GlobalTech | ExperienceChange

Change Theory

Contents

Overview

Be ready for change

Are you ready for change?

Your competitive advantage is dependent on the speed at which you adapt to change. In today's markets, characterized by globalization and technological innovation, you must respond to new opportunities and threats faster than your competition to survive and prosper.

Managing organizational change is now one of your most critical managerial competencies.

This primer is your introduction to change management. It will help you:

- identify and diagnose change problems
- evaluate team and individual leadership strength
- create compelling visions and strategies
- build an implementation plan that maximizes commitment and minimizes resistance to change
- succeed in the ExperienceChange simulation
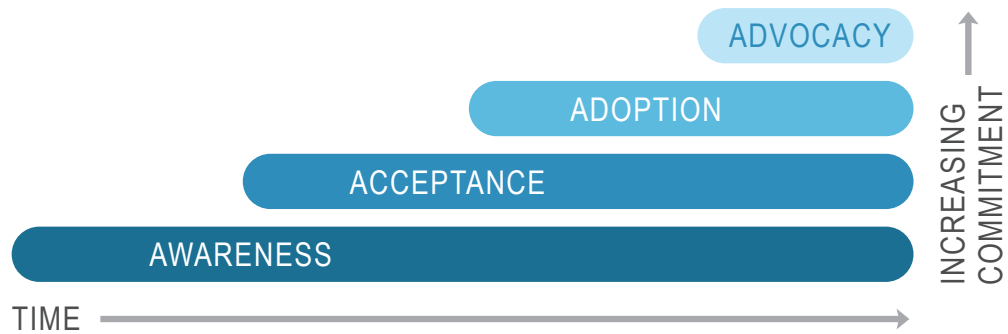
What is Change Management?

Change management principles will help you create and implement new visions, strategies, and initiatives. Whether implementing a new technology, promoting a cultural shift, or changing the strategic course of business, change management principles can help you answer the following questions:

- Why is change necessary?
- How must we change?
- Who should be involved in leading change?
- What steps should be taken to accomplish change?
- How should these steps be taken?

Change management is about people. It will help you quickly "unfreeze" old attitudes, values and beliefs and "refreeze" new attitudes, values and beliefs. (source: Kurt Lewin)

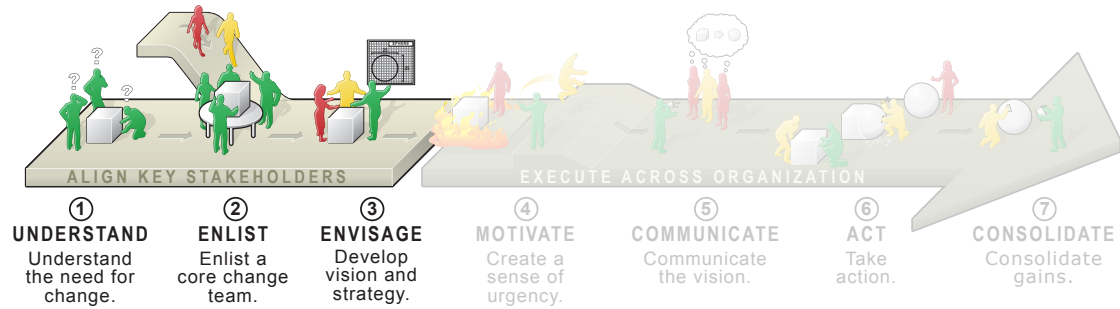UNFREEZE   CHANGE   REFREEZE
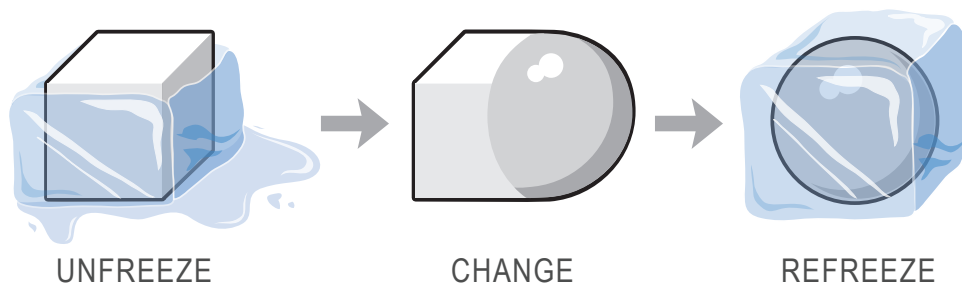
By adhering to the principles of change management you will quickly increase the level of commitment and decrease the level of resistance to change.

ADVOCACY

ADOPTION

ACCEPTANCE

AWARENESS

TIME

INCREASING COMMITMENT

How to use this Explore primer

Begin your exploration of change management with this concise primer. It will introduce basic change management concepts and a strong organizing framework. In Explore, you will find a brief discussion of each stage in the ExperienceChange model, a seven-stage process for maximizing commitment and minimizing resistance to organizational change.

Align Key Stakeholders

①	②	③	④	⑤	⑥	⑦
UNDERSTAND	**ENLIST**	**ENVISAGE**	MOTIVATE	COMMUNICATE	ACT	CONSOLIDATE
Understand the need for change.	Enlist a core change team.	Develop vision and strategy.	Create a sense of urgency.	Communicate the vision.	Take action.	Consolidate gains.

ALIGN KEY STAKEHOLDERS — EXECUTE ACROSS ORGANIZATION

Strong planning practice is critical to change management success. There are many change scenarios that call for many different responses.

Perhaps increasing competition demands a new focus on retaining existing customers? Or maybe great business success is causing growing pains?

A strong planning process will help you:

- understand the need for change to build proactive rather than reactive plans
- create plans that are supported by key organizational players

Beware of planning challenges

Beware of the following challenges in planning for change.

Internal focus. *Internal focus is akin to blindness.*

Are you continuously scanning the external environment (markets and competition)? Be vigilant in maintaining awareness of the external environment so the need for change can be readily identified.

Success syndrome. *Success breeds complacency.*

Are you complacent? Do you think (even quietly), "that couldn't happen at our company"? Strive for an objective appreciation of business issues and double-check dangerous assumptions created by your history of success.
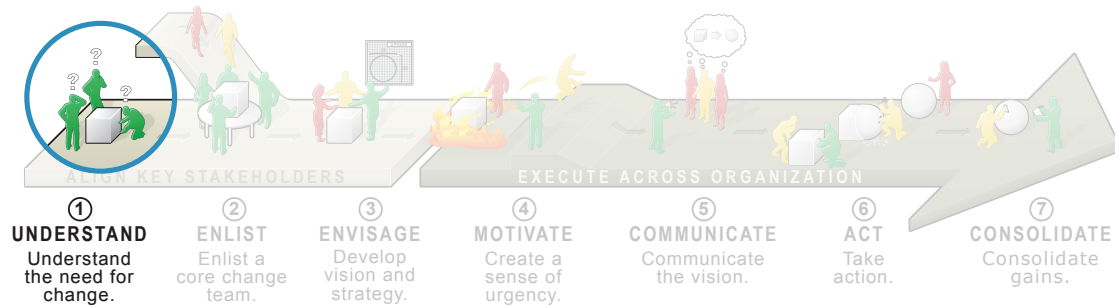
Balanced participation. *Shared ownership is powerful.*

Is planning a shared responsibility? A participative planning process is critical to change management success. Although change may be initiated by an individual, key stakeholders must also think through and understand need for change. In addition, stakeholders must share in the development of vision and strategy. A rigorous and usually time-consuming process of information sharing and dialogue is necessary to create alignment of the core group. Time and energy spent in tough meetings with the right people will produce stronger strategies and strong leadership throughout the organization.

If these challenges are overcome, the change initiative will benefit from a strong vision and strategy backed by a strong, highly aligned core change team.

Learn more about each stage in the Planning for Change process in the following sections.

Understand the need for change

| ① UNDERSTAND Understand the need for change. | ② ENLIST Enlist a core change team. | ③ ENVISAGE Develop vision and strategy. | ④ MOTIVATE Create a sense of urgency. | ⑤ COMMUNICATE Communicate the vision. | ⑥ ACT Take action. | ⑦ CONSOLIDATE Consolidate gains. |

Understand the need for change through continuous environmental scanning and organizational diagnosis.

Anticipate change by keeping a vigilant external-focus. It's better to be a driver of change than its victim.

The external environment is the constantly changing collection of forces outside the organization that influence business performance. These forces constrain the organization and define key business opportunities.

The need for change usually originates in the external environment. Today, for example, there is a general recognition that increased competition and technological change are increasing the power of the customer. Customers now demand more for less. Leading organizations recognize this important environmental change and have adopted customer-focused business strategies.

Promote a culture of awareness! All employees should scan continuously for market trends, competitor undertakings, technological innovations and other external factors to avoid the success syndrome and to encourage proactive change management.

You can't change what you don't understand.

To identify the need for change and build an effective solution you must have a complete understanding of your organizational environment. Ask yourself, "What about our business is congruent with the demanding, changing external environment?" and "What is incongruent?"

Organizations are complex systems, comprised of both informal and formal elements. Throughout this primer, we will refer to "the informal organization" and "the formal organization". The informal organization refers to organizational values, attitudes and beliefs. The formal organization refers to organizational systems, structures and processes.

Look to two important sources of information in developing an understanding of your formal and informal organization:

Data sources

Examine available data in novel ways to develop novel insights.

Employees

Use a variety of techniques, formal and informal, for collecting information from employees across the organization (interviews, surveys, formal assessments, focus groups).

METRICS TO MONITOR

OPERATIONS
employee productivity, satisfaction, grievance rate, absenteeism, turnover, etc.

TECHNOLOGY
innovation, technology adoption, reject rates, downtime, etc.

FINANCIAL
revenues, costs, profits, inventory turns, etc.

MARKET
market share, customer satisfaction, new product introductions, time-to-market, product or service quality, delivery, etc.

In understanding the need for change and in building an effective solution beware of the following traps:
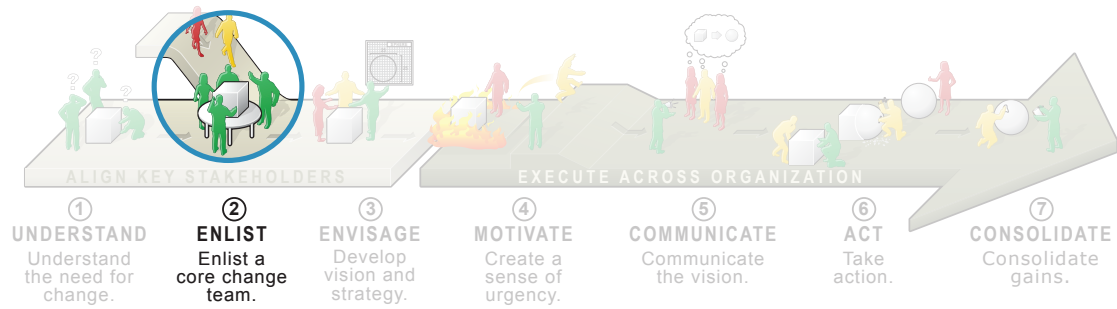
Beware of your own biases

You are not immune from the success syndrome and other cultural biases. Take extra care to examine the problem objectively.

Look for fundamental problems hidden beneath symptoms

Increasing costs, for example, may be a symptom of inefficiencies in workflow, poor quality or dysfunctional work teams. Although fundamental problems will never be as apparent as symptoms, you must dig to the root of problems in order to generate effective resolutions.

Enlist a core change team

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Don't expect to take on the entire world by yourself. Change agents never act alone.

After you understand the need for change, enlist the support of a core team of powerful stakeholders. You will work with this team to develop a shared vision and strategy that will be rolled out to the entire organization. (source: David Nadler)

If change starts with a champion or change agent, what characteristics does that leader require to be successful?

When establishing change leadership, look for people who meet the fundamental qualities of good leaders:

Motivating

Strong leaders energize their audiences through enthusiasm and confidence in success.

Visioning

Strong leaders have an ability to create and communicate compelling visions.
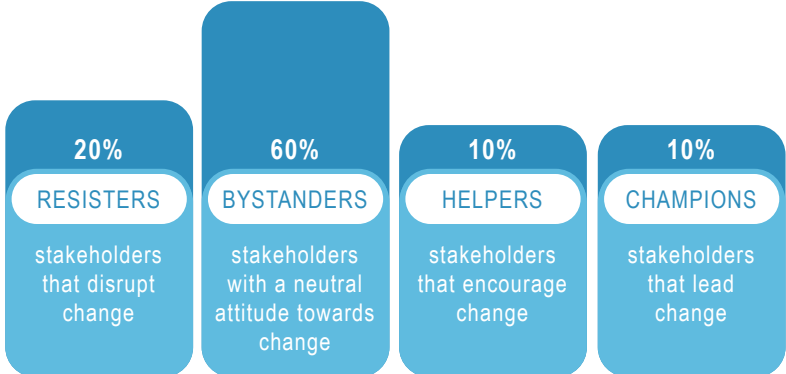
Empowering

Strong leaders interact with people in a supportive and empathetic manner.

Managing

Strong leaders plan and execute well.

Before you build a strong core team, map stakeholder resistance and support. People, departments or organizational units can be classified in accordance with their receptivity to change:

20%	60%	10%	10%
RESISTERS	**BYSTANDERS**	**HELPERS**	**CHAMPIONS**
stakeholders that disrupt change	stakeholders with a neutral attitude towards change	stakeholders that encourage change	stakeholders that lead change

There is often a predictable distribution of people between the four classifications, with a predominance of bystanders in most organizations. Focus your change effort on bystanders - often the toughest to identify and mobilize - to generate a critical mass of support.

Powerful resisters can derail a change effort. Nevertheless, all key stakeholders, including resisters, should be given the benefit of the doubt and provided with an opportunity to understand and support the change. Resisters often have valuable things to say and can provide a critical perspective on the issues. If anything, seek to "bring your enemies closer" by engaging them honestly in the process.

After diagnosing the problem and mapping resistance and support, select and build a core change team composed of key stakeholders. This powerful group will be instrumental in developing the change vision and strategy.

Select individuals to your team based on the following characteristics (source: John Kotter):

Position power

Enlist people with power derived from formal reporting relationships and their ability to secure resources. Participation and support from the executive team can enable great progress. Conversely, if those with position power are not co-opted, they remain powerful unknowns with the power to block progress towards change.

Expertise

Enlist people with knowledge of the relevant subject matter. By recruiting experts, the team will make better, more credible decisions.

Credibility

Enlist people with a proven record in important organizational accomplishments.
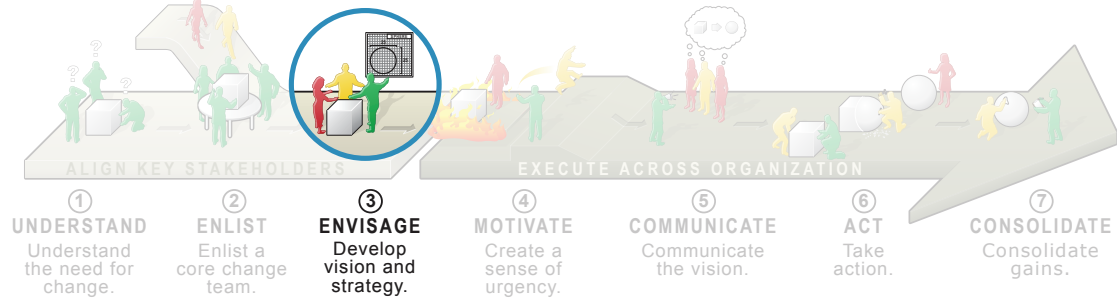
Leadership Skill

Enlist people with the ability to motivate, vision and empower.

Management Skill

Enlist people who can plan and execute.

Develop vision and strategy

Does the concept of vision make you roll your eyes? Does the mere mention of the word make you fear incessant probing into your "deepest values" and "true feelings"? Unfortunately, the concept of vision has been diluted by misuse.

Despite its negative associations, you must create a strong vision to manage change successfully.

A vision is a description of a desired end state. It is a foundation for new strategies and initiatives. It will support your change initiative and help you defend new strategies and tactics. It will help people adjust to change because it provides guidance and coherence in turbulent times.

Be sure your new vision has the following characteristics (source: John Kotter):

Tangible

It has imaginable, concrete attributes. It should convey a clear picture of the future state.

Desirable

It appeals to employees, customers and other important stakeholders. You'll benefit by helping people answer the top-of-mind question, "What's in it for me?"

Feasible and Flexible

The vision must be attainable. In early years, stated goals should leave room for initiative and alternative responses.

Focused

The vision should address fundamental challenges and not the peripheral.

Simple

The vision should be simple enough to explain in five minutes or less.

If vision describes where you want to go, strategy describes how you will get there.

Strategies provide a framework to guide day-to-day operational decisions. A strategy is more detailed than a vision, dealing with issues such as market definition, product/service definition, commitment to certain systems, structures and processes and competitive differentiation.

Develop a good strategic process to develop good strategies. Ensure your strategic process has the following attributes:

Participative

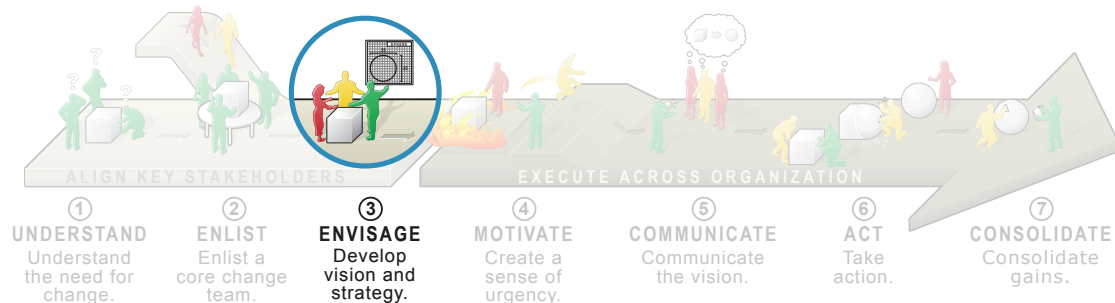The experience, knowledge and judgement of key individuals must be utilized.

Rigorous

Multiple, comprehensive options should be brought up and debated.

Open

Open dialogue on difficult or worrisome issues should be encouraged.

Execute Across Organization

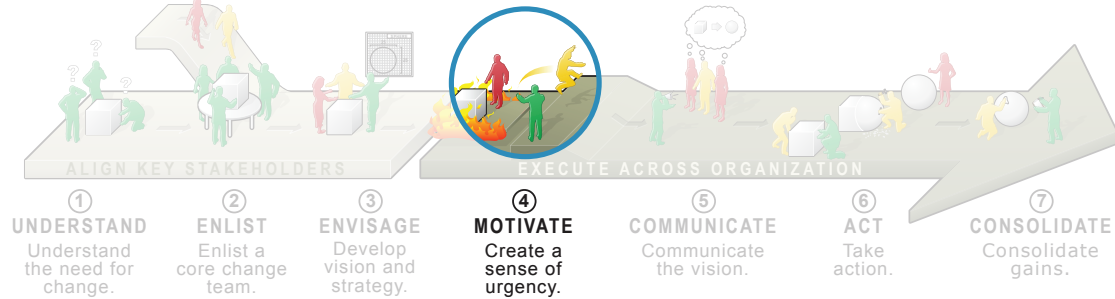|						
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Implementation is your most difficult challenge. Building management alignment on new visions and strategies is an easy task when compared to creating broader organizational alignment.

Your implementation success will depend on the steps you take to help affected employees connect with the new strategic direction and understand their new role.

Motivate change by communicating a sense of urgency and explain the change thoroughly before any action is taken. You will only succeed if you are patient. People must first understand why change must occur before they are expected to adopt change.

Create a sense of urgency

ALIGN KEY STAKEHOLDERS | EXECUTE ACROSS ORGANIZATION

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⑦ **CONSOLIDATE** — Consolidate gains.

Don't underestimate the challenge of breaking employees from their comfortable ways.

Employees crave the security associated with the status quo and tend to discount the significance of new corporate initiatives borne high in the managerial ranks.
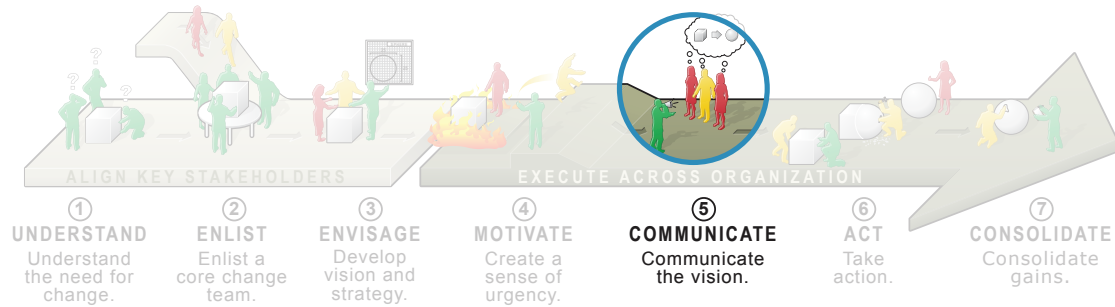
Motivate change by creating a sense of urgency. Help employees at all levels understand the business and personal consequences associated with the status quo. By broadly communicating information that shows a potent external threat, you can overcome barriers to acceptance and motivate change.

You must make this effort in earnest. Most change programs fail at the outset because of a failure to properly communicate the urgency of circumstances. Over 75% of people in a company should be convinced that business-as-usual is totally unacceptable before executing the remainder of the change program.

Use a variety of tactics to create a sense of urgency:

- Share competitive information

- Share financial information

- Organize site visits

- Organize town halls

- Organize behavioural interventions (seminars, workshops)

Communicate the vision

①	②	③	④	⑤	⑥	⑦
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Soon after a sense of urgency pervades the organization but before any action is taken to change systems, structures and processes, communicate the vision to affected employees.

The vision provides a guiding path and a framework for understanding all ensuing change. It will assist employees by promoting clarity despite organizational instability.

When communicating the vision, ensure:

Repetition

Do not explain the vision at one meeting and expect a sufficient employee response. Repeat the vision constantly to help fearful and confused employees understand it and recognize its significance. Use symbols and slogans as aids.

Consistency in Message

Ensure consistency in all corporate communication. More importantly, your actions must always be consistent with the espoused vision. Walk the talk.
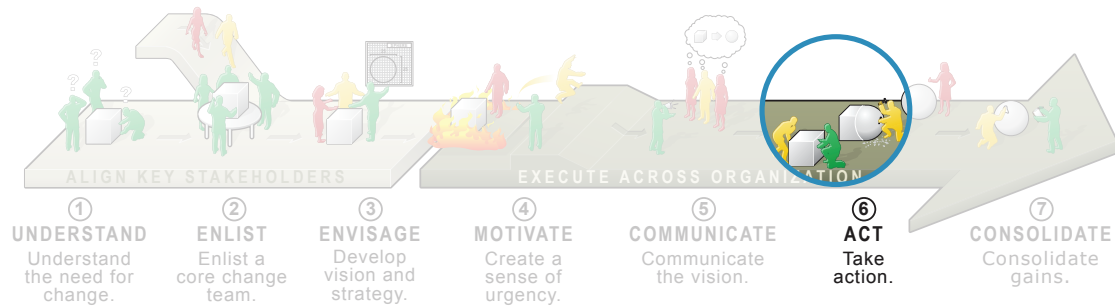
Consistency across Channels

Use a variety of communication channels to broadcast the vision. Use traditional communication vehicles (newsletters, Internet, meetings) and advanced communication channels (behavioural interventions, education and training). Don't overlook chances for one-on-one lobbying.

Connectivity

Craft your message to help employees see "the big picture", including what will be the same and what will be different. Create job-specific communications to help employees see how they can help achieve the vision and how they will benefit.

Take action

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After laying the foundation for action by following the first five stages of the ExperienceChange model you are ready to execute. Take steps to align the formal organization (systems, structures and processes) with the new vision and strategy.

Systems are organizational processes that support the day-to-day operations. There are many systems in a modern organization.

Align systems with the new vision and strategy. Key systems to target include:

Recruitment Systems

The process for hiring new employees (sources and criteria) must promote the attraction and retention of needed employees.

Training Systems

Training systems should stress competencies that support the new vision and strategy. Give employees the tools to succeed.

Performance Appraisal and Reward Systems

Legacy appraisal and reward systems are often inappropriate. Take action to reward new desired behaviour.

Align structures with the new vision and strategy.

Structures are the set of formal arrangements in an organization that define roles and relationships. New visions and strategies commonly demand new structures.

In aligning structures with the new vision and strategy consider:

Filling key positions with the right people

Select strong, execution oriented, individuals to key positions to ensure successful execution. Also, fill key positions with known supporters to send a strong message about commitment to change. If persistent resistance continues from key stakeholders, now is the time to move and remove those roadblocks.

Shifting power between units

Be prepared to address resistance resulting from changes to structure which often raise the prominence of some units while decreasing the prominence of others .

Integration

Promote integration of functional units. Implement integrative mechanisms, such as cross-functional project teams, to promote cross-functional communication and collaboration.

Processes are sets of sequenced activities that produce an output. They define how products become produced, how services get delivered and how information is distributed and used. Process change often involves the introduction of new technology.

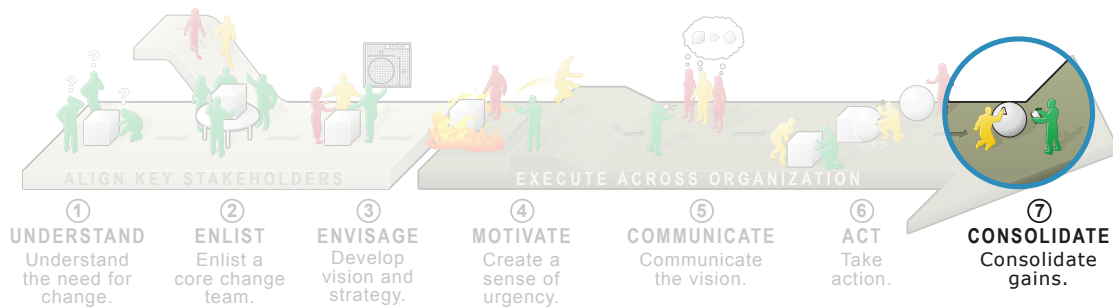When aligning processes, consider:

The technology trap

New technology does not solve problems on its own but, rather, supports integrated change initiatives that begin with new visions and strategies.

Training

Be sure to support new processes with technical training if required.

Consolidate gains

By the time organizations reach the Consolidate Gains stage, the change program has been alive in the organization for some time. Employee stress at this stage is caused less from uncertainty and more from burnout. Employees struggle to maintain motivation despite workload demands caused by the implementation of large projects and the learning of new skills.

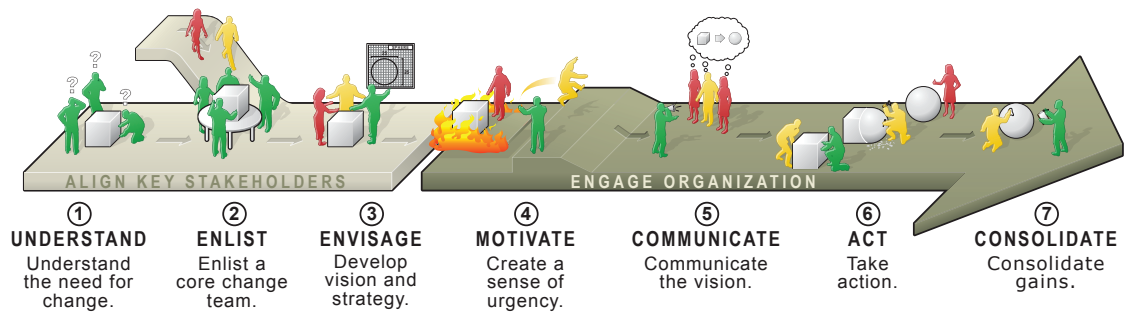At this stage you must work hard to maintain the momentum of the change effort through proper pacing.

Plan for quick wins

Start small. Maintain momentum by celebrating the attainment of realistic short-term objectives before setting tougher goals.

Follow quick wins with new targets

Change implementation should continue until the entire organization is aligned around the new vision and strategy: every system, structure and process must be aligned. Don't celebrate quick wins as absolute victories. Rather, use them to set up the next- more difficult-round of implementation projects.

Are You Ready For Change?

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ALIGN KEY STAKEHOLDERS | **ENGAGE ORGANIZATION**

You are now familiar with the seven stage ExperienceChange model. Use it to develop a change plan that maximizes commitment and minimizes resistance to change.