

An Introduction to Change Management

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



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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:

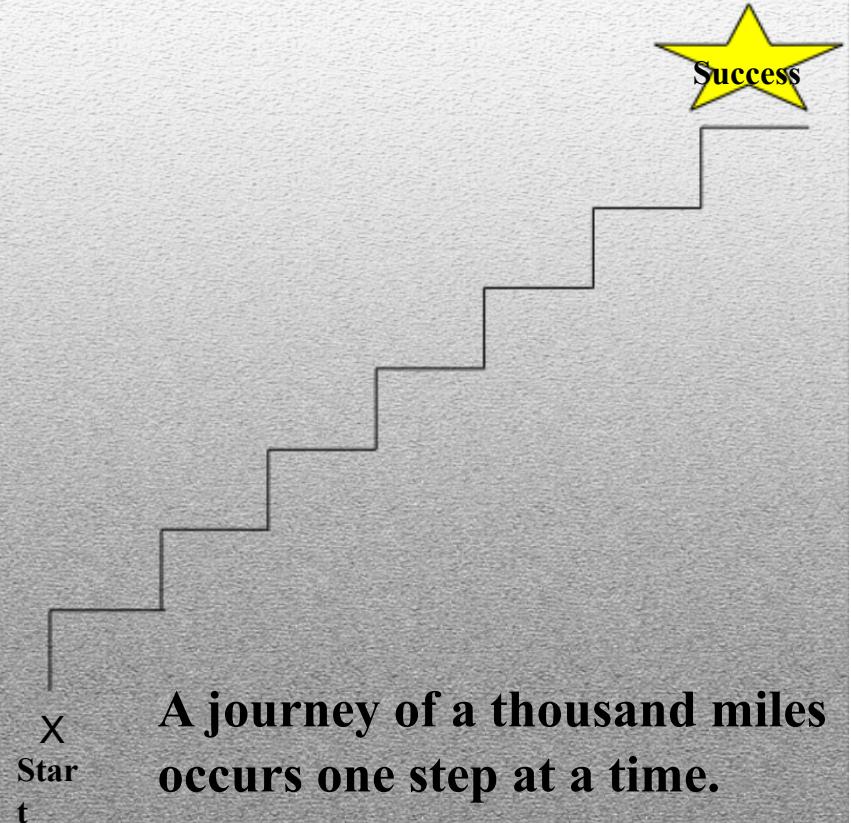
- Processes
 - Systems
 - **Organization structure**
 - Job roles
-

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.
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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.
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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.
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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 ?
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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

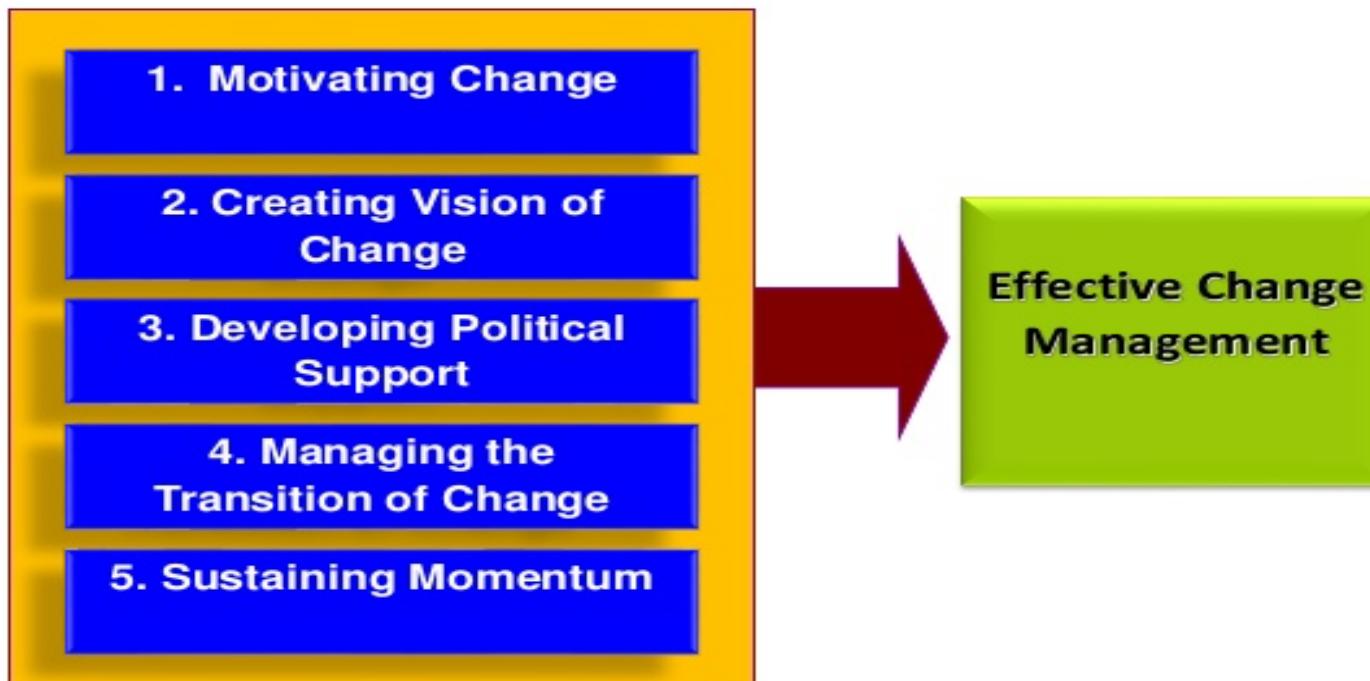
Building a Support System for Change Agents

Developing New Competencies and Skills

Reinforcing New Behaviors

Staying the Course

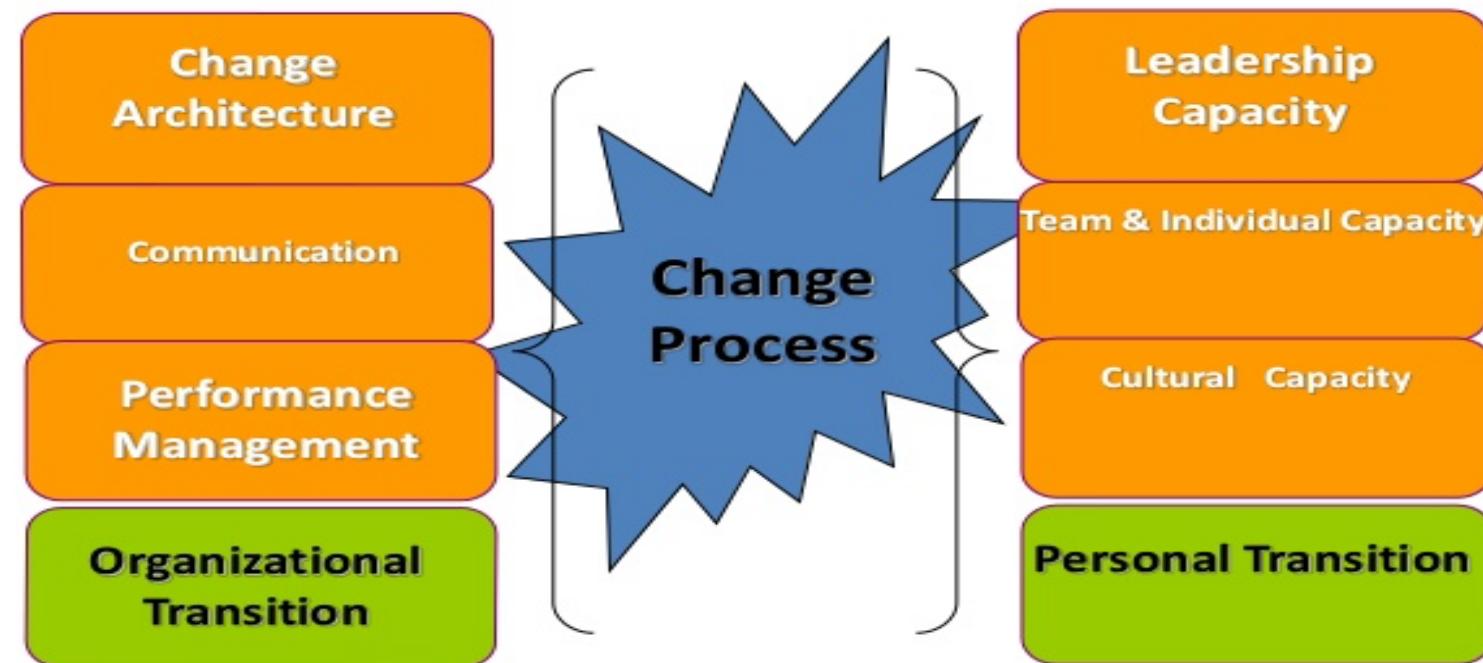
Five Activities Contributing to Effective Change Management



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.**
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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.



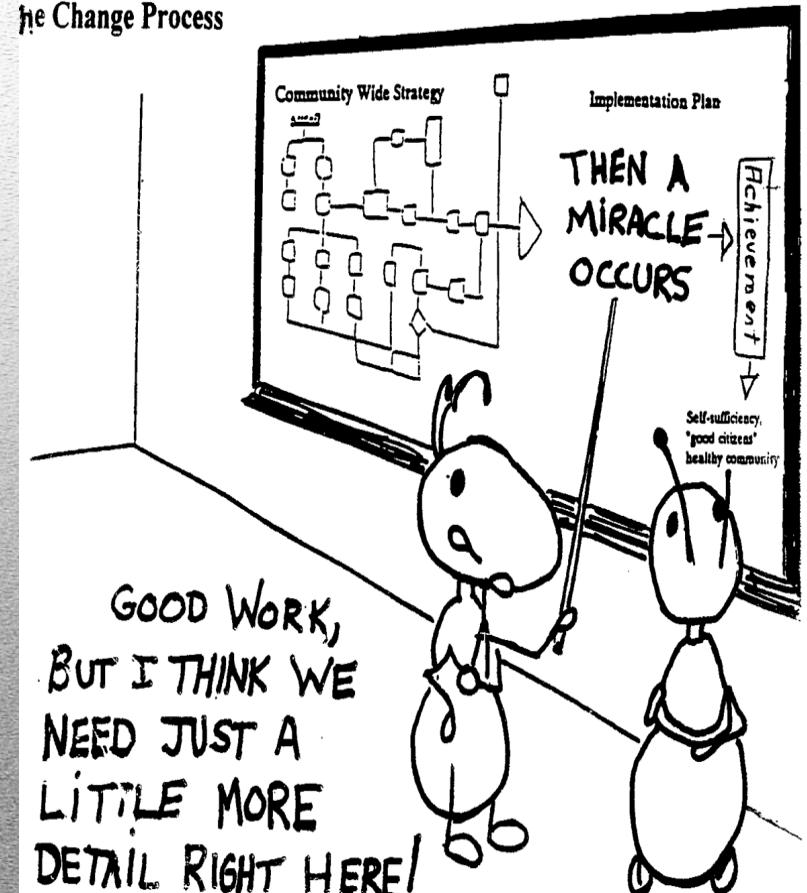
Implementation

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**'.

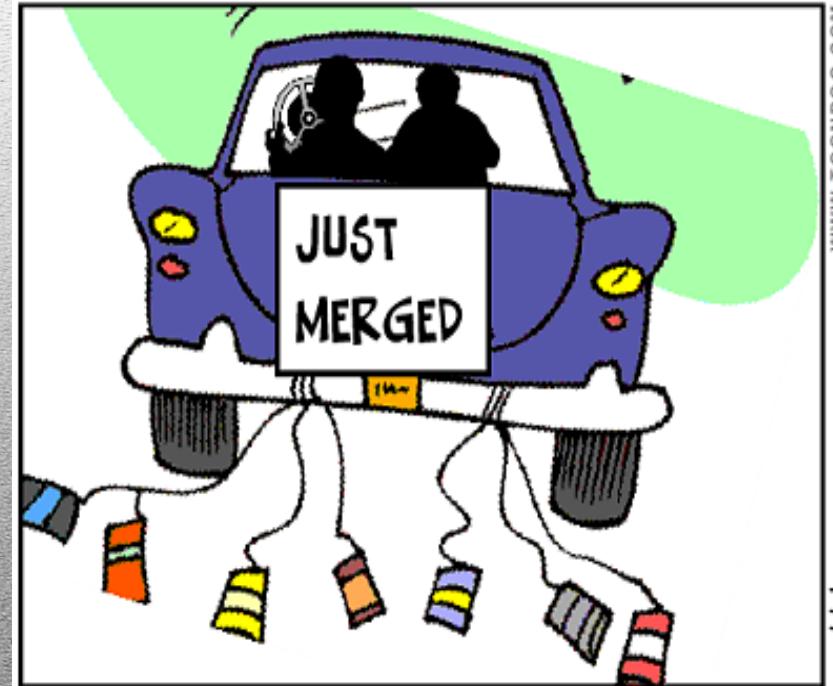
The most successful firms create an open, honest environment where people feel comfortable admitting and addressing problems and challenges.

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.

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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).
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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.
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