

Change Management

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Change Management White Paper **By Stacy Aaron and Kate Nelson**

Your customers are asking for it. Regulations are requiring it. Your competition is demanding it. As companies try to gain or sustain a competitive advantage, they are constantly looking for ways to work faster, smarter and leaner. Whatever the reason, your organization is likely facing the challenges of change. A strategy that used to last 10 years might work for a year in today's environment. The title of a recent article in FastCompany called "Change or Die" summed it up for most organizations. The competition will sense complacency like sharks sense blood. If you are at rest, you are at risk.

But let's face it. The cards are stacked against us. In 2001, The Hay Group estimated that 70% of all change initiatives fall short of expectations. They found that "people issues" are primary hurdles to success: inability to lead, ineffective sponsorship and teams, management's inability to execute.

Managing Change Effectively

So what about the 30% that do meet expectations? These companies address more than process improvements, technology innovations and market forces. They address people issues as well. Companies good at change understand that goals are met through people. Trying to improve quality? Increase customer satisfaction? Lower costs? Improve processes? Innovate? It's the employees who impact quality of products and services, interact with customers, use resources and create new ideas. A plan is just a piece of paper if no one is willing to follow it and a goal is just a number if no one cares about achieving it.

Companies successful at change have employees who are ready, willing and able for the change. Creating an environment of ready, willing and able employees takes work but it is not rocket science either. These companies recognize that resistance is a natural, expected part of any change and they work to address that resistance. It's human nature to resist change. Some of us are open to new ideas. Some of us take a little longer. There are many reasons employees resist change: fear of the unknown, loss of control, work overload, miscommunication. Some reasons for resistance are legitimate. Companies good at addressing resistance first take time to listen and understand it. They share information and get feedback. They're willing to make adjustments based on that feedback. Understanding and addressing the issues early prevents setbacks later.

So how do successful companies create ready, willing and able employees? Employees are ready because of communication and involvement. Employees are ready when they understand why the status quo won't do. They understand why the change is necessary for the survival of the company. They understand it's a priority. Benchmarking, sharing data and company goals can help make the case for change. For example, what are your quality numbers compared to the competitions? Are you losing market share based on poor quality? Why do the employees have to care? Companies good at change also create temporary work groups and empower employees to make some of the decisions that will affect them.

Employees are willing when they are motivated to work in new ways. They're willing when their job has been redesigned and they see how it fits into the new plan.

They're willing when they are recognized and rewarded for adopting the new ways of working, not the old ways. And, when they are evaluated based on the new business goals and measures. For example, is everyone evaluated on quality? Are employees recognized for making quality improvements? Are there team rewards to encourage groups to work together toward quality improvement?

Employees are able when they have been educated and trained to support the new way of working. For example, do they know how to measure and track quality? Do they have the tools and skills to work as a team to address quality issues? Employees are able when the organization structure supports the business goals, whether it's working in teams or cross functional task forces.

A Process for Managing Change

So how do you actually manage change? A simple model can take you step by step through the activities to manage business change: "Plan, Do, Sustain." Each phase includes two specific stages necessary to the change process. As you move from one stage to the next, just take it step by step - gather information, establish milestones, measure progress.

Plan

The "Plan" phase involves assessing the needs of the organization and developing plans to help people change their behaviors. Proper planning will help you identify the workforce issues related to the proposed change before they impede progress.

The first part of planning for the change is to **Assess Needs**. A critical element to planning is assessing the needs of individuals and the organization. Next, you need to **Develop a Plan**. Customized plans that address the needs of individuals and the organization must be developed in order to change behaviors. The data gathered from assessing needs drives the priorities and actions in these plans.

Let's use an example most of us can relate to. Say.... losing weight. If you were using this model for a personal change such as losing weight, you would first assess your needs. You would figure out how much weight you need to lose, assess your current health status, think about whether you need a personal trainer or a nutritionist. And then you would develop a plan. Maybe you decide that you will go to the gym before work every day, you will take a brown bag lunch to work every day, and that you will change from whole milk to skim.



Do

The “Do” Phase entails launching communications to let people who will be impacted know what you are trying to accomplish and why you are doing it, and transitioning the work to new ways. Effective communication and transition activities will create a receptive environment for change and facilitate a smooth implementation.

The first part of “doing it” requires that you **Launch Communications**. Project team members or the owners of the change need to reach out to others in the organization. By letting people know what’s up at this early stage helps create an environment where change is more likely to stick. Next, you need to **Transition Work**. Part of managing change is transitioning work from old ways to new ways. People must be ready for the change just at the time of the implementation, roles and people must be shifted where necessary, and people need to have the right skills to do what is expected of them.

For your diet, you would set up time with your trainer, let your family know that you are going to need different foods in the house, and possibly join a walking group or other support group. Then you would start your diet. Begin the exercise program, start working with the trainer, and track progress.

Sustain

The most often overlooked aspect of any change project is the “Sustain” Phase, during which your team aligns structures to support the new ways of working and integrates new ways into the business. If the organization fails to sustain new behaviors, business benefits will likely not be realized or they will be short lived.

Sustaining the change requires that you **Align Structures**. Without reinforcing new behaviors, people naturally revert back to old ways of working. Next, sustaining changes requires that you **Optimize Results**. In order to ensure that the changes yield optimal results over time, new behaviors must be integrated into the new way of working.

For your diet, you would get involved in some long term sports groups, become the organizer of a weekly walking group, and compile your cookbook of new low-fat recipes. You would reflect on what worked and did not work for you, and you might even buy new clothes to fit your new smaller size!

You CAN beat the odds and make your change a success. Take it step-by-step. You can get ahead of the competition and proactively move your organization toward the next big thing. Just Plan it, Do it, Sustain it.

Tools for Managing Change

Now that you understand the model, the next step is to understand some specific tools. Change can be managed by using specific tools and processes. Most organizations already use tools to assist in the collection and analysis of data. Organizations have tools for assessing customer needs, tracking finances, managing projects, measuring quality, and determining customer satisfaction levels. There are tools for managing change as well. Change management tools provide a way to collect and analyze data related to people issues

and change. Like many tools, the information gathered from the change management tools can improve decision making and planning.

The Change Readiness Audit tool is great place to start. The Change Readiness Audit helps evaluate the level of organizational readiness for change. How can a tool do that? The tool assists in the collection of relevant data. Like many other tools, the data collected needs to be organized and analyzed to determine readiness.

Change Readiness Audits vary in length and target audience. These audits can have as little as five questions or as many as 30. The audience can be a department, a management team or the whole company. The size and detail of the audit is determined by the scope of the change. The Change Readiness Audit lists a series of questions that can be delivered by written survey, electronic survey, one on one or focus groups. Here are some sample questions from a Change Readiness Audit:

1. Is there a clear vision?
2. Do people understand the need for change?
3. Are leaders willing to commit resources?
4. Is there a way for leaders to demonstrate commitment?
5. Is there adequate participation for people most affected by the change?
6. Are there well trained people with time available to implement the changes?
7. Is there an understanding of how to sustain the change through modifying HR systems (such as staffing, training, appraisal, rewards, communication)?

The Tool: Change Readiness Audit

| | Yes | Somewhat | No |
|--|-----|----------|----|
| Vision and Business Case | | | |
| • Is there a complete and unambiguous vision/future state? | | | |
| • Are employees excited about the future? | | | |
| • Do people understand how the change will benefit customers and stakeholders? | | | |
| • Is there a clear expectation of what successful change looks like? | | | |
| • Is there a clear understanding of the need for change? | | | |
| • Are there consistent and supportive messages from management on the need for change? | | | |
| Engagement | | | |
| • Is there recognition of who needs to be committed to the change in order to be successful? | | | |
| • Is there adequate participation by middle and lower managers in designing the future state? | | | |
| • Are there allowances for ensuring that involvement will not cause undue stress on the organization? | | | |
| • Is there a safe outlet for feedback including reactions, concerns and comment? | | | |
| Leadership | | | |
| • Is there a leadership team that is accountable for the success of the change? | | | |
| • Do leaders demonstrate commitment to the change through actions as well as words? | | | |
| • Are leaders willing to commit resources to the implementation and sustainability of the change? | | | |
| • Do leaders invest their personal time and attention to following through on actions related to the change? | | | |
| Implementation Effectiveness | | | |
| • Are there enough resources to carry out the strategies (people, time and money)? | | | |
| • Are there well trained people with time available within the company to carry out/apply the tools? | | | |
| • Is there a means of measuring successful change? | | | |
| Sustainability | | | |
| • Is there an understanding of how to sustain the change through modifying HR systems (such as staffing, training, appraisal, rewards, communication)? | | | |
| • Have new measurement and reward systems been implemented? | | | |
| • Have new training and development systems been implemented? | | | |
| • Is the organization structure appropriate for the future state? | | | |
| • Does the organization have the skills/competencies to get the job done? | | | |
| • Is there understanding of how to sustain the change among leaders? | | | |
| • Is there a plan for adapting the change over time to shifting circumstances? | | | |

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The goal of using the tool is to uncover problems early. Sometimes, the Change Readiness Audit identifies red flag areas that require more information. For example, if participants think resources are inadequate and leaders aren't committed, these perceptions need to be investigated further. There may be competing initiatives. Leaders may be willing to commit but just haven't been asked to actively demonstrate and communicate their commitment. The tool helps get potentially destructive perceptions and problems out in the open so that they can be addressed.

Once the results of the Change Readiness Audit are analyzed, other change management tools can be used to address problem areas and challenges. At this stage, a Change Management Work Plan should be developed. The work plan should reflect actions that address the relevant issues identified by the Change Readiness Audit. The Change Management Work Plan is a tool for listing change management activities, estimating effort required, assigning responsibility and tracking progress. If the audit uncovered that the people most affected by the change are not participating in the process, include them in some of the work plan activities.

A tool included in many Change Management Work Plans is the stakeholder analysis tool. The tool helps track stakeholder groups. This tool is a place to list all the groups affected by the change and track their current level of commitment to the change. Don't know their level of commitment? Use a Commitment Assessment Tool. If stakeholders aren't committed to the change, tools and processes are available to build stakeholder commitment. Communication plans, communication networks, leadership involvement plans and stakeholder commitment meetings are proven tactics to improve commitment to change. Many Change Management approaches work together to provide a comprehensive approach to identify and address people issues related to change.

Managing change is similar to managing quality or customer satisfaction. Managing change requires data collection, data analysis, and specific tactics to address problem areas and challenges. Change management tools provide a means to collect relevant data that can be used to address employee resistance and organizational barriers. Combined with other project plans, change management tools help achieve desired business results. The next time the organization is changing, think about Plan, Do and Sustain and add some of these proven change management tools to the "to do" list. Make sure your company is part of the 30% that attain their business goals.