lead to future problems if people feel manipulated.

- **Explicit and Implicit Coercion**

Can be risky if it leaves people mad at the initiators.

Change Agents



Class learning outcomes

- What is a change agent.
 - The politics of the change agent.
 - The role of HR as a change agent.
 - The abilities of change agents.
 - Four trajectories of industry change analysis.
 - Driving forces analysis.
-

Change Agent in a nutshell

A change agent is a person tasked with creating **needed employee behaviour change**.

Successful organisational change is about producing employees that are:

- **Ready,**
 - **Willing and;**
 - **Able to change.**
-

From power to the politics of the change agent

The craft of change management involves being **skillful** at organizational politics.

Ottaway (1983) distinguished the following types:

Change generators: a range of groups who are crucial to setting off the change process. This group is part of the upper echelons such as **senior management, board members, and shareholders.**

Change implementers: this group is concerned with the **practicalities of managing change**. It is at this point that management consultancies may be employed to aid internal implementers in developing their programme.

Change adopters: this consists of '**early adopters**' who become committed to the change programme early on, the '**maintainers**' and finally the '**users**' (who take on board the new practices).

The notion of politics has both negative and positive meanings.

On the negative side, it often refers to the view that politics requires **deception, manipulation** and a **cynical disregard** for truth and honesty.

On the positive side, politics involves **recognition** that people will differ in their preferences and that ways have to be found of creating coalitions of interest.

Management consultancies as change agents

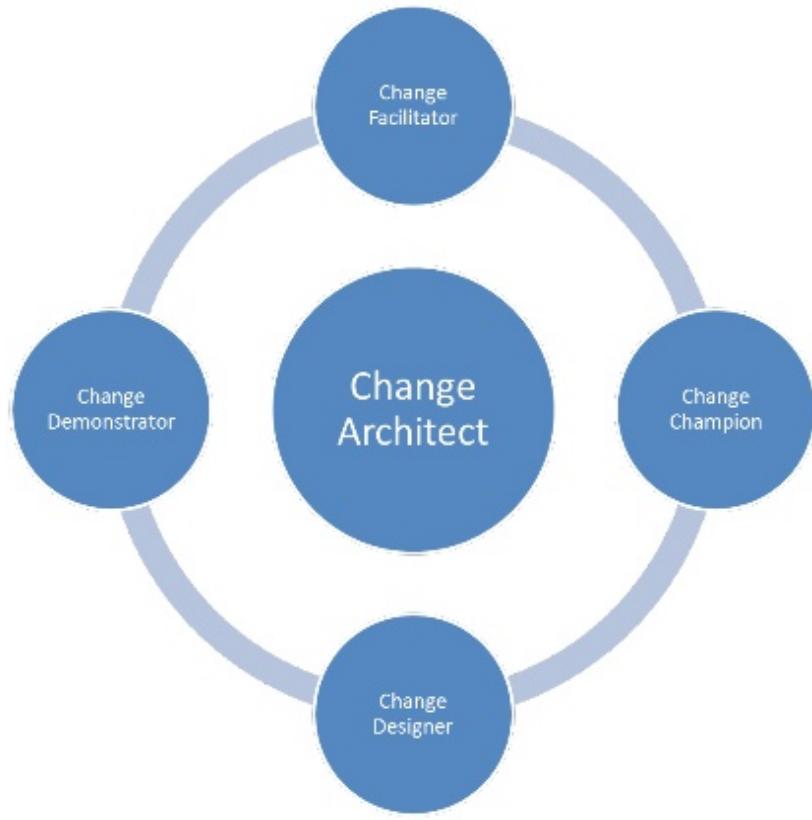
Employment of a **major management consultancy** by a firm is a signal to shareholders and other outsiders that the company is doing something positive about improving its position.



Using McKinsey, Accenture, Cap Gemini must mean they are doing something right!



Multiple Roles of HR as Change Architect



HR as change agent

- **Provide drive** for conducting change at every organizational level.
 - Provide **structured framework** for change.
 - Align top management with other employees.
 - Develop requirements for **appropriate organisational agility**.
 - Identify and establish **workable change management processes**.
 - Reinforce change management **communication** as a driver for attainment of effective change.
 - Act as **overwhelming influence** for successful change.
-

Necessary Abilities for Change Agents

- **Diagnose and solve problems.**
 - **Build relationships with clients.**
 - **Ensure vision is properly articulated.**
 - **Set leadership agenda.**
 - **Implement plans to achieve change goals.**
 - **Tolerate ambiguity.**
 - **Manage conflict.**
 - **Manage projects.**
 - **Manage resistance and risk.**
 - **Coordinate effective communication.**
 - **Apply knowledge of business, products and work processes.**
-

Two phases of HR role in change

Planning

- **Evaluation of viewpoint.**
 - **Strategic forecasting** of initiatives and directions.
 - **Development of business strategy** for initiatives and directions.
 - **Determination of action points** and elements of execution.
 - **Identification of performance targets** for action points.
 - Establishment of communication plan.
-

Evaluation of viewpoint: The management should:

Identify the **need** for change in a **specific area**, and;

resolve its attributes with the aim of protecting the strategic interest of the firm.

Strategic forecasting of initiatives and direction:

Probable initiatives should be evaluated using **STEEPLE analysis**, **SWOT analysis** and **stakeholder analysis**.

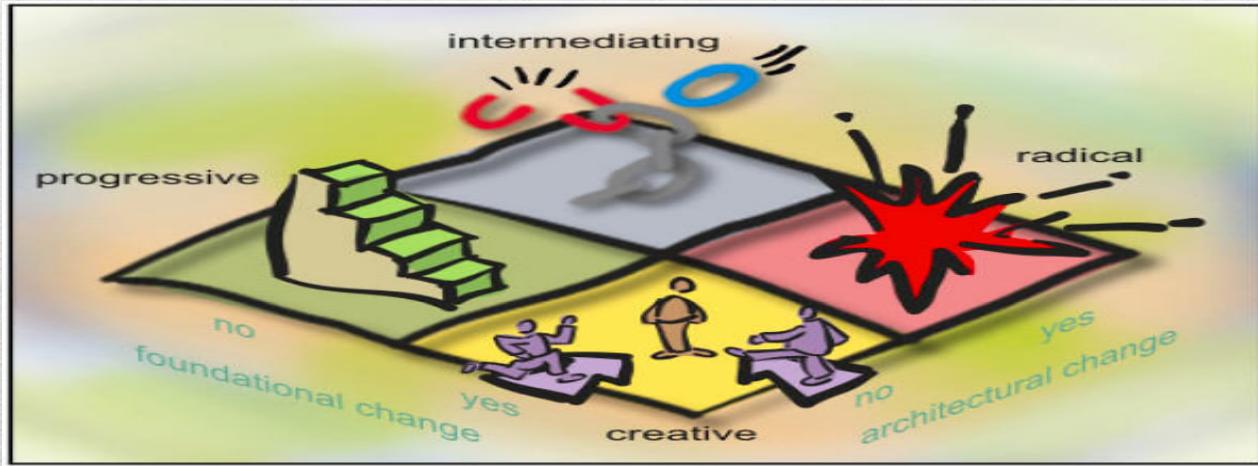
Industry direction should be identified by using the **four trajectory of industry change analysis**.

The specific forces of change in the industry and their impact can be ascertained to a reasonable level by using the **Five forces analysis**.

Four trajectories of Industry change analysis

This tool was developed by Anita McGahan in 2004.

It is used for **identifying** and **understanding** change in an industry, so as to know whether to move out of it.



How to conduct Four Trajectories of Industry Change Analysis

- Identify all the **core assets** and **core activities** of an industry.
- Check-up **threats** to the core assets and activities.

Core activities are threatened when they become **less relevant to suppliers and customers** because of some new, outside alternative.

The second is a threat to the industry's core assets:

- **The resources,**
- **Knowledge, and;**
- **Brand capital that have historically made the company unique.**

These are threatened if they **fail to generate value** as they once did.

In the pharmaceutical industry, drugs are constantly under threat as patents expire and new ones are developed.

- Identify the trajectory of industry change occurring in the industry using the format below:

1) **Radically: Core assets and activities are threatened to become obsolete.**

A good example is the **travel business**. Agencies' core activities and core assets came under fire as the airlines implemented systems to enhance direct price competitions (such as SABRE reservation system).

Also, agencies' clients turned to web-enabled systems, such

2) Intermediating: Core activities are threatened but core assets still have capacity to create value.

Intermediating change is occurring in auto dealerships:

- Traditional auto sales activities are becoming **less relevant** because of the Internet.
- Car manufacturers are seeking closer relationships with drivers and are starting to share the management of customer relations with their dealers.
- Individual dealers are losing control of inventory management as ~~IT and sophisticated financing create economies of scope that~~

3) Creative: Core assets are threatened but core activities are stable.

Relationships with customers and suppliers are generally stable, but assets turn over constantly.

The film production industry is a good example. Larger production companies enjoy ongoing relationships with actors, agents, theatre owners, and cable television executives.

Within this network, they produce and distribute new films all the time.

This combination of **unstable assets (new films)** and **stable relationships (with buyers and suppliers)** makes it possible to deliver superior performance over the long term.

4) Progressive: Core assets and activities are not affected.

Progressive evolution is like creative evolution in that buyers, suppliers, and the industry's incumbents have incentives to preserve the status quo.

The difference is that core assets are not threatened with obsolescence under progressive change, so industries on this trajectory are more stable than those on a creative change trajectory.

Today's discount retailing, long-haul trucking, and commercial airline industries are evolving in this way. Wal-Mart's cumulative impact has been extraordinary, and the company has developed unprecedented power

Trajectories of Industry Change

When determining which type of change your industry is going through—and, no doubt, it is going through some type of transformation—you need to consider whether there are threats to your industry's **core activities** (the recurring actions your company performs that attract and retain suppliers and buyers) and to your industry's **core assets** (the durable resources, including intangibles, that make your company more efficient at performing core activities).

| | | Core activities |
|----------------|--|--|
| | | Threatened |
| Core assets | Threatened | Not Threatened |
| | Radical Change <i>Everything is up in the air.</i> Examples: makers of landline telephone handsets, overnight letter-delivery carriers, and travel agencies | Creative Change <i>The industry is constantly redeveloping assets and resources.</i> Examples: the motion picture industry, sports team ownership, and investment banking |
| Not Threatened | Intermediating Change <i>Relationships are fragile.</i> Examples: automobile dealerships, investment brokerages, and auction houses | Progressive Change <i>Companies implement incremental testing and adapt to feedback.</i> Examples: online auctions, commercial airlines, and long-haul trucking |

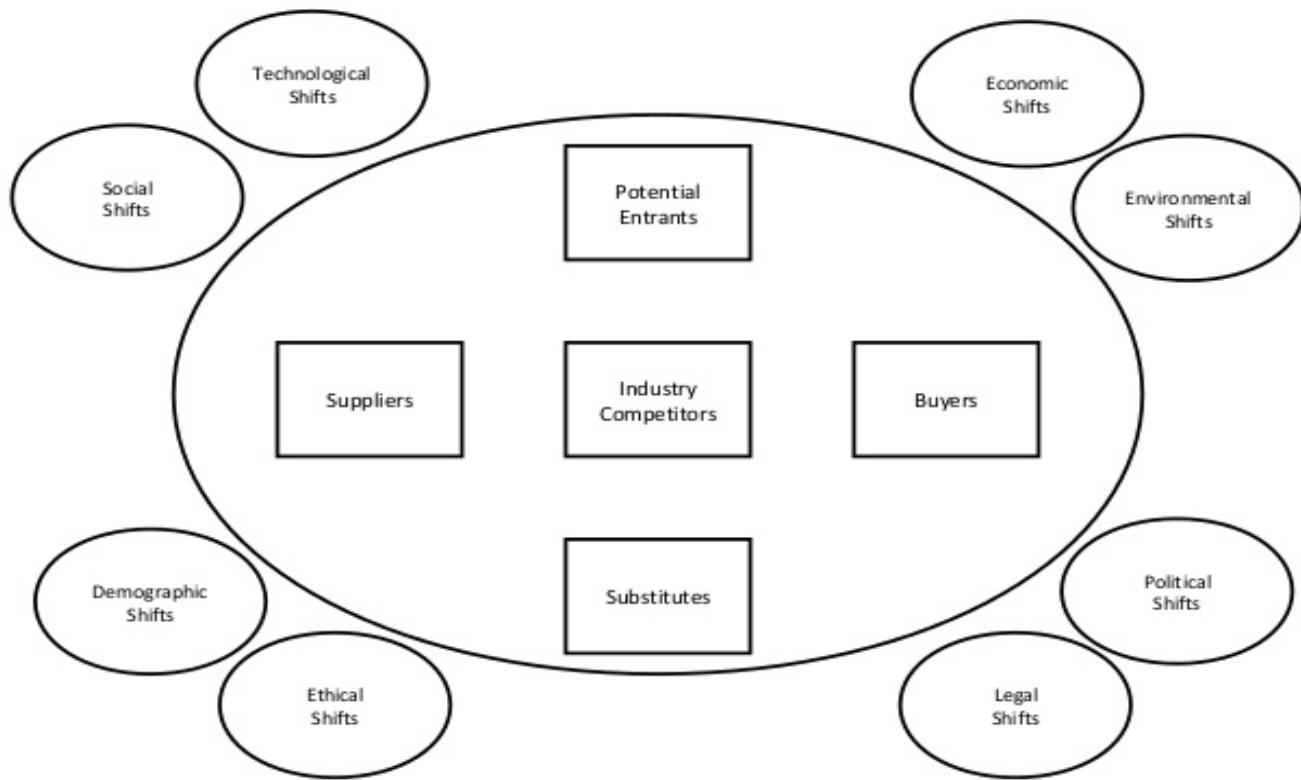
Driving forces analysis

This tool is used for identifying the driving forces of change and uncertainties in an industry, in addition to assessing their impact, in order to give solution.

How to conduct driving forces analysis:

- **Identify** all the **main driving forces** in a particular industry.
 - **Assess** and **rank** the impact of each driving force.
 - **Consider** impact and **give** solution.
-

The Thirteen Forces



Implementation Phase

Realizing that change is difficult, **John Kotter** has outlined an eight-step model for successful change efforts.

Steps 1–4 help **unfreeze** the status quo, Steps 5–7 **introduce** new practices, and Step 8 **grounds** the changes in a new culture to ensure sustainability (Kotter, 1996).

Because we know that implementing and sustaining change is difficult, it requires a comprehensive strategy. Briefly, the steps are:

- **Step 1: Create a Sense of Urgency.** Help others see the need for change and the importance of acting immediately.
 - **Step 2: Pull Together the Guiding Team.** Pull together the guiding team. Make sure there is a powerful group guiding the change—one with leadership skills, credibility, communications ability, authority, analytical skills, and a sense of urgency.
 - **Step 3: Develop the Change Vision and Strategy.** Clarify how the future will be different from the past, and how you can make that future a reality.
 - **Step 4: Communicate for Understanding and Buy-in.** Make sure as many others as possible understand and accept the vision and the strategy.
-

- **Step 5: Empower Others to Act.** Remove as many barriers as possible so that those who want to make the vision a reality can do so.
 - **Step 6: Produce Short-Term Wins.** Create some visible, unambiguous successes as soon as possible.
 - **Step 7: Don't Let Up.** Press harder and faster after the first successes. Be relentless with instituting change after change until the vision becomes a reality.
 - **Step 8: Create a New Culture.** Hold onto the new ways of behaving and make sure they succeed until they become a part of the very culture of the group.
-

Lippitt's, Watson and Wesley Model

The Seven phases of change elaborated on Lewin's Three Step Change Theory.

The seven step theory is to focus on the **role as a change agent** throughout the evolution of change.

The key to change is having the **right person** to be the **voice of change** and the support for the change; empowering the process.

Seven Phases of Change

These phases shift the change process to include the role of a change agent through the evolution of the change.

- **Phase 1:** Diagnose the problem.
- **Phase 2:** Assess the motivation and capacity for change.
- **Phase 3:** Assess the resources and motivation of the change agent.
- **Phase 4:** Define progressive stages of change.
- **Phase 5:** Ensure the role and responsibility of the change agent is clear and understood (communicator, facilitator, and subject matter expert).
- **Phase 6:** Maintain the change through communication, feedback, and group coordination.
- **Phase 7:** Gradually remove the change agent from the

Performance Appraisal Process

The Performance Appraisal process involves the following steps :

- (1)** Establish the Standards of Performance.
- (2)** Communicate these standards to employees.
- (3)** Measure the actual performance.



"Just measuring your job performance..."

(4) Compare actual performance with the standards established.

(5) In case of variation, initiate corrective action.

(6) Communicate the rating to the employee.

(7) Discuss the feedback with the employee.

(8) Conduct post-appraisal Interview.

(9) Initiate corrective action if required.

The 360-degree degree appraisal provides a broader
