Change Management

There are two kinds of change. First there is change that results from external forces requiring change, and where those required to change have little control over the planning, nature and execution of the changes. Second, there is "planned change" where those directly involved have the opportunity to plan, strategize, implement and control the changes. Of course, often these overlap.

The simple model of change below applies to the second instance, where those involved can have at least some control over the changes, and so can manage change.

Step 1: Determining the Need For Change

Step 2: Preparing a Tentative Plan

Step 3: Analyzing Probable Reactions

Step 4: Making Final Decisions

Step 5: Establishing Timetable

Step 6: Implementing The Change

INVOLVEMENT and PARTICIPATION of all affected parties is critical to change management during all of the change planning and implementation steps.

One of the critical steps involves analyzing probable reactions to the change. By doing so it will enable the change manager to anticipate, and be prepared for resistance or other difficulties.

People's reactions to change are generally NOT logical from an outsider's (ie. manager's) perspective. People react according to their own needs at the time. People differ in the value they place on satisfying different needs, so people's reactions to any change will differ from person to person.

Empathy

Empathy refers to the ability to "walk in another person's shoes", and to have insight into the thoughts, and, more importantly the emotional reactions of individuals faced with change.

Empathy requires that you suspend judgment of another's actions or reactions, while you try to understand them. Sometimes, this will mean reading between the lines of statements made, and almost always it will involve gentle questioning and probing, to clarify what is going on. The goal here, again is to UNDERSTAND, and not judge.

Of course, knowing your employees, understanding their concerns, and developing empathetic relationships with your employees should be NORMAL procedure for all managers. During periods of change, though, it is even more critical.

What is the payoff to the manager for developing empathetic relationships with employees? First, it enables the manager to better anticipate what resistance will occur, and to try to reduce this resistance. Second, it is the manager's basic tool to support the employee and make him/her feel valued by the organization in times where stability is lost. Third, understanding where employees are coming from will help you plan out the degree of participation needed from them, and will give some clues as to how change should be communicated to them. Fourth, building empathetic relationships, builds commitment and loyalty.

In short, showing empathy means listening, listening, listening, asking the right questions, and suspending judgment of the person's fears or concerns. By understanding employees during the change process, the manager should be able to reduce resistance, counter lower morale, and generally face fewer major problems.
Finally, empathy and listening build employees' commitment to the organization, to the manager personally, and, ultimately, to the change, itself.

Communication

Communication is probably THE most important skill that people need to have in order to be effective managers. It is probably the most taken for granted.

In situations of instability, or change, or ambiguity, communication becomes even more important. Poor communication around change issues can:

1. Destroy commitment to an organization
2. Irrevocably damage employee morale
3. Generate huge resistance to change
4. Result in hostility being directed at you
5. Encourage later performance problems.

What is communication?

Unfortunately, some managers believe that effective communication consists of memo sending, or orally telling people what is going on, or what will happen. Passing on of information is only ONE part of communication.

Communication can be simply described as CREATING UNDERSTANDING. In periods of change (as in "normal" times) the manager must not only pass information to employees, but also ensure that it is UNDERSTOOD

CORRECTLY. After all, the manager stands to lose a great deal if information is not understood, as he or she is accountable for the results.

So, keep in mind that communication must be two-way in manner, where the manager may be communicating to employees, but is also soliciting comments from employees about their level of understanding, and comfort around potential changes.

There are four decisions that managers must make around communication in change situations:

1. TO WHOM
2. WHAT
3. WHEN
4. HOW

Participation

When we speak of participation we are talking about employee opportunity to have input, and where possible, control, related to the change process which is to affect them. Apart from participation being critical to building commitment to a particular change, there is a side benefit. When changes are being considered it is often the people on the line that can point out why these changes might not be advisable, or, more importantly, how proposed changes can be improved so they will work.

Participation and input should be solicited (asked for, not demanded) as early as possible in that change process, and through implementation and evaluation.

Tips for structuring participation:

1. Ask for input
2. Seriously consider it and objectively evaluate it.
3. Use those ideas that are good.
4. Reject those that aren't practical.
   Give credit and other appropriate rewards to those who contributed ideas that were used.
5. Convince those whose ideas were rejected that their ideas were considered, and explain why they were not used.

Identifying and avoiding mistakes

Mistake #1

Not understanding the importance of people*.* When change or restructuring fails, it's usually not because of strategy, but because of the "human dimension."

Lesson learned: Organizations don't change. People do -- or they don't. If staff don't trust leadership, don't share the organization's vision, don't buy into the reason for change, and aren't included in the planning -- there will be no successful change -- regardless of how brilliant the strategy.

Mistake #2

Not appreciating that people throughout the organization have different reactions to change.

Lesson learned: Some people are naturally more "change-adept." We need to spot and encourage the early adaptors -- and we need to develop change-adept employee profiles to better understand how to develop these qualities throughout the organization. Change-adept people are naturally happier in their work because they have come to terms with a world that never stays the same. They move with change, rather than fighting it. They are energized by, and actually thrive on, change. The change-adept are not necessarily more competent than their co-workers, but they have distinct advantages in the attitudes they hold and the strategies they adopt. Change-adept professionals build greater resilience and not only survive, but flourish in changing times. There are five factors that determine which individuals deal successfully with change.

1. Confidence. Confident people are self-motivated, have high self-esteem, and are willing to take risks. Quite simply, they know how good they are.

2. Challenge. With any change, the danger of possible reversals coexists with incredible opportunities for personal and professional success. Leaders need employees to be excited by the opportunities in change. When change-adept people are asked for verbal images they associate with change, they acknowledge the stress, uncertainty, pressure, and disruption, but they also emphasize the benefits -- the opportunity, growth, adventure, excitement and challenge.

3. Coping. Some people are naturally more flexible and better at coping with, and adapting to, a complex, fast-paced reality than others. These individuals take charge of change by accepting responsibility and assuming control. To be successful in chaotic times, the trick is not to brace yourself for change, but to loosen up and learn how to roll with it. In your organization, strategies will be planned, announced, implemented, and then-- right in the middle of execution -- they will all too often have to be altered or aborted because of external changes. What leaders need from employees is the ability to commit

to a course of action and, at the same time, to stay flexible enough to quickly alter behavior and attitude.

4. Counterbalance. Those who are most resilient not only have a job -- they have a life. Change-adept individuals compensate for the demands and pressures of business by developing counterbalancing activities in other areas of their lives. They engage in exercise programs and healthful eating habits, they cultivate interests outside of business -- sports, hobbies, art, music, etc. -- which are personally fulfilling, and they have sources of emotional support. Because employees with counterbalance have a life that includes both work and recreation, they handle stress better and are more effective on the job.

5. Creativity. You can easily spot creative people in organizations. They are the employees who are constantly seeking ways to improve products, services, or themselves. Typically, they question rules and regulations, and contribute ideas beyond the limits of their job descriptions -- to other functions, to other departments, and to the organization as a whole. These creative employees solicit diverse opinions that generate new thoughts, and they value any business experience that exposes them to new knowledge and skills

<u>Mistake #3</u>

Treating transformation as an event, rather than a mental, physical and emotional process. *W*e disregarded the wrenching emotional process associated with change -- and when we began to address the emotional component, we underestimated its depth.

Lesson learned: Organizational change can trigger negative emotional reactions such as, denial, negativity, choice, tentative acceptance, commitment. Leadership can either facilitate this emotional process or ignore it -- at the peril of the transformation effort.

<u>Mistake #4</u>

Being less than candid. Under the rationale of "protecting" people, we presented change with a too positive "spin." And the more we "sugar-coated" the truth, the wider the trust gap grew between management and the work force.

Lesson learned: Communicate openly and honestly. Today's employees are demanding it. Not everyone will thank you for your candor, but they will never forgive you for anything less. Open and honest communication goes beyond simply telling the truth when it's advantageous. You need a proactive, even aggressive, sharing of everything -- the opportunities, the risks, the mistakes, the potentials, the failures -- and then inviting people in to work on these challenges together.

Mistake #5

Not appropriately "setting the stage" for change. All too often, change was announced in an environmental vacuum, with little reason or rationale for what the organization was trying to accomplish and how this change fits into the corporate vision.

Lesson learned: To prepare employees for success, we must give them pertinent information about how and why the change is occurring. People need to know the vision, goals, and strategy. They need to understand the financial reality of the business and how their actions impact that reality.

Mistake #6

In the case of large scale change, trying to manage transformation with the same strategies used for incremental change.

Lesson learned: Incremental change -- continuous improvement, etc. – is linear, predictable, logical, and based on a progressive acceleration of past performance. Transformation is none of these things. Transformation is a redefinition of who we are and what we do. It's often unpredictable (responding to unforeseen circumstance, challenges and opportunities), illogical (demanding people and organizations change when they are the most successful), and most importantly, in a transformative change, our past success is not a valid indicator of future success. In fact, our past success may be our greatest obstacle.

Mistake #7

***Underestimating human potential*.** And when we underestimated potential, we wasted it. This was our worst mistake.

Lesson learned: Trust in the innate intelligence, capability, and creativity of your employees -- and people will astound you. Way back in the Industrial Age, companies squandered immense amounts of human potential on mindless, repetitive tasks and meaningless paper work. It never occurred to leaders in those days that their assembly-line workers had the know-how to go home and rebuild entire car engines, that their "lowly cashiers" easily negotiated complicated bank loans for their families, or that their "pretty little stenographers" were perfectly capable of chairing PTA meetings, managing household budgets, organizing charity drives, sitting on hospital committees or running complex volunteer organizations in their spare time. Today, in the post-industrial Information Age no company can afford to waste human capital so rashly. Every talent, every idea, every skill is needed urgently if companies are to survive. The potential of the work force really is the company's greatest asset.

Resistance to change

A degree of resistance is normal since change is:

- Disruptive
- Stressful

Moreover a degree of skepticism can be healthy especially where there are weaknesses in the proposed changes

However resistance will also impede the achievement of organizational objectives

Four basic reasons why change is resisted

(1) Parochial self interest

- Individuals are more concerned with the implications for themselves

(2) Misunderstanding

- Communications problems
- Inadequate information

(3) Low tolerance of change

- Sense of insecurity
- Different assessment of the situation

(4) Disagreement over the need for change

- Disagreement over the advantages and disadvantages
- Disagreement over how change is being sone

Some negative comments often received on proposed changes:

- "My needs are already being met"
- "There is no justification for change"
- "I don’t like the way they propose to do it"
- "The risks outweigh the benefits"
- "It will now be harder for me to meet my own needs"

Organizational barriers to change

- Structural inertia
- Existing power structures

- Resistance from work groups
- Failure of previous change initiatives

Individual barriers to change

- Tradition and set ways:
- Loyalty to existing relationships
- Failure to accept the need for change
- Insecurity
- Preference for the existing arrangements
- Break up of work groups
- Different person ambitions
- Fear of:
    - Loss of power
    - Loss of skills
    - Loss of income
    - The unknown
- Redundancy
- Inability to perform as well in the new situation

Inappropriate change management

- Change is often resisted because of failures in the way it is introduced
- Failure to explain the need for change
- Failure to provide information
- Failure to consult, negotiate and offer support and training
- Lack of involvement in the process
- Failure to build trust and sense of security
- Poor employee relations

Why change should be welcomed

- Change can produce positive benefits for the individual:
- Opportunities for personal change and development
- Provides a new challenge
- Reduces the boredom of work
- Opportunity to participate and shape the outcome

Six ways of overcoming resistance to change

(1) Education and communication - if people understand the needs for change and what is involved they are more likely to co-operate.

(2) Participation and involvement - to encourage people to feel ownership of the change.

(3) Facilitation and support - listening to the real concerns of people affected.

(4) Negotiation and agreement - agreement and compromise if necessary.

(5) Manipulation - e.g. “buying off” leaders of resistance.

(6) Explicit and implicit coercion - threats where necessary but this is a high risk strategy.

Managing the change

Preparation for change

- Environmental analysis.
- Set out the strengths and weaknesses of the organization

    - Current provisions
    - Resources
    - Roles and responsibilities

- Identify the change required
- Determine the major issues
- Identify and assess the key stakeholders
- Win the support of key individuals
- Identify the obstacles
- Determine the degree of risk and the cost of change
- Understand why change is resisted
- Recognize the need for change, identify current position, devise a suitable method

Building the vision

- Develop a clear vision
- Make it people clear about what a change involves and how they are involved in it
- What is involved
- What is the proposed change
- Why should we do it
- What the major effects will be
- How we can manage the change

Planning the change

- Devise appropriate strategies to introduce change
- Design the change
- Identify the significant steps in the change process
- Discuss the need for change and the full details of what is involved
- Allow people to participate in planning change
- Communicate the plan to all concerned
- Produce a policy statement
- Devise a sensible time scale
- Produce action plans for monitoring the change
- Allow people to participate in planning change
- Get all parties involved in and committed to the change
- Inspire confidence by forestalling problems and communicating regularly
- Devise a sensible time scale for implementation of change
- Anticipate the problems of implementation
- Understand why change is resisted

Implementing the change

- Check on and record progress
- Make sure that change is permanent
- Evaluate the change
- Improve on any weak areas
- Overcome resistance
- Involve all personnel affected
- Keep everyone informed
- Devise an appropriate reward system
- Be willing to compromise on detail
- Ensure that strategies are adaptable
- Select people to champion change
- Provide support and training
- Monitor and review

Two types of change

(1) Step change

- Dramatic or radical change in one fell swoop
- Radical alternation in the organization

- Gets it over with quickly
- May require some coercion

(2) Incremental change

- Ongoing piecemeal change which takes place as part of an organization's evolution and development
- Tends to more inclusive

<u>Techniques to help implement change</u>

- Teams building across units
- Internal communication
- Negotiation
- Action planning
- Change agents or champions of change
- And a certain amount of compulsion manipulation and coercion

<u>Monitor and review</u>

- Adapt as necessary
- Recording and monitor the changes
- Measure progress against targets
- Have the desired results been achieved?
- Has the process been successful?
- How do those affected feel about the new situation?
- What might have been done differently?
- How can those not responding well to the change be helped?
- Sustain the change.- prevent any back sliding

Additional information on this and other planning topics can be located through the RESOURCES section on the main menu.