

Managing Change

Executive Leadership Workshop
February 2010



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The title "Session Overview - Change" is displayed in white, bold, sans-serif font against a solid blue background. Above this banner is a horizontal strip of images: a group of people in a meeting, a woman smiling, and two hands shaking.

Session Overview - Change

- Personal dimensions
- Organisational drivers
- What is change management?
- Understanding change
- Change models
- Barriers to change
- Leadership responses
- Successful change management
- Review and Planning Session

Personal Dimensions

Reflections on change

- Identify instances
- Our Reactions – how you felt
- Our Reflections – why you felt this way



Chinese Proverb:

“To cultivate trees, you need 10 years. To cultivate people, you need 100 years”

Common Change Drivers

- Competitive uncertainty (i.e. pricing)
- New competitors
- Technology
- Changing Consumer lifestyles, trends
- Increased Employee involvement
- Customer orientation
- Quality conscious
- Faster responsiveness to innovation & change
- Greater autonomy – small units (Harvey & Brown 1996)

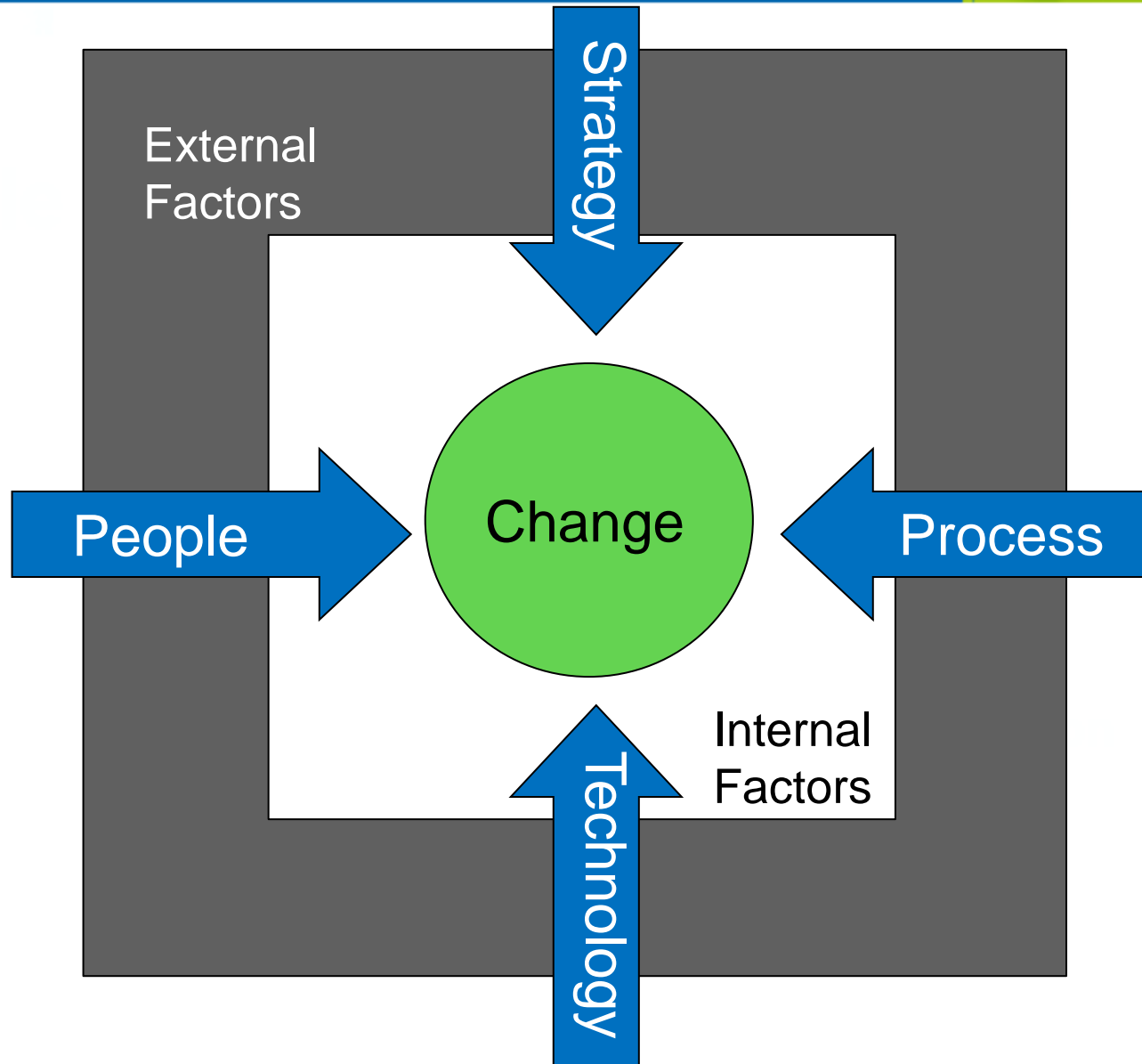
80% of change initiatives fail

- Change IS risky – but is doing nothing really an option?





Change requires a **multi-frame** approach



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What is Change Management?

There are many definitions of change management:

1. the process, tools and techniques to manage the people side of changing systems, structures and behaviours.
2. achieving the required outcomes
3. making effective change within individuals, teams and organisations.
4. a growing body of knowledge about the problems inherent in managing change and how to avoid or manage the issues.

Understanding Change

- Forms of change - proactive and reactive
- Scale and speed
 - Fine tuning
 - Incremental/ evolutionary / developmental
 - Radical / transformational

Influences through history

Historically – management domain through control:
speed, direction, impacts

1940's

Frederick W. Taylor - Taylorism/Scientific Management School, **Efficiency & Productivity** focus through design and execution of tasks

Max Weber – Classical/Structuralist School organisational focus, **Hierarchy, Bureaucracy and Military-like Control** to be well-run

1960's

Chester Barnard – Human Relations School, more cooperative approach emphasising role and significance of **relationships, workplace psychology, teamwork, empowerment and learning**

Influences through history

1970's

Edward Deming and others talked about TQM, **customer-focussed management, continuous improvement**, the quality of product, value chains and generally lean, efficiency focussed entities.

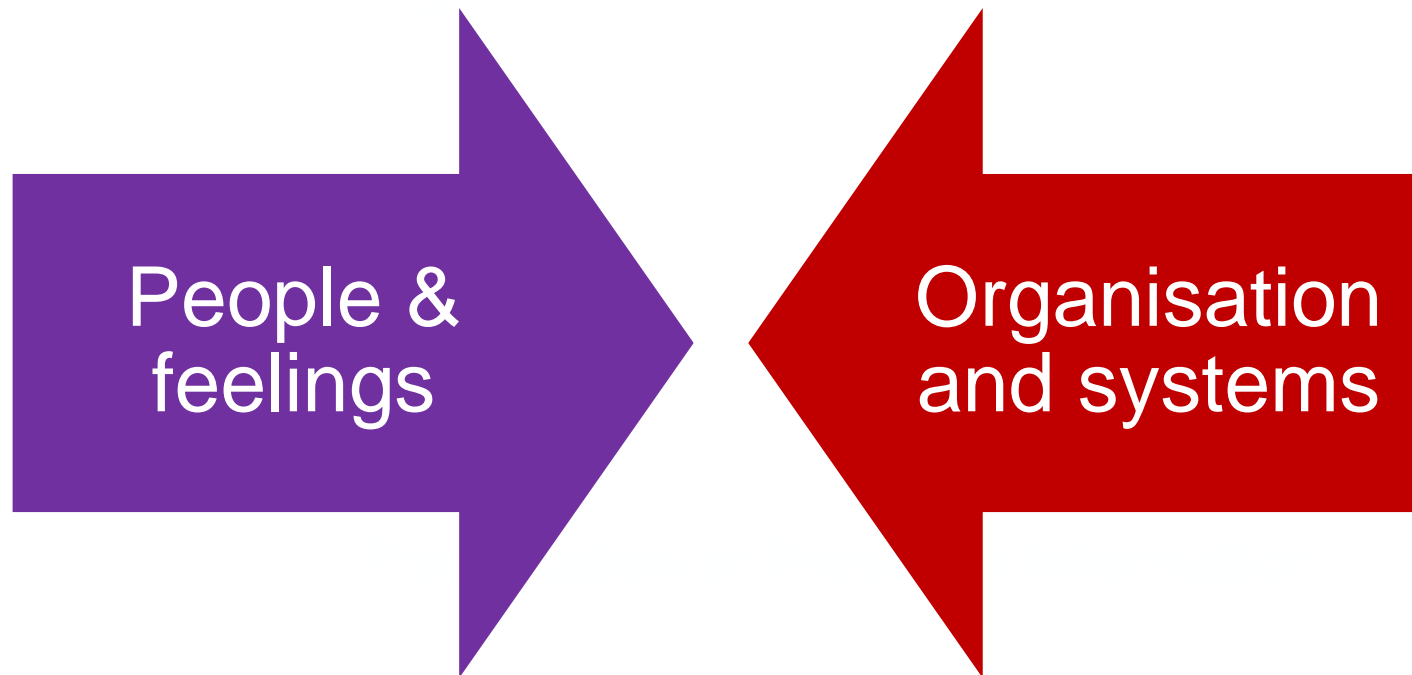
Hammer and Champy argued about **business process reengineering** - radically redesigned business processes, structures and procedures for cutting costs, improving quality/service

1990's

Margaret Wheatley and Richard Koch advocate new science approach in which **complex, adaptive systems** present a new wave of assumptions about how things change in organisations

Contemporary viewpoint

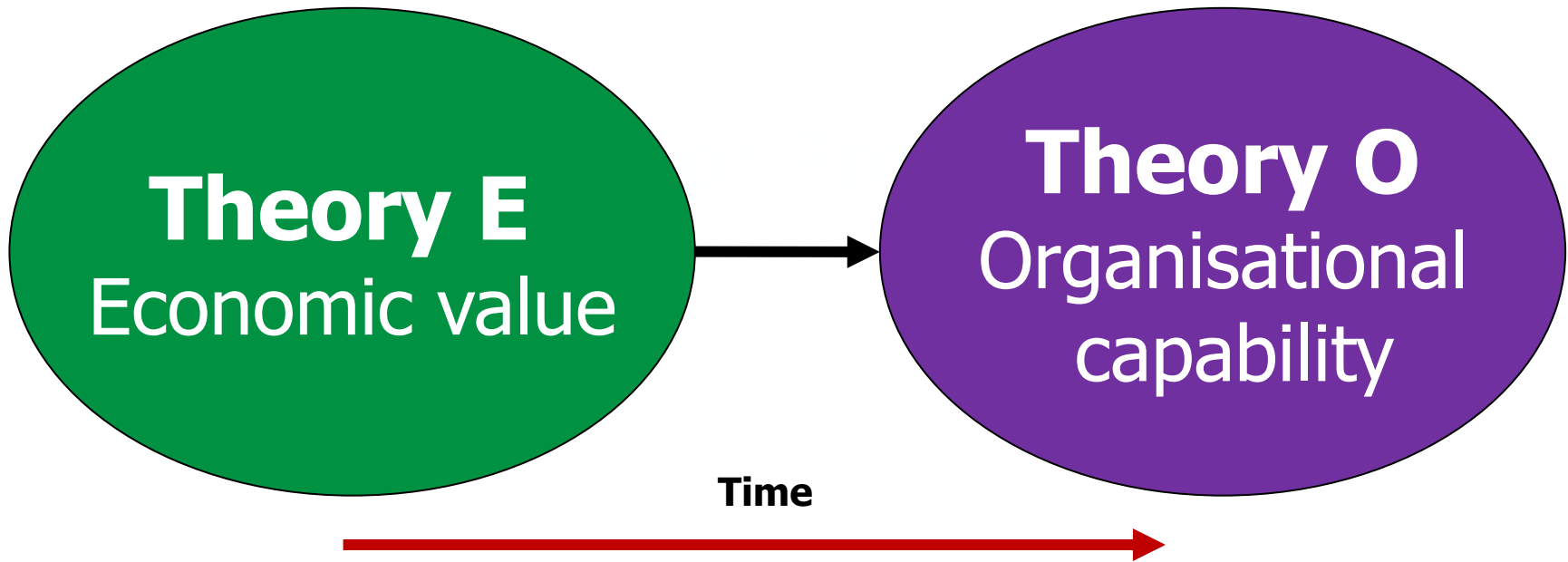
Two main dimensions:



Key: Judging the emphasis required of each



Econ. value & organ'l capability theory:

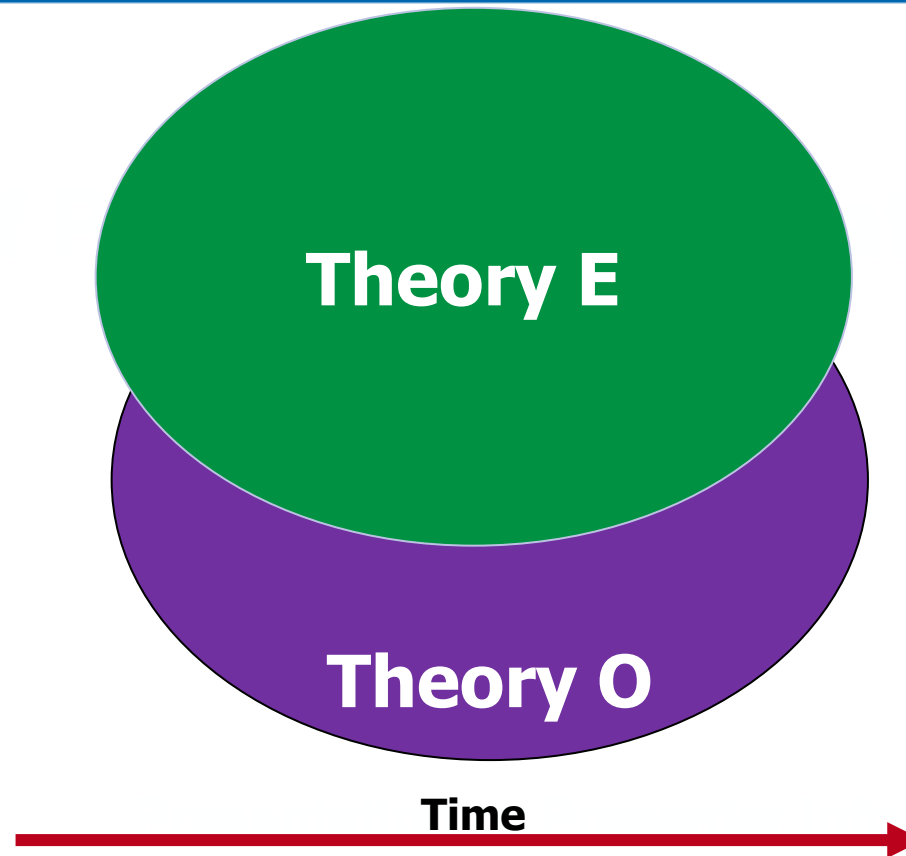


Sequenced change can be easier if you begin with Theory E then follow with Theory O (Beer and Nohria, 2003)





Econ. value & organ'l capability theory:



Combining (rather than sequencing) hard and soft approaches to change can also be a successful strategy



Successful Change Management

Given the Iceberg – successful change management becomes largely a leadership challenge through:

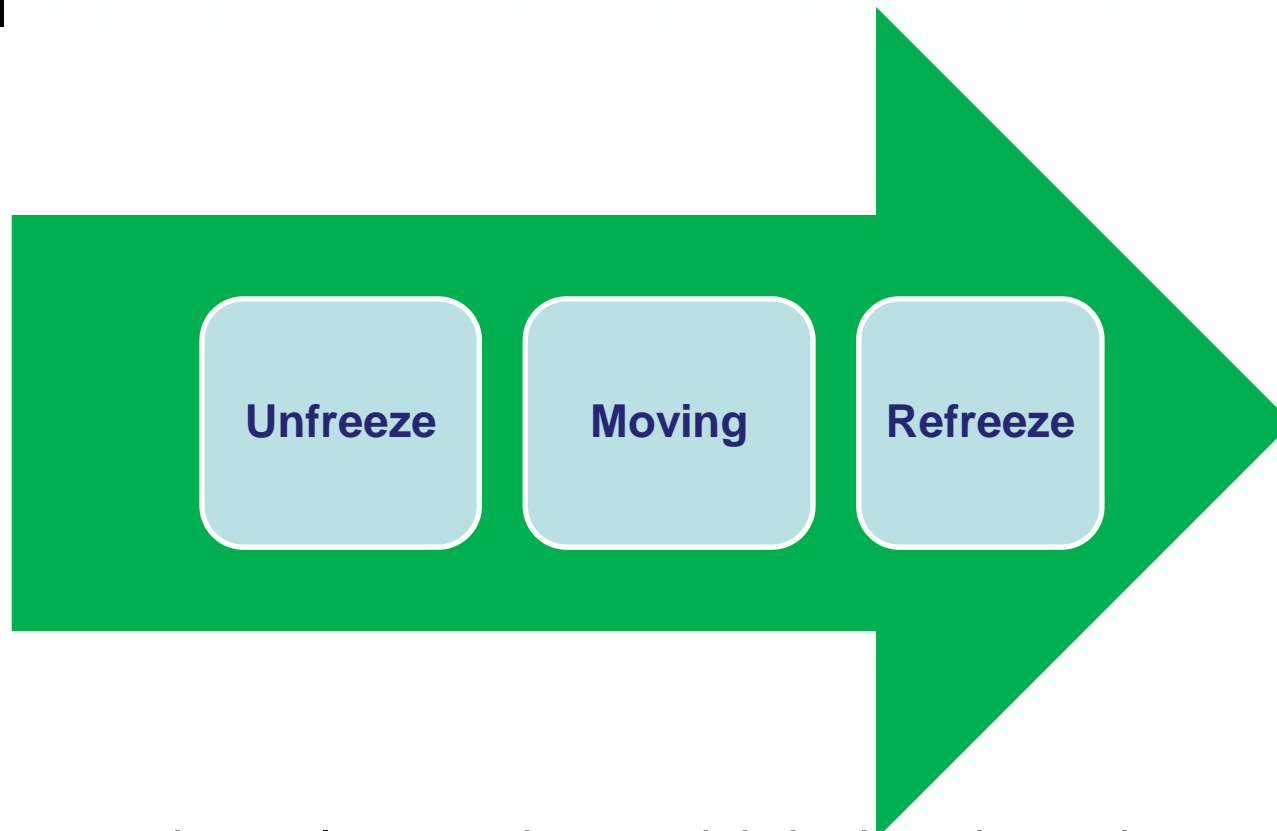
- giving focus to people dimensions
- acknowledge the need to get others involved
- being comfortable with uncertainty
- harmonising within chaos,
- understanding that one can't control the process but can influence the direction.

Learnings from change theories

- View change as a **journey or process**, not an end state
- Address phases of change systematically
- Awareness of barriers and appropriate responses
- Understand the need for lessening control
- Implications for leaders and managers

Change Models

Lewin's (1947) Three Step Planned Change Model



An integrated approach: analyse, understand, bringing about change
Underpinned by principles of democracy and organisational learning.

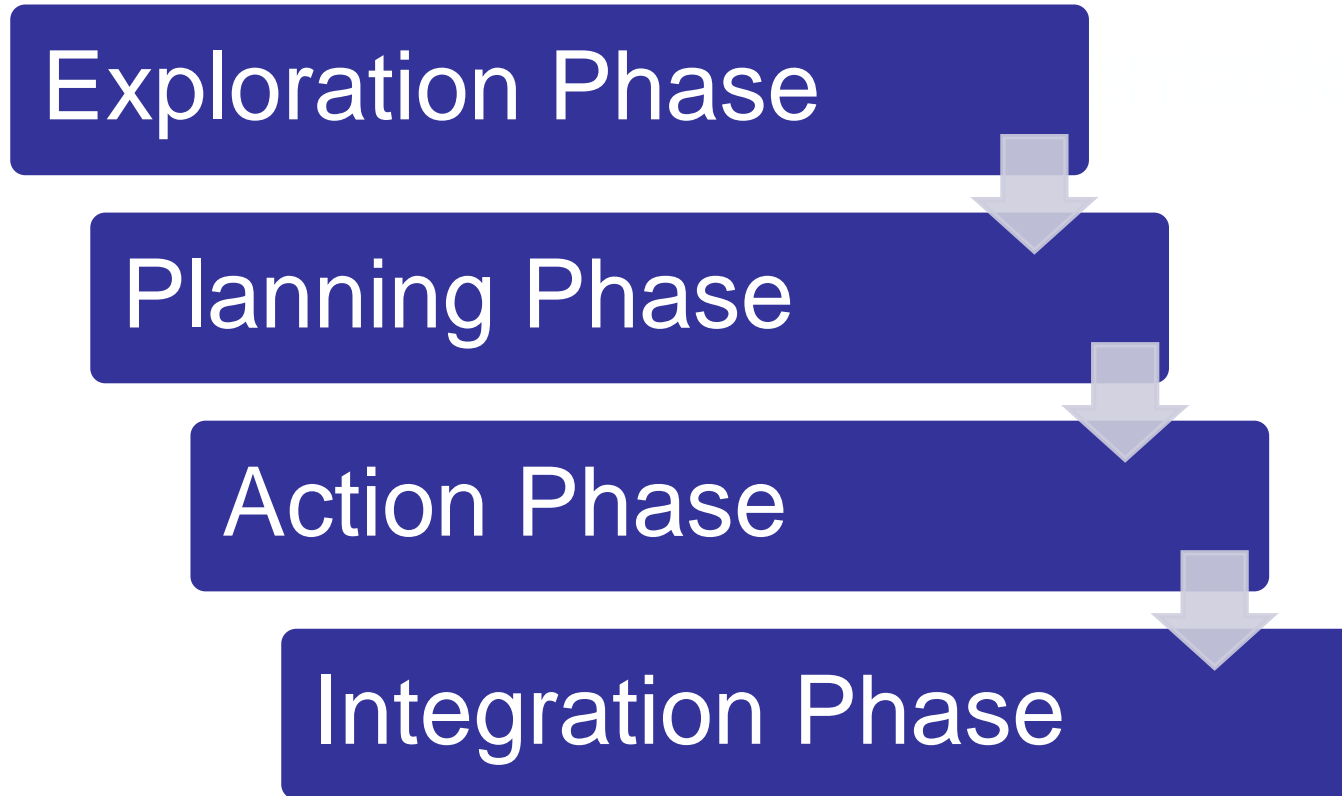
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Bullock and Batten's (1985) 4 Phase Model



Another Planned Change Model



A more directive, less developmental approach than Lewin's Model

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Limitations of Planned Change Models

- Doesn't account for continuous change, mainly discrete and self contained change events
- More suited to top-down, autocratic, rigid, rule-based organisations operating in predictable and controlled environments
- Assumes common agreement can be reached and all parties are interested and committed to change, all problems can be resolved
- Doesn't cater for variations in scale and pace of change
- One size expected to fit all.

- Quinn's (1980) Strategic Change is more about muddling through with purpose: a continuous, evolving and consensus building approach

*"It is not the strongest of the species that survive, nor the most intelligent, **but the one most responsive to change.**"*

Charles Darwin (1809-1882)

Incremental Change Models

Kotter's 8 Stage Change Process



Kotter's 8 Stage change process



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Kotter's 8 step change process

7. Consolidate Gains and Produce More Change

Use increased credibility to change all systems, structures, and policies that don't fit together or new vision

Hire, promote and develop people who can implement the change vision



8. Anchor New Approaches

Create better performance through customer- and productivity oriented behaviour, more and better leadership, more effective management

Articulate connections between new behaviours and organisational success

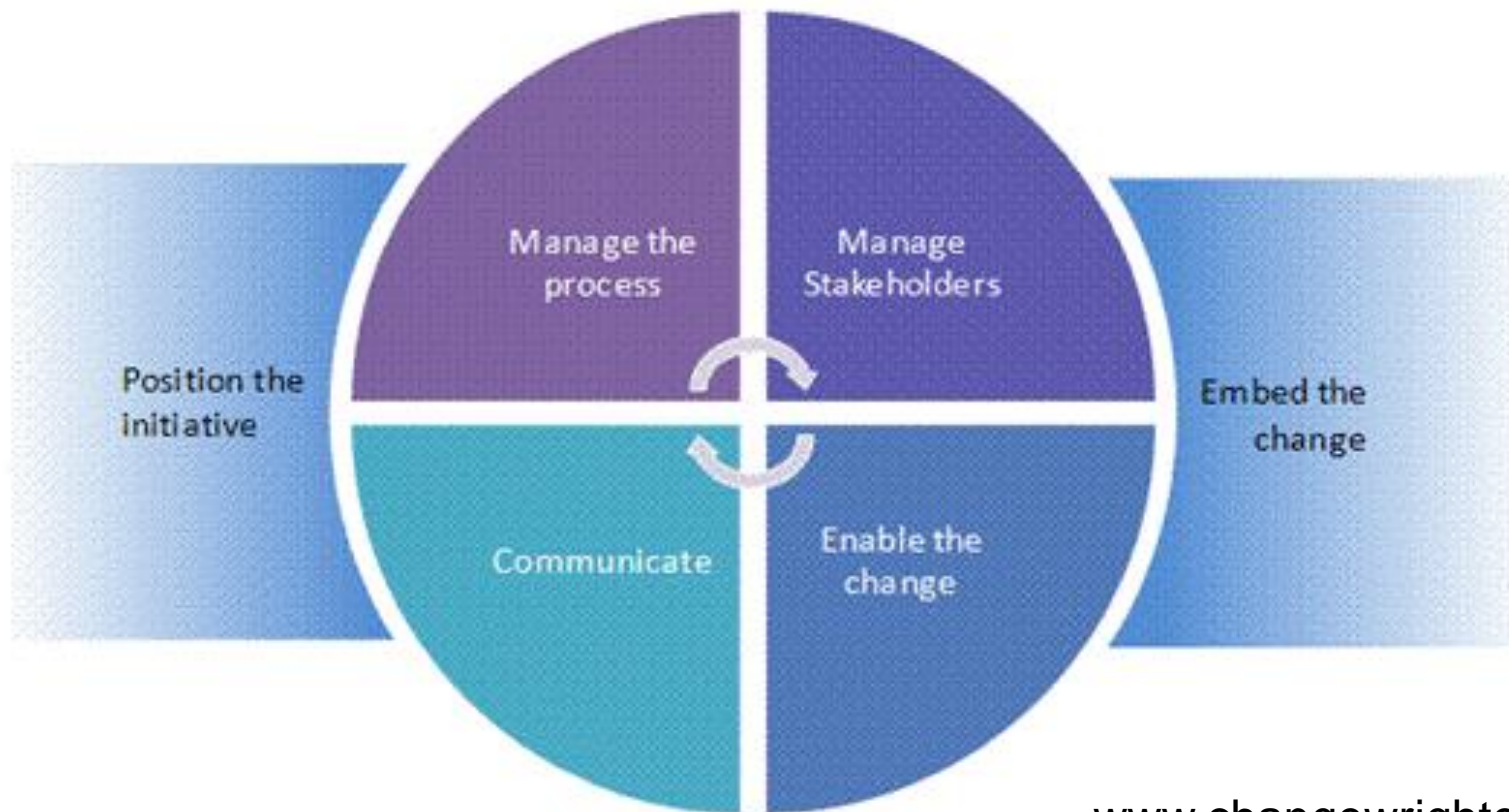
NB: Sequence is important – can't 'skip' steps. Can loop back as required.

Another Model

Prepare

Execute

Sustain



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Change Implementation

Organisational **Transformational** Change - 3 Phases

- Planning & Research phase
- Communication & Implementation
- Evaluation & Review effectiveness

Incremental/Evolutionary Change – 5 Phases

- Justification – research
- Planning
- Negotiation & Influencing key stakeholders (support)
- Communication & Implementation (staged – pilot phase first)
- Evaluation & Review



So, why do change initiatives frequently fail to deliver all that is intended?

Shortfalls

- Expecting people to buy-in to the solution rather than involving people in the problem.
- Blame game (people, bureaucracy, thirst for power)
- Treating the organisations as ‘machines’ with predictable consequences
- Lack of senior and middle management commitment
- Lack of clarity and vision (& specific objectives).

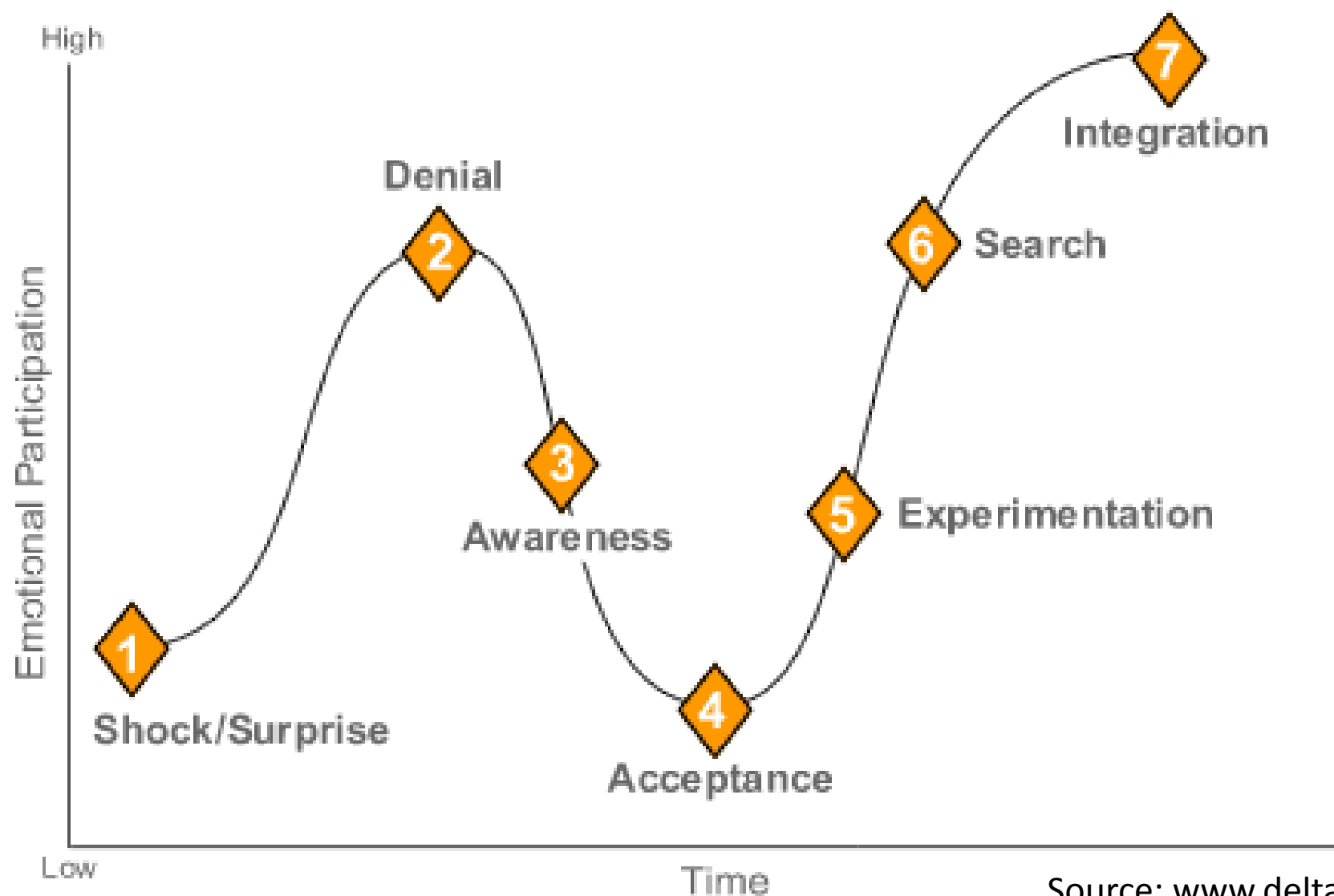
What are some probable barriers to change?

- At Individual level
- At Organisational level

Barriers to Change - individual

- Habit
- Security
- Economic factors
- Fear of the unknown
- Selective information processing

Why?



Source: www.deltaplus3.com

Barriers to Change - organisation

- Inwardly focused cultures
- Paralyzing bureaucracies
- Low level of trust
- Lack of teamwork
- Lack of leadership in middle management



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Implications for 'leaders'

Given phases of change & barriers to change, what are the **implications for leaders and leadership behaviour** at Diversified?

How can such barriers be overcome?

Consider leadership styles

Reframing 'Resistance'

A new perspective:

- Examine root causes – functional conflict is a “+”
- Avoid seeing resisters as ‘the enemy’ and lost cause
- Can serve as warning signal, important issues or people may have been overlooked in stages/phases of change
- Harness the Passion (as Apathy is the real enemy!)

Checklist for leaders of change

Help people deal with **change** – handle **transitions**.

Leaders must check:

- ✓ Know what and who will benefit/lose by the change
- ✓ Acknowledge the losses
- ✓ Clearly define what is changing and what is not
- ✓ Give information over and over to reinforce the change
- ✓ Find ways to mark and celebrate milestones or have a 'wake' about endings
- ✓ Honour the past & don't denigrate it
- ✓ Have good reasons for change to happen as a necessity for our future. (Bridges, 2003)

A blue banner with the text "Ingredients for successful change" in white, bold, sans-serif font. The background of the banner shows a collage of business-related images: a group of people in a meeting, a woman smiling, and two hands shaking.

Ingredients for successful change

- Clear vision with specific objectives
- Management commitment
- Employee Involvement
- Realistic change program
- Agreed approach to change
- Employee involvement
- **Optimism and energy from leaders!**



“Organisations don’t change – people do!”