

Managing Change, Improving Performance

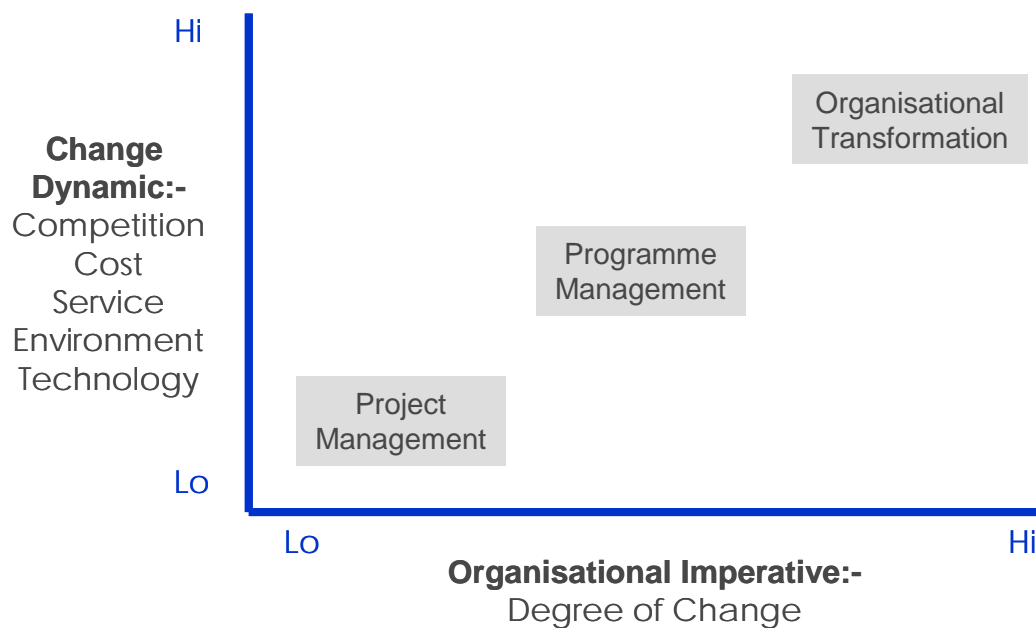
The Change Imperative...

The need to change the way in which the organisation performs, whether it be public or private sector based, for profit or not for profit, is driven by one of the following dynamics:-

- Competition
- Cost
- Service
- Environment
- Technology

We live in a rapidly changing world and the organisation must adapt to survive and remain relevant.

The degree to which the organisation must change is a product of the set of circumstances creating the need for change i.e. competition, cost, service, environment & technology changes. The time available is equally dependant on what has to be achieved and how long the organisation can survive in its current state. These twin variables, namely “degree of change” and “time available” set the organisational imperative and dictate the management approach which should be adopted:-



Hence the following management approaches are suitable in the following circumstances:-

Organisational transformation

- Change Dynamic
 - High level of change in competition, cost capability, service levels, environment, or technology rendering the current business model defunct
- Organisational Imperative
 - Change the business model, strategy, processes, systems, structure, re-train the people

Programme management

- Change Dynamic
 - Change in competition, cost capability, service levels, environment, or technology
- Organisational Imperative
 - Change elements of the business model i.e. strategy, processes, systems, structure, re-train the people

Project management

- Change Dynamic
 - A small change in competition, cost capability, service levels, environment, or technology
- Organisational Imperative
 - Change a single aspect of how the organisation operates i.e. operational processes, structure, train the people

The three approaches are not mutually exclusive but rather a continuum of purpose, approach, style, consultation, inclusion and communication.

Aspect	Project Mgmt	Programme Mgmt	Transformation
Objective	Clear, singular, short term. Quantifiable	Multi-faceted, covering many areas. Some measurable.	Long term goals for organisation
Strategy	Short term tactics defined by mgmt	Long term strategy defined by mgmt	Delineation of the strategy is part of the process
Management Style where change is supported	Participative evolution:- a consultative/collaborative style works where change is small scale and supported	Participative evolution	Charismatic transformation:- a collaborative/consultative style involving an inspiring leader works where change is large scale and supported
Management Style where change is opposed	Forced evolution:- a directive/coercive style works where changes are small scale but opposed	Forced evolution	Dictatorial transformation:- a directive/coercive style where large scale changes face powerful opposition

However, when time is of the essence, for instance in a turnaround situation, then a project management approach and dictatorial management style would be adopted in order to ensure the organisation survived.

Force for Change...

The force for change in an organisation will inevitably meet with differing levels of acceptance and resistance. It's an obvious assertion but none the less vitally important to understand, namely that organisations are comprised of individuals, each of whom will have an agenda and reasons to either embrace the change agenda or oppose it.

Lewin describes this in terms of a "Force Field" of energy:-



The rate and direction of change is a result of the interaction of the forces for change and those against. Which suggests combining strategies of increasing pressures for change whilst reducing resistance to change.

In order to overcome the opponents to change it is necessary to understand the reasons for resistance and devise strategies to address these. Reasons for resistance are either, rational in nature (e.g. I'm uncertain about the change), politically motivated (e.g. this will affect my power base) or emotional (e.g. I'm anxious about coping with the change). Typical reasons include:-

- Uncertainty about the nature of the changes.
- Anxiety over whether the changes can be coped with or absorbed.
- Interpretation of the changes as criticism of existing methods, personnel or performance.
- Reluctance to write off the investment that has been made in existing arrangements, skills, systems & methods.
- Reluctance to give up benefits threatened by the change.
- Belief in the un-workability or impracticality of the changes. Depending on the validity of the belief, this could lead to modifying the change agenda

Understanding the nature of the resistance to change facilitates the development of the strategies for overcoming that resistance.

Strategies for Change...

Strategies for change range from the rational or ethical based approaches to the political:-

Rational or Ethically based Strategies

- Education. Communicating and explaining the nature of and reasons for the change. The earlier it is undertaken, the less the opportunity for rumours and distortions that will complicate the change process.
- Participation. The active involvement of those affected by the changes in the change process.
- Facilitation. Helping those affected by the change to accept and to adjust to the changes i.e. through counselling & training.

Political Strategies

- Negotiation. If there are independent power groupings, some bargaining will be required.
- Manipulation. Withholding or distorting information about the changes to gain acceptance.
- Coercion. The actual or threatened use of force.

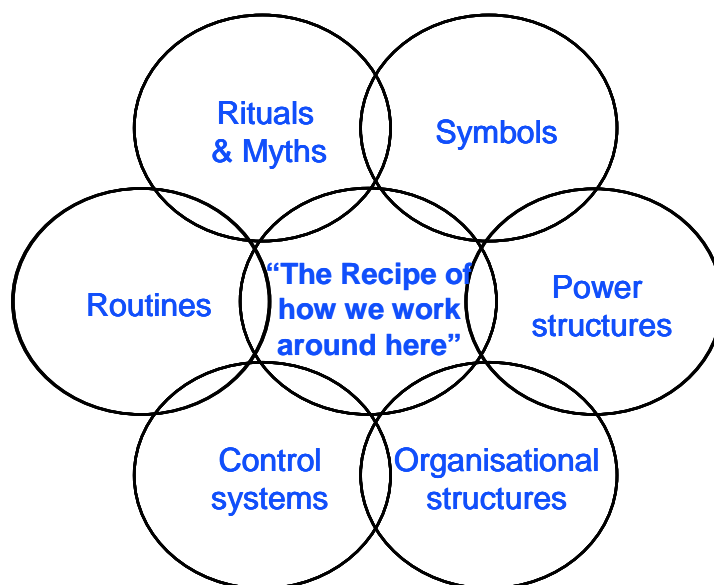
A well managed change programme will include the rational/ethical based strategies before engaging in political based approaches.

Implementation of the change strategy and processes should take account of and be aligned to the organisational culture. For example, if the organisation is bureaucratic with an emphasis on rules & procedures and individuals derive their power base from position and knowledge, then a change strategy would major on communicating the new rules/procedures. Sounds simple, but understanding organisational cultures and how these typically vary between departments is less so. For example, the culture in the Sales & Marketing division maybe somewhat different from that in the Finance department. Hence a mixed strategy maybe appropriate.

Organisational Culture ...

How people work together can have a significant impact on organisational effectiveness and the ability to deliver the change strategy. As often quoted “the way we do things around here” (a concept developed by Mckinsey) can mean the difference between a change strategy well executed and a dysfunctional business.

The “Cultural Web” (developed by Johnson & Scholes) is a very useful analytical tool (amongst others) for understanding the elements of culture. The interaction between organisational structure, control systems, power structures, routines, rituals/myths and organisational symbols creates a unique recipe of how people work together.



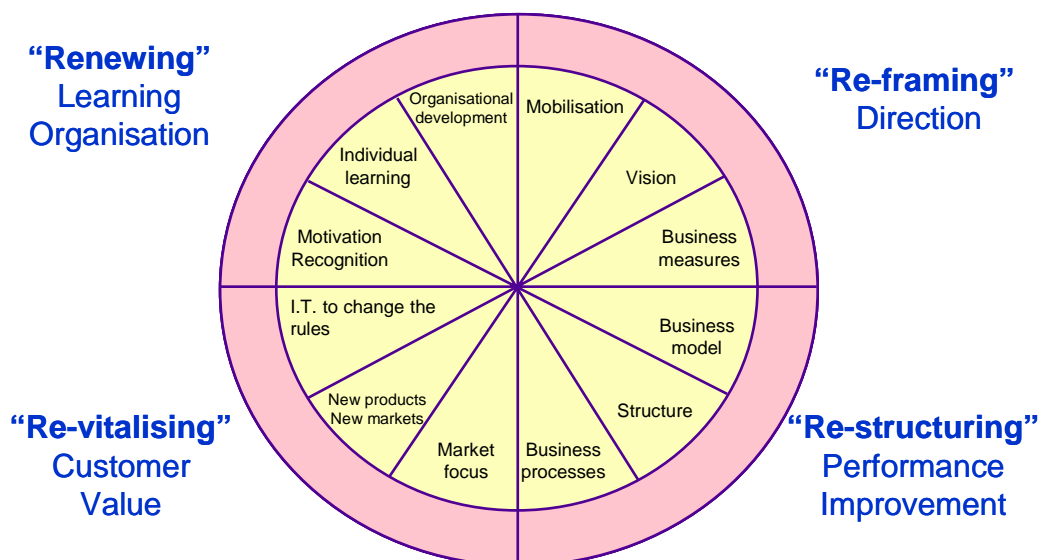
Analysing the cultural impact on the business model would include understanding the responses to these typical questions:-

Cultural Web element	Question
Structures and Systems	<ul style="list-style-type: none"> Does the structure/systems promote collaboration or competition? How is the strategy monitored & controlled?
Leadership & Management Style	<ul style="list-style-type: none"> Core beliefs of the top team and which elements are published? What type of strategy is favoured? What attributes are sought in new recruits? Top teams view of structure?
Rituals & Symbols	<ul style="list-style-type: none"> What behaviour is expected and rewarded? What language is used to describe the business/activities? Attitudes towards key stakeholders?
Stories & Myths	<ul style="list-style-type: none"> Organisational stories and the core beliefs reflected therein? How strongly are the core beliefs held? How pervasive are the beliefs? Do the beliefs relate to the business strengths/weaknesses? Who are the heroes? Do they challenge or conform to the beliefs?

The outcome of the analysis yields important information in terms of which elements of the culture either support or hinder the deliverance of the business change strategy.

The Change Agenda...

The change agenda is unique to each company and will depend on the level of change required and the circumstances surrounding the need to change, as discussed above. However, the change journey, if it is to be effective, will include the following activities (based on the “4r” conceptual model by Guillard & Kelly):-



- Re-framing the company’s conception of what it is and what it can achieve, including:-
 - Mobilising the organisation into action
 - Creating the vision of what it is to become
 - Establishing a set of benchmarks and metrics
- Re-structuring the business to bring it to a competitive level of performance, including:-
 - Create a new business model
 - Re-design the business processes
 - Re-organise the business
- Re-vitalising the competitive scope of the business, including:-
 - Create customer focus

- b. Create new products/services
 - c. Change the product/service offering through the use of IT
- Renewing the ability of the organisation and its people to learn and grow, including:-
 - a. Align the reward structure to facilitate growth and learning
 - b. Create a learning organisation
 - c. Develop the organisations sense of teamwork

The process may well be iterative and not linear. Indeed, companies who have adopted a continuous change agenda will re-visit each segment in a circular fashion.

Implementation – The Principles of Successful Change...

The following principles are to found in every successful change programme:-

1. Plan. Action plans which identify who is to do what, when where and how. The plan should consider difficulties and uncertainties, and ideally include contingency plans. It must also be adequately resourced.
2. Ensure the changes are introduced gradually. Pilot schemes or “early wins” are useful for gaining support, demonstrating success and learning.
3. Integrate different levels of change at the individual, team and business level. Change needs to be encouraged and reinforced by HRM systems, notably training, appraisal and reward.
4. Communication of the changes at an early stage. Include opportunities for participation. When preparing a communication plan, double the number of comms activities and then double it again.
5. Assurances of security for those who might be, or feel, threatened by the change process.
6. Communication of the benefits of the change programme to all concerned.
7. Cultural acceptance of change via HRM policies and procedures.
8. Leadership, particularly through top management being visibly involved in the change process, supporting the changes and providing an example.
9. Persistence. Continually push and don't give up.
10. Continual monitoring of the change programme.

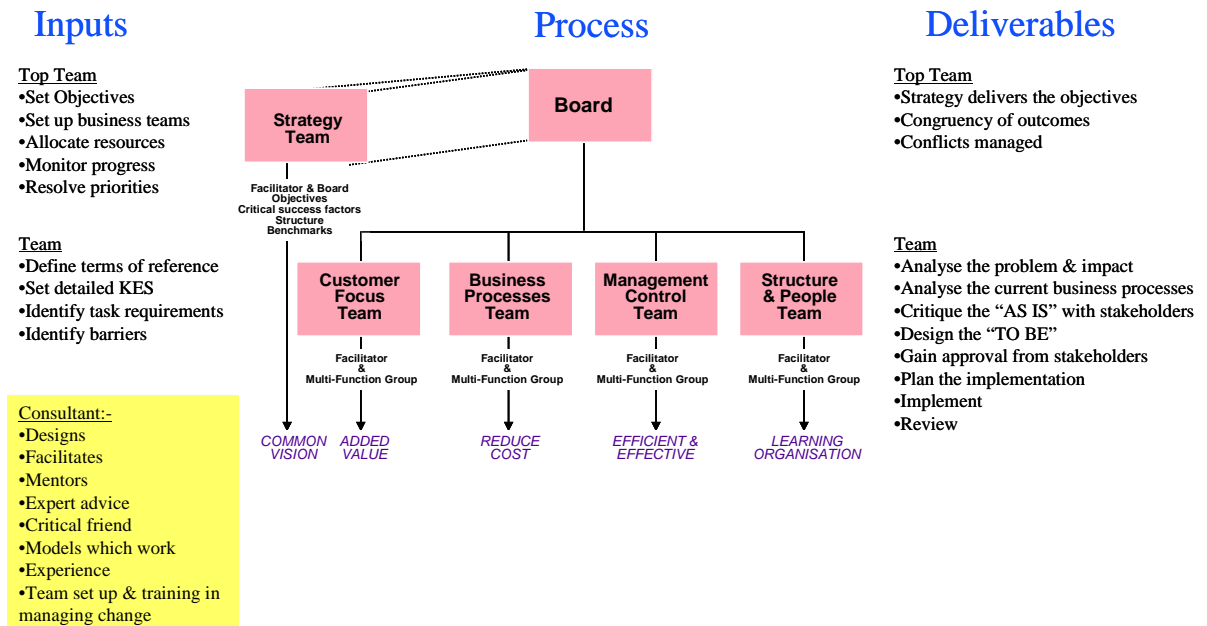
A Change Model – Large Scale Business Transformation...

A large scale business transformation which enjoys popular support within the organisation would typically include the following change model:-

The whole business (or as many people as practically possible via departmental representation) would be involved in the process. The process involves a team based journey of discovery, learning, business analysis, critique, re-design and implementation. During the shared journey the teams unearth the issues and processes which are not fit for purpose, agree on what has to change, jointly re-design the business model and work together to implement the changes.

The process includes the establishment of a change programme which is managed by the board with individual directors championing the delivery of key objectives via a change delivery team. Each team will be comprised of the senior “movers & shakers” in the business i.e. tomorrows leaders. They will analyse the “as is,” critique their findings with the key stakeholders, design the “to be,” plan the implementation of the changes and implement the plan. The whole process is

supported by excellent communications across the business and the involvement of everyone concerned. Typically this might look like this:-



Why Change Programmes Fail...

A number of studies have been conducted over the last 20 years on the success or otherwise of large scale change programmes. Of those studied approximately 50% actually failed. The reasons cited are as follows:-

1. Lack of commitment from the top team. If the top team doesn't actively support the changes, the programme will wither on the vine.
2. Lack of urgency within the organization. Failure to engender a sense of urgency in fellow managers and employees will derail the change agenda
3. Lack of organisational vision. Vision plays a key role in terms of helping to direct, align and inspire actions on the part of large numbers of people. Without a strong vision, direction is lost.
4. Lack of communication. Crucial to capture the hearts and minds of employees who will deliver the change.
5. Permitting obstacles to block progress. New initiatives fail far too often when employees feel disempowered by huge obstacles in their paths.
6. Failure to create short term wins. Without short term wins, too many employees give up or actively join the resistance.
7. Declaring victory too soon. New approaches are fragile and subject to regression. They need to be bedded into the organization and built upon.
8. Neglecting to anchor changes firmly in the corporate culture. In the final analysis, change sticks only when it becomes “the way we do things around here.”

Paul Foord (2009)