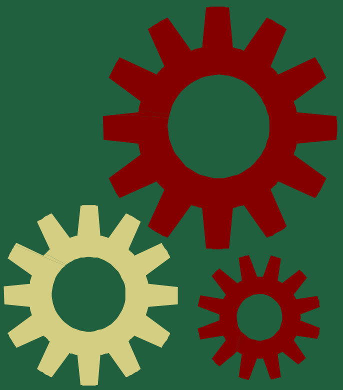
Managing Change in the Workplace

SECOND EDITION

A Practical Guide



Leslie Allan

A BUSINESS Performance Pty Ltd book

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Writing Learning Outcomes

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office@businessperform.com
www.businessperform.com

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About the Author

Leslie Allan has been assisting organizations improve their capability for over 20 years. He has contributed in various roles as manager, consultant and trainer within the manufacturing and service industries, both for public and private sector organizations. Mr. Allan has led and been involved in the full gamut of change programs, including training function start ups, strategic planning, new technology implementations, building relocations, workplace communications and customer focus initiatives.

On the process side, Mr. Allan has helped companies, small and large, improve their process capability. Managing 15 teams for one multinational manufacturer, he led the continuous improvement initiative, forming, training, coaching and motivating the teams to identify, map and improve their processes. His project management and facilitation skills were utilized in another national conglomerate to lead the design and implementation of a comprehensive document management system and the mapping and reengineering of core processes.

On the people side, Mr. Allan has set up and managed training functions for leading multinationals. His achievements include reducing online learning costs by 80 percent and increasing employee course completions by 540 percent. He is also a seasoned instructional designer and trainer, having taught programs in both vocational colleges and industry. Training programs that Mr. Allan has designed and delivered include the full spread, from technical skills training to management and communication skills, team leadership, financial management and career planning.

Mr. Allan is a prolific writer on business issues, with many journal and web articles to his credit. He is also the author of five books on employee capability, training and change management. Mr. Allan currently serves as Divisional Council Member for the Australian Institute of Training and Development and is a member of the Australian Institute of Management and the American Society for Quality.

About BUSINESS Performance Pty Ltd

Established in 2003, Business Performance Pty Ltd provides business and management consulting services globally. The company delivers coaching and consulting services in a range of business areas, from small business, leadership and management, strategic planning and organizational change to employee development and career coaching. All services are provided by highly experienced consultants specializing in their area of expertise.

From its website, Business Performance Pty Ltd also proudly supplies a wide selection of business and management software products designed to make managing organizations easier and more effective. Products featured include tools, templates and guides in the areas of training and employee development, project management, organizational change, career planning, and web development. All products can be purchased and downloaded easily from anywhere in the world from the Business Performance Pty Ltd website at www.businessperform.com.

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1 Introduction

Whether you are part of the executive team, a senior manager or a frontline supervisor, you will have experienced change in the workplace. The rate of organizational change has not abated in the last several years, and may even be increasing. The forces for change are many and varied. Included amongst these is the startling growth of the internet, which is enabling much faster and easier access to knowledge. The rapid and continual innovation in technology is also driving changes to organizational systems and processes. Add to this the increased fluidity of the employment markets as employees move more freely between organizations and the tearing down of international market barriers and it becomes readily apparent why continual change has become a fact of organizational life.

You will either have initiated change in your organization or have been on the receiving end. Most likely, you will have experienced change from both ends. In either case, fear of managing change and its impacts is a leading cause of anxiety in not only frontline workers, but in managers as well. And it’s no wonder. Most change initiatives fail to deliver the expected organizational benefits. This failure occurs for a number of reasons. The most notable of these are:

- absence of a change champion or one who is too junior in the organization
- poor executive sponsorship or senior management support
- poor project management skills
- hope rested on a one-dimensional solution
- political infighting and turf wars
- poorly defined organizational objectives
- change team diverted to other projects

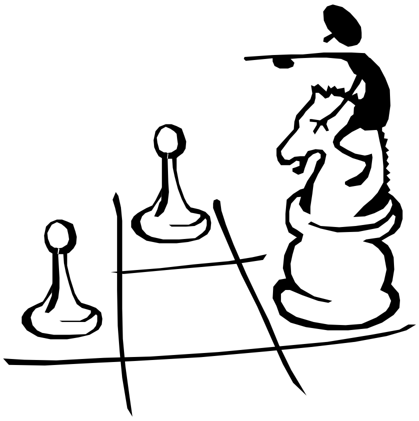
Do you recognize any of these factors in your organization? You would think that with managing change being such an important capability organizations would be doing it well. It appears that managers and supervisors are ill equipped to bring about successful change in their organization. And often bringing in external consultants only exacerbates the problem. As is apparent from the above list of reasons for failure, lack of technical expertise is not the main impediment to successful change. Leadership and management skills, such as visioning, prioritizing, planning, providing feedback and rewarding success, are key factors in any successful change initiative.

This guide is a primer for those executives, managers and supervisors expected to lead or manage successful change. Moving to a new way of working is inherently messy, with the route uncertain and littered with obstacles. Much of the difficulty with bringing about real and lasting change is that many and varied stakeholders are involved and impacted by the process and outcome. And each of these stakeholders has their own aspirations and fears. Expectations of these various constituents will need to be managed all along the way. It is people – thinking *and* feeling people – that will carry through your change, so they will need to be treated with respect and dignity.

The initial section of this guide is designed to help you come to a deeper understanding of the change program in your organization – the forces for change and the nature of your specific initiative. After digesting the next section on the fundamental principles for success, you will then be prepared for a walk through the phases of change. This guide, through a series of practical exercises, will help you plan and manage for each of the six phases of the *CHANGE* Approach – Create tension, Harness support, Articulate goals, Nominate roles, Grow capability and Entrench changes.

As you work through this guide, use the worksheets provided in the appendices to record your thinking and progress. The thoughts and actions you record here will serve as a ready reference as you sharpen up the change initiative you are currently working through. The worksheets are also included in a separate *Workbook* bundled with this guide. The *Workbook* contains all of the worksheets in Microsoft Word format so that you can easily customize the worksheets and reuse them for future change projects. The final sections of the guide explore essential elements of your change program – dealing with resistance to your change initiative, using project management principles and methods to improve your chances of success and building and promoting effective teams.

This guide will not provide you with a magic solution to the many complexities and uncertainties unfolding in your change initiative. However, by adopting the principles and following the structured approach explained here, you will increase significantly your chances of success. I believe that with a little bit of insight and a lot of effort, you will not only alleviate many of your own anxieties, but also much of the feelings of fear and uncertainty of the change recipients who will feel the impact of your actions. Above all else, have a sense of fun as you take people on a journey that you and they will find challenging and personally satisfying.



2 Understanding Change in Your Organization

2.1 Forces for Change

It is little wonder that managers today are averse to being at the forefront of designing and implementing workplace initiatives. The forces for change in many industries are unceasing and unpredictable. Couple this with the fact that many workplace initiatives fail their objectives, leaving employees cynical and burned out, and you can see that your aversion to introducing change is not unreasonable.

Coming to terms with change and appreciating how to use it to your and your organization's advantage begins by understanding the forces for change in today's business and social environment. Sources or causes of change may be considered to be external or internal to the organization. Listed below are some of the more important causes of change in contemporary organizations.

External

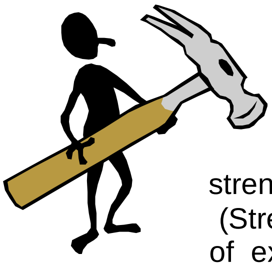
- increased business risk and volatility through dramatic corporate collapses, global terrorism and international epidemics
- globalization of business through increased acceptance of the World Wide Web and reduction in national trade tariffs
- government regulation and deregulation of markets
- greater customer expectations for product and service quality and cost
- greater competition from competitors as quality and cost improve across industries
- shortage of skilled labor
- growing social consciousness over environmental degradation and waste

Internal

- change in composition in gender and nationality of workforce
- rising employee expectations of work-life balance
- change in upper levels of management
- high rates of turnover and absenteeism
- rising employee expectations for greater involvement in decision-making

Which forces for change are predominant in your country? –in your industry? –in your organization? Do some research and write them down now on the worksheet provided in ***Appendix A***.

Over the last three decades, the external and internal forces for change listed above have spurned a multitude of responses. Some of the more prominent of these are Quality of Working Life, Employer of Choice, Total Quality Management (TQM), ISO9000, Business Process Re-engineering (BPR), Management by Objectives (MBO), outsourcing, delayering, lean manufacturing, supply chain management, autonomous work teams, visioning and values, strategic planning, *hoshin* planning, knowledge management, customer charters, mergers, share plans, gain sharing and executive coaching.



Which of these do you recognize in your organization? The first trick in successful change management is to make sure that you are responding to the most pressing external and internal forces. Resources in every organization are limited, so do not waste time and money trying to fix things that are working satisfactorily. Also, look for untapped opportunities in the marketplace or think about how you can capitalize on your organization's under-utilized strengths. A popular tool for this purpose is the *SWOT* Analysis (Strengths, Weaknesses, Opportunities, Threats). There are a number of excellent books on strategic planning available to help you here. ***Appendix B*** includes a *SWOT* Analysis worksheet to help you identify the most beneficial areas in which to introduce change.

You can perform the *SWOT* Analysis on your own. However, if you want to guarantee a much better quality result, involve some key people in your analysis. Gather the people most knowledgeable about the business together and appoint a skilled facilitator. Allow two hours for the session and start by fixing a large sheet of flipchart paper on the wall. Segment the sheet into four quadrants, labeling each quadrant as shown in ***Appendix B***. Starting with *Opportunities* and *Threats*, brainstorm with the group the external forces impacting on your organization. Examples include new markets (opportunity) and regulatory constraints (threat). Next, brainstorm *Strengths* and *Weaknesses*. These refer to the internal capabilities of your organization. Examples here include short time to market (strength) and unreliable information systems (weakness). Once the group has exhausted itself of ideas, develop a consensus on the key factors on which to concentrate for the coming planning period. For each key factor identified, discuss and agree strategic goals and initiatives.

The second trick to developing worthwhile change initiatives is to match the force (or pull) for change with the appropriate initiative. Do not use an initiative just because it worked in someone else's organization. This is a recipe for disaster. The initiative you choose may inflict a lot of pain, so be sure it is worth it before you start and that you are prepared to go the distance. Organizations that have not selected the appropriate strategy are sometimes apparent by the change cycles they go through – outsourcing gives way to insourcing, decentralization to centralization, mergers to divestures, autonomous work teams to rigid hierarchies, and so on.

2.2 The Nature of Change

Before embarking upon a change initiative, it makes sense to think through the nature of the change that you want to introduce, or has already begun, and your overall approach. The following categories will help you in your thinking. As you work through the headings below, write down in summary form in *Part 1* of the worksheet in ***Appendix C*** the attributes of the change program on which you are currently working or are about to introduce.

2.2.1 Scope of change

How far-reaching will the primary impact of the change be? Considering your organization's structure, change may be required in one or more of the following:

- Workgroup encompassing a local group of workers
- Function or Department responsible for an operational or staff support area
- Business Unit responsible for a geographical region or product range
- Corporation encompassing a number of businesses or business units

Your organization interacts with a host of parties outside of your organizational boundary. The scope of the proposed change may encompass these external areas. You may be asking one or more of the following to make changes:

- customers
- suppliers
- competitors
- regulators
- government
- society

Considering the scope of the change will give you an idea of the size of the change task and, hence, its difficulty and resource requirements. The broader the change initiative within your organization, the more complex and resource-intensive the change will be. Consider that it is difficult enough to effect worthwhile change within your organization where you do have some measure of executive control. As the planned change moves out from your own organization to customers and suppliers, to government and to society at large, the change difficulty increases sharply by several orders of magnitude.

Putting in a system of flexible working hours in your department will only involve the administrators and employees in your department and will not consume much by way of resources and time. You will also only need to convince and change the behavior of people local to your department. On the other hand, introducing a "Just-in-Time" inventory management system for your organization will involve employees ranging from frontline workers to senior managers. It will also require changes in the way your suppliers and customers conduct business with you – a much harder task as you do not have direct control over these external parties.

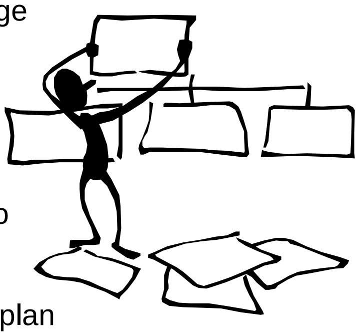
Now consider being part of an action group campaigning your government to introduce daylight saving in your state. You not only will need to motivate your own volunteer workforce, but influence significant stakeholder groups, including government, other political parties and society at large. The time, resources and skill mix required to achieve this will also be a world apart from our more local examples. Think about the scope of your change program now and use *Part 1* of ***Appendix C*** to record your thoughts.

2.2.2 Object of change

Considering the object of change will help clarify for you the most suitable approach to implementation. Identify which of the following will be the subject of your change efforts:

- Infrastructure –such as buildings or transportation
- Systems –such as information, financial, performance and quality management
- People –such as number, skill mix, roles
- Structure –such as reporting lines, functional boundaries
- Culture –such as values, symbols and beliefs

The object of change will, in many instances, encompass more than one object. For example, implementing a state-of-the-art information system may involve changes to the financial accounting system, a new building to house the hardware and training staff in the new processes. It may be said that *all* non-trivial workplace change involves people and culture, as such changes require either extinguishing old behaviors or modifying or introducing new behaviors. And this is where many change programs fail. Workplace change initiatives that meet difficulty target resources towards building new structures, redesigning processes and restructuring organizational units with little or no attention paid to the human element. Appreciating the multi-dimensional nature of successful change efforts will allow you to develop a more sophisticated change management plan that will better anticipate problems before they occur.



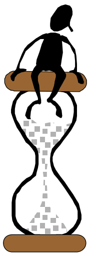
In *Part 2* of ***Appendix C***, write down the major objects of change within your initiative and a short description of the change itself. The important thing here is to recognize *all* of the objects of proposed change and to ensure that your change plan deals with each.

2.2.3 Duration of change

How long the change process will take will impact significantly on the type and magnitude of resources required and the degree of uncertainty in the outcome. For your change initiative, consider how much time will be needed in completing the change process and in seeing its benefits. Will the change be:

- Short –over a period of days or weeks, or
- Intermediate –occurring over a number of months, or
- Long –occurring over a number of years

The longer the project, generally the greater the risk to achieving the change objectives and the more complex the people issues become. For example, changes in culture may require many years to complete and are not for the faint-hearted. Consider also that the length of tenure of CEOs and senior managers has shortened considerably over the last decade. It is not unusual for a change program requiring culture change, such as Total Quality Management, to lapse following the departure of the organization's head. Unless the management team in your organization is relatively stable and you are prepared for the long haul, guard against change programs that require large spans of time.



On the other hand, short ambitious change programs quickly consume significant resources and may not have available to them the skills required at such short notice. Also, expect push back from resisters not wanting to be diverted from the “real work”. Consider the impact that short, resource intensive programs will have on day-to-day operations that cannot stop for the transformation to take place. In *Part 3* of ***Appendix C,*** write down how long you believe your change process will take and the impact that this timing will have on the organization.

2.2.4 Depth of change

Consider how disruptive to normal business processes the change will need to be. Will the change be:

- incremental and linear –such as introducing a new payroll system, or
- transformational and multi-dimensional –such as merging two companies serving different markets

Incremental and linear change is change that is undertaken where one step follows the last in a predetermined and well-anticipated sequence. This type of change leaves the fundamentals of the organization, such as values and vision, relatively untouched. On the other hand, transformational change impacts the organization at a very deep level. Attitudes, values and behaviors are changed significantly for a number of stakeholders and in a variety of ways. Unlike linear change, the outcome of the change process is unclear and not easy to predict.

Upgrading office staff personal computers is an example of incremental change. The steps involved are well known and sequential. Purchasing the software comes before installation, which comes before training. The depth of organizational impact is also low, being restricted to one set of behaviors in one target group; the way office workers use their computers for everyday tasks.

On the other hand, implementing Total Quality Management (TQM) requires extensive involvement of a broad range of stakeholders, both within and beyond the organization; senior executives, supervisors, frontline employees, customers and suppliers. It also requires changes in many deeply ingrained behaviors and attitudes, from leadership to customer focus to teamwork to planning and goal setting. Another feature of transformational change is that a number of sub-programs run concurrently. Training on TQM improvement tools will run at the same time that document management and supplier appraisal systems are set up. Given the complexities and interdependencies of such a transformational change, the exact outcome of the TQM initiative is also somewhat uncertain. Use *Part 4* of ***Appendix C*** to reflect on the depth of your change initiative and what it will mean for your organization.

2.2.5 Direction of force for change

The change activities and detailed outcomes of change in your organization may be determined by management or by the people actually doing the work. Consider whether your change initiative is:

• driven by top management	–in which senior managers set the direction and agenda for change, or
• emerging from frontline workers	–in which employees are empowered to determine their own future

Some changes, of necessity, will need to be more coercive than others. A company that is about to go into liquidation is a good example. In this case, a more collaborative approach will fail for two reasons. Firstly, the company will be out of business before all employees are consulted for their input and group agreement is reached. Secondly, it was the old-style thinking that put the company in the dire straits that it now finds itself. A wrench from the old way of thinking is what the company needs to advance from its present predicament.

Once the emergency has passed, the organization may embrace the second, emergent approach that involves employees in the decision-making. In non-urgent situations where deep organizational changes are required, consider using elements of both strategies, with the general direction led by senior managers and local goal setting and implementation performed by affected employees.

Once again, the outcomes due to change emerging from empowered frontline employees are harder to define and predict. However, top down change carries its own significant risk of frontline employees feeling disenfranchised and resentful.

In considering which approach you will take, some useful questions to ask are:

- If directives are issued, do leaders and managers have the power to compel where there is non-compliance?
- What is the risk of program failure from non-compliance?
- What degree of support does the initiative have?
- Does the organization place a high value on autonomy?
- How urgent is the required change?
- Are volunteers likely to come forward?

A prudent approach in planning your change effort is to consider your default position as consulting, collaborating with and empowering frontline employees. Do not move away from involving employees unless you can formulate a well-grounded business reason for being more directive. In this way, you will gain and maintain trust and commitment. Use *Part 5* of ***Appendix C*** to think through and record which approach you will take and why.

You have now considered the context and the nature of the change required in your organization. Review what you have recorded in ***Appendix C*** before moving on to the next section, in which I summarize the principles underlying successful change.