

Why Change Management?

Studies have shown that return on investment (ROI) or the total value created by a project is directly related to change management effectiveness. Failure to manage how change impacts people, and the associated employee resistance, is the top obstacle to project success. Employee resistance to change is cited as the major and most frequent project obstacle. Applying change management methodology can directly impact:

- **speed of adoption** –how quickly the change is adopted into the organization and how well the project stays on schedule
- **utilization rate** – the overall level of participation and ultimate utilization of the new processes, tools and job changes
- **proficiency** – how employees perform in the new changed environment – are they achieving the expected performance levels?

When these factors are well managed, the return on investment for projects increases and the probability that business objectives are achieved, on time and on budget, also increases. When the people side of change is poorly managed, projects fall behind schedule, fewer employees engage in the change, proficiency levels are lower; projects deliver a lower ROI or in some cases fail completely.



Summary:

Change cannot be managed at an organizational level until you know how to manage change with a single individual. Change management is about helping employees through the change process in order to:

- Accelerate the change within an organization and reduce the disruption on day-to-day activities
- Increase the value recovered or ROI from change projects
- Ensure that projects are on time and on budget
- Increase the organization's change capacity and build change competency within the organization for future change initiatives

The secret to successful change lies beyond the visible and busy activities that surround change. Successful change, at its core, is rooted in something much simpler:

How to facilitate change with one person.

Project “LIFESAVERS”



Successful organizations develop “a culture that just keeps moving all the time”; but, to succeed, they must also have an intimate understanding of the human side of change management — the alignment of the company’s culture, values, people, and behaviors — to encourage the desired results.

Plans themselves do not capture value; value is realized only through the sustained, collective actions of the hundreds — perhaps thousands — of employees who are responsible for designing, executing, and living with the changed environment.

Yet organizations will reap the rewards only when change occurs at the level of the individual employee. Many leaders know this and worry about it. When asked what keeps them up at night, senior management involved in transformation often say they are concerned about:

- how the work force will react
- how they can get their team to work together
- how they will be able to lead their people
- how to retain their company’s unique values and sense of identity
- how to create a culture of commitment and performance.

Leaders that fail to plan for the human side of change often find themselves wondering why their best-laid plans have gone awry. No single methodology fits every company, but there is a set of practices, tools, and techniques that can be adapted to a variety of situations. What follows is a set of guiding principles for change management. Using these principles as a systematic, comprehensive framework, organizational leaders can understand:

- what to expect
- how to be successful during and after the change
- how to manage their own personal change
- how to engage the entire organization in the change process
- how to reinforce the change
- how to build change competency within the organization



I. Understand the Culture and Capacity for Change

Successful change programs pick up speed and intensity as they cascade down, making it critically important that leaders understand and account for organizational culture and behavior at each level of the organization. Companies often make the mistake of assessing culture and change capacity either too late or not at all.

Organizational culture is an amalgam of shared history, explicit values and beliefs, and common attitudes and behaviors. Understanding that all organizations have a cultural center — the locus of thought, activity, influence, or personal identification — is often an effective way to jump-start culture change and to influence project change.

Diagnostics can identify the core values, beliefs, behaviors, and perceptions that must be taken into account for successful change to occur. They serve as the common baseline for designing essential change elements, such as the new corporate vision, and building the infrastructure and programs needed to drive change.

Thorough cultural diagnostics can:

- assess organizational readiness to change
- assess organizational capacity for change
- history of past changes
- bring major problems to the surface
- identify conflicts and areas of resistance
- recognize sources of leadership and resistance

Once the culture is understood, it should be addressed as thoroughly as any other area in a change program. Leaders should be explicit about the culture and underlying behaviors that will best support the new way of doing business, and find opportunities to model and reward those behaviors. This requires developing a baseline, defining an explicit end-state or desired culture, and devising detailed plans to make the transition.



II. Start at the Top

IDENTIFY SPONSORS, CHANGE AGENTS

Because change is inherently unsettling for people at all levels of an organization, when it is on the horizon, all eyes will turn to the senior leader of the organization for strength, support, and direction. The leaders themselves must embrace the new approaches first, both to challenge and to motivate the rest of the organization. They must speak with one voice and model the desired behaviors. The executive team also needs to understand that, although its public face may be one of unity, it, too, is composed of individuals who are going through stressful times and need to be supported.

Leaders and executive teams that work well together are best positioned for success. They are aligned and committed to the direction of change, understand the culture and behaviors the changes intend to introduce, and can model those changes themselves.

CREATE OWNERSHIP

Leaders of large change programs must over-perform during the transformation and be the zealots who create a critical mass among the work force in favor of change. This requires more than mere buy-in or passive agreement that the direction of change is acceptable. It demands ownership by leaders willing to accept responsibility for making change happen in all of the areas they influence or control. Ownership is often best created by involving people in identifying problems and crafting solutions. It is reinforced by incentives and rewards. These can be tangible (for example, financial compensation) or psychological (for example, camaraderie and a sense of shared destiny).



III. Communicate the Message

COMMUNICATION: THE MOST POWERFUL TOOL FOR CHANGE

Too often, change leaders make the mistake of believing that others understand the issues, feel the need to change, and see the new direction as clearly as they do. The best change programs reinforce core messages through regular, timely advice that is both inspirational and practicable.

Communications flow in from the bottom and out from the top, and are targeted to provide employees the right information at the right time and to solicit their input and feedback. Often this will require over-communication through multiple, redundant channels.

DEVELOP, CREATE AND COMMUNICATE THE VISION OF THE FUTURE STATE

Individuals are inherently rational and will question to what extent change is needed, whether the organization is headed in the right direction, and whether they want to commit personally to making change happen. They will look to the leadership for answers. The articulation of a formal case for change and the creation of a written vision statement are invaluable opportunities to create or compel leadership-team alignment.

Three steps should be followed in developing the case:

- First, confront reality and articulate a convincing need for change
- Second, demonstrate faith that the company has a viable future and the leadership to get there

- Finally, provide a road map to guide behavior during the change. Leaders must then customize this message for various internal audiences, describing the pending change in terms that matter to the individuals

INVOLVE EVERY LAYER

As transformation programs progress from defining strategy and setting targets to design and implementation, they affect different levels of the organization. Change efforts must include plans for identifying leaders throughout the organization and pushing responsibility for design and implementation down, so that change “cascades” through the organization. At each layer of the organization, the leaders who are identified and trained must be aligned to the company’s vision, equipped to execute their specific mission, and motivated to make change happen.

- Sponsorship communication is powerful in building change support
- Communicate the case for change
- Communicate the vision of the future state
- Involve every layer of the organization in a timely manner



IV. Address the “Human Side”

Any change or transformation creates “people issues.”

- jobs/roles may be changed
- rumors and confusion will develop
- new skills and capabilities must be taught
- employees may be uncertain and resistant
- there may be a flight risk

Dealing with these issues on a reactive, case-by-case basis puts speed, morale, and results at risk. A formal approach for managing change — should be developed early, and adapted often as change moves through the organization. The strategy should be based on a realistic assessment of the organization’s culture, history, readiness, and capacity to change.

Change is both an organizational journey and a very personal one. People spend many hours each week at work; many think of their colleagues as a second family.

Individuals need to know:

- WIIFM
- how their work will change
- what is expected of them during and after the change program
- what are the risks of not changing

Communication from leaders should be timely and as honest and explicit as possible.

Sanction or removal of people standing in the way of change will reinforce the institution’s commitment.

Most leaders contemplating change know that people matter. It is all too tempting, however, to dwell on the plans and processes, which don’t talk back and don’t respond emotionally, rather than face up to the more difficult and more critical human issues. But mastering the “soft” side of change management needn’t be a mystery.



V. Reinforce the Change

No change program goes completely according to plan. People react in unexpected ways; areas of anticipated resistance fall away; and the external environment shifts.

Effectively managing change requires continual reassessment of its impact and the reinforcement of the organization's willingness and ability to adopt the transformation. Fed by real data from the field and supported by information and solid decision-making processes, change leaders can then make the adjustments necessary to maintain momentum and drive results.