Managing Organizational Change

Supplemental Guide

An Introduction to Excellence

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SUPPLEMENTAL GUIDE FOR THE OD PRACTITIONER

Understanding Organizational Change

The following is supplemental handout included in this workshop to assist and support the OD Practitioner in understanding the scope and application of OD Intervention Process and Tools and its relationship to the Organizational Change Process. Included in this Supplemental Handout are additional samples of OD Intervention Tools and Techniques developed and used by HOPS International LLC in its global development and organizational change initiatives driving its quest for excellence in the practice of Organizational Development. Samples should not be used without the expressed permission of HOPS International LLC.

Please contact below for additional support, information, or if we may assist you in any manner with design and/or implementation of any Organizational Development or Organizational Change process.

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UNIVERSITY THE MANAGEMENT OF CHANGE
An OD Practitioner’s Perspective on Organizational Change

Change is constant and everywhere. Every day, leaders and managers confront new technologies, rightsizing, new policies and procedures, reorganizations, and shifting duties and responsibilities. Experts expect the rate of change (and the resulting pressure to adapt to it) to accelerate over the next few decades. Failure to rework organizations and individual operating units in response to these changes can lead to sluggish performance and falling morale at best — and complete failure at worst. Unfortunately, people often deal with the need to change much too casually in order to protect themselves from its full implications. However, change is a far too pervasive and complex phenomenon to be taken lightly. Human Resources and Organizational Development practitioners must possess special skills and abilities to lead change efforts effectively. Successful organizational transformations do not miraculously happen — they require a great deal of hard work. They require a prescribed methodology that becomes embedded in the organization.

The Nature of Change

Change is partially about perception: what one person sees as a positive change, another can see as negative. Frequently, people react to change based not only on the outcomes but also on their degree of influence in the change situation. When change seems negative, it is mainly from a perceived inability to predict and control it. People view change as unpleasant when it is unforeseen, its implications are disliked, and when people are unprepared for its consequences. Therefore, control is one factor in the evaluation of change. Influence is another key factor. Personal value is yet another key factor.

Ultimately however, it does not matter whether a change is initially seen as positive or negative or even how many millions of dollars it costs. The critical factor is how disruptive and unexpected the change is to those who are impacted by it. Change is minor when it does not significantly diverge from expectations. But the unexpected can be a major disruption, causing a host of negative reactions, including disorientation, anxiety, and anger. Frequently, when major disruptions impact the workplace, such negative reactions almost paralyze operations. Active involvement, participation, and communication is critical!

The Change Process

Social psychologist Kurt Lewin’s change-process model divides the change process into three stages: the present state, the transition state, and the desired state (see Figure 1). The present state is the status quo. When involved in a change, people move into an uncertain period — the transition state. In the transition state, people develop the new skills, attitudes, and behaviors required for the desired state.
To gain support for major change, the suffering associated with the present state must exceed the emotional and physical costs of the transition state. No one likes to exist in uncertainty and instability for very long. People often revert to the old ways of doing things to regain a sense of control and equilibrium, and in extremely stressful situations leaders and staff yearn for the “simplicity” of the authoritarian model. If the change involves technology improvements, people may intentionally sabotage the effort if they see the suffering to be greater than the benefit of change. To complicate matters, during the transition state, employees must often carry on business as usual while learning new skills, adding to the stress. Therefore, change agents, OD practitioners or others, must establish and maintain a sense of urgency concerning the need for change throughout the entire process. They must continually communicate that making changes is not just a “nice idea” — it is imperative based on valid need, inquiry, and diagnosis. They must answer the questions “why change”?

Frames of Reference

The amount of pain people can endure before moving from the present state into the transition state depends on their personal frames of reference. As unconscious or semi-conscious models of the how the world works, these frames of reference determine expectations and shape experiences as the leader makes sense of new information. This process, in turn, influences the available alternatives when making a decision.

Varying frames of reference within the organization can cause terrible mistakes when implementing organizational change, especially when leaders do not recognize the distinction between their reality and the different reality of their employees. Effectively managing change involves dealing with multiple realities and making decisions in light of how employees at all levels interpret them.

Thomas Edison’s technique for introducing the electric light bulb provides an interesting example of how managing frames of reference can minimize the pain of transition. Because his device was such a radical change from people’s perceptions about the world, Edison believed that people would initially reject his idea. To minimize public resistance, he developed lights that closely resembled the gaslights of the time. In addition to shaping the bulbs to resemble the gaslight flames, he placed fixtures on the walls rather than on the ceiling. When he introduced his innovation, people perceived very little difference from their present state. They moved easily from the present state to the desired state because Edison presented his revolutionary invention in a manner that fit their frames of reference.
Resistance to Change

As noted earlier, resistance to change is a natural reaction to anything causing a loss of control or feeling of value. Most large-scale change efforts run into some type of resistance. Yet, surprisingly few organizations actually assess who might resist the change initiative — and what their reasons for resisting might be. To manage resistance, change leaders must be able to predict what form resistance might take and develop a strategy for effectively dealing with it.

Some people resist organizational change because they perceive a personal loss of something they value (e.g., power, authority, control, or contribution), putting their own interests before those of the total organization. Others resist change only because they do not fully understand its implications and believe the emotional and physical costs of transitioning to the desired state are much greater than the suffering of the present state. Such resistance usually occurs when there is little trust between employees and their leaders. A third reason for resistance is the fear that employees feel that they cannot develop the new skills fast enough. This often comes from non-communication of specific expectations for change. Finally, some employees resist change because they objectively assess the situation differently than their leaders and see more costs than benefits resulting from the change for themselves as well as for the organization. In such situations, leaders and employees have dissimilar or conflicting perspectives and information, resulting in completely different evaluations. And, if the analysis done by employees is more accurate than that of the leaders, resistance is an effective response and can be good for the organization. The OD Practitioner is often challenged in recognizing and responding to such signals for diagnosis.

Dealing with Resistance

Besides underestimating the many reasons employees resist change, leaders of change also underestimate their own roles to positively influence employees during a period of change.

Communication: Communicating with employees before implementing change can often reduce change resistance. Such communication can involve one-on-one discussions, group presentations, facilitation, newsletters, email messages, and reports. This strategy is especially effective when resistance is based on misunderstandings, inadequately shared information, and incomplete analysis. Communication gaps can destroy an otherwise needed change initiative.

Education and Facilitation: When employees resist change because they fear they will not be able to develop the required skills, formal training programs or informal support can significantly increase employees’ ability to adjust to the change.

Participation and Involvement: Involving employees early in the design and implementation of organizational development and change initiatives is one of the most powerful strategies for minimizing resistance — and for gaining early support. Through early participation, employees usually develop a strong sense of ownership that increases their commitment for the planned change.
Negotiation: In order to avoid major resistance, change agents at any level may need to negotiate some “tradeoffs” with those who perceive a significant loss as a result of the proposed change.

Moving From Resistance to Commitment

Commitment to change is the driver of all successful organizational transformation and development. If key participants do not commit to change (i.e., do not devote the time, money, determination, and ingenuity needed to attain the goals of the change), the effort fails. During the change process, people experience a number of stages as they move from resistance to commitment.

1. **Pre-awareness** — Employees sense that something is wrong, but are not exactly sure what. Clear initial communication about why change is necessary and what it should accomplish is the key to advance employees to the next stage.

2. **Awareness** — Employees have a general understanding of needed changes and where the organization needs to be. However, the details of how to get there are not yet clear. Frequent communications that outline the steps necessary to move from the present state to the desired state help employees develop a complete understanding of the effort.

3. **Self-Concern** — Once employees comprehend a change, they are able to evaluate it. At this stage, employees wonder “How will this change affect me?” Avoid making assumptions about how employees might perceive upcoming changes. Leaders need to ask instead. They must use a variety of techniques such as written surveys, interviews, and focus groups to identify employees’ motivation for change. In addition to providing valuable information, these techniques give employees an opportunity to personally contribute to the change process. The more involved they feel in shaping the change, the more easily they can commit to it.

4. **Mental Tryout** — At this stage, employees begin to view the change as inevitable. Concerns shift from “How will this change affect me?” to “How can I make this change benefit me?” Most change efforts require employees to modify their behavior in some manner. They must learn a new skill or change how they perform their jobs. To help them progress through this stage, change leaders must remove obstacles such as a lack of skills or interference from the environment (e.g., lack of time, poor equipment, conflicting policies, and outdated procedures) that block behavior change.

5. **Positive Perception** — Although employees at this stage view the change as positive, they do not yet support it. Even positive changes require a great deal of time, energy, and resources to be successful. As a result, individuals sometimes perceive the cost of the transition to exceed the cost of maintaining the present state. Establishing and sustaining a sense of urgency is crucial at this stage. In addition, change leaders can generate support by enabling employees to experience the change through pilot projects, prototypes, simulations, and training.

6. **Commitment** — When employees decide to support a change in some manner, they move into the final phase of the process — commitment. Although usually a positive
development for most change projects, this stage can amplify organizational problems. For example, many changes become institutionalized when employees face severe consequences for noncompliance. In those circumstances, employees simply “do what they are told” to avoid punishment. Such an environment typically results in a half-hearted and ineffective implementation that fails to produce the desired results. However, when employees are personally committed to a change because it corresponds to their goals and values, they internalize the change and demonstrate a very high overall level of commitment leading to more effective implementation of the change.

An Effective Change Management Model

When Columbus set out from Spain to find a new route to China, he did not really know where he was going, he was not certain how he was going to get there, and he failed to recognize where he was once he landed ashore. Fortunately, Columbus’ dangerous voyage was successful anyway. In today’s fast-paced and highly competitive environment, organizations need a precise understanding of the direction of change, the means of change, and the measures of successful change — or disaster, rather than triumph, is the result.

This section introduces a change management model that enables change leaders and OD professionals to effectively cope with change by identifying where the organization needs to go, by determining the best way to get there, and by effectively measuring results. The model describes a step-by-step process designed to assist those who must facilitate and adapt to rapid changes in their organizations. This Change Management Model should be embedded throughout the organization with training provided for all levels of management. Figure 2 depicts the four major stages of the model: Analysis (Discovery), Planning, Implementation/Communication, and Evaluation/Sustainment.
Phase I — Discovery & Analysis

The first phase in the change management module involves analyzing the current situation and determining what changes need to be made. During this phase, change facilitators should consider how the organization operates today and then they envision how it might operate far more successfully in the future. Usually a gap exists between the present and future along a number of important dimensions:

**Employees and Customers.** The gap may include differences between the way the organization now views and how it should view its employee and customer base.

**Services.** Focus may include changes in the scope and variety of services the organization seeks to provide.

**Business Processes.** The gap between the present and the future may involve the way the organization’s business and operational processes need to change.

**Policies, People, and Reward Systems.** Changes in other dimensions usually generate changes in policies and procedures, the types of people needed for new roles and functions, and the systems and measures necessary to effectively reward them.

**Structure and Facilities.** There may be a gap between the organization’s structure today and its functional structure in the future.

**Technologies.** Rapid technological advances usually produce gaps between the information-based technologies currently in place and those needed to remain effective in the future.
Using SWOT Analysis in Organizational Development & Planned Change

One technique for identifying gaps between “where we are now” and “where we want to be” is the SWOT Analysis (Strengths, Weaknesses, Opportunities, and Threats). Using this technique, change leaders examine organizational strengths and weaknesses as they may apply to planned change as well as any opportunities and threats at each level of change initiative. Below is the beginning of a SWOT analysis for change management with typical questions:

**Strengths:**
- What are our organizational advantages?
- What do we do well?
- What can we do to improve our strengths?

**Weaknesses:**
- What could be improved?
- What is done poorly?
- What should be avoided?
- Do our customers and partners perceive weaknesses that we don't see?
- Do other organizations do better?
- What can we do turn these weaknesses into strengths?

**Opportunities:**
- What are the positive opportunities facing us at various levels?
- What are some interesting trends?
- What changes and demands can we expect over the next few years?
- What can we do to take advantage of these opportunities?

Opportunities, of course, can come from many different sources — such things as changes in technology; changes in policy; and changes in social patterns, demographics, lifestyles, and so forth.

**Threats:**
- What major and minor obstacles do we face?
- What are other organizations doing that affect us adversely?
- Are the required specifications for our vision/mission/goals changing?
- Are customer demands and characteristics changing?
- Are external developments such as economic trends affecting how we operate?
Are technological changes threatening our position?
What can we do to minimize or neutralize these various threats?

After identifying a threat, the change leader should specify the problem (impact) that the threat causes for the organization (e.g., budget cuts cause poor customer service).

**Identify Causes for Weaknesses and Problems**

Often a number of issues and problems surface during a SWOT Analysis. The SWOT Analysis is an excellent tool for identifying what needs to be changed, but it does a poor job of specifying WHY a weakness or problem exists that can impact planned change. Kaoru Ishikawa’s Fishbone Diagram and Simon Majaro’s Why-Why Diagram work well to further define an issue or problem relating to planned change.

**Fishbone Diagram**

The primary purpose of this technique is to identify and list all possible causes of a problem or weakness. This process is called the fishbone diagram because of the unique way in which the information is gathered and arranged visually. When the problem and its causes are recorded, they form a diagram that resembles the skeleton of a fish (See Figure 3). Listed below are the steps for applying this technique:

1. Enclose a short label of the problem in a circle on the far right side of a sheet of paper.
2. From the circle, draw a line toward the left side of the paper, creating a “backbone.”
3. From the backbone line, draw short line stems at 45-degree angles.
4. Generate possible causes of the problem by brainstorming and then write the possible causes at the ends of the line stems.
5. To further breakdown the causes, draw additional lines from each of the cause stem lines, writing in more detail.
6. List simple causes at the head and the most complex causes at the tail end.

The Fishbone Diagram is extremely useful for identifying problems for several reasons:

- It allows problem solvers to easily see all parts of a problem before making any decisions.
- It clarifies relationships between causes and their relative importance.
- It helps to reduce the scope of a problem and promotes the solution of less complex issues first.
**Why-Why Diagram**

Similar to the fishbone diagram, the Why-Why diagram helps to represent the causes of a problem in a clear way. However, the Why-Why diagram moves instead from left to right, with the problem written in a circle on the left side (See Figure 4). Instead of a fish skeleton, this diagram looks like a typical decision-tree with branches of causes and sub-causes written to the right of the circled problem. Problem solvers define causes for the problem statement by asking “Why?”

For example, if the problem is “High Staff Turnover,” asking “Why?” reveals five possible causes: increasing job stress, staffing problems, budget cuts, opportunities elsewhere, and the location. Asking “Why?” again breaks the problem down further by revealing possible causes for the main causes. For instance, increasing job stress may be because of more work (increased workload), complex reporting, and short deadlines.

The “Why-Why” and Fishbone Diagramming techniques both help change agents (OD Practitioners or others) explore a full array of causes related to a problem, without focusing prematurely on just one dimension.
Figure 4. Why-Why Diagram Sample
Explore Solutions

Once a leader or team identifies a weakness, problem, or opportunity for improvement, the next step is to discover ways to fix the problem or take the greatest advantage of the opportunity. Naturally, few issues have only one correct answer or one best approach. Usually, there are arrays of possibilities. Leaders, therefore, typically use a number of techniques for generating ideas for bridging the gap between an organization’s current state and the desired state.

Brainstorming

Brainstorming is such a simple and commonly used technique that many groups start using it unknowingly as soon as any problem arises. Since the purpose of brainstorming is to generate and build upon as many ideas as possible, the main role of a leader is to prevent premature closure and to ward off dismissive criticism. In fact, everyone in the group must be a “no criticism” guardian. Groups can use dry erase board, easels, or large sheets of chart paper to record ideas so all items are clearly visible to everyone. Because the real value of brainstorming occurs when someone thinks of a new idea based on another’s contribution, brainstorming should remain “anything goes.” Everyone should work together to establish an environment that encourages participants to contribute all ideas — no matter how bizarre or “off the wall.”

Affinity Diagram

An Affinity Diagram is particularly useful when a group wants to generate ideas by keeping them ordered or grouped in some way. In large groups or with topics offering many choices, categorizing ideas as they arise can be very efficient. For example, a discussion about how to improve customer service may lead to hundreds of ideas, ranging across many different categories. An Affinity Diagram helps to organize as follows:

1. First, clearly identify the topic for discussion.
2. Next, have participants write down each idea about the topic on separate cards or self-stick notes.
3. Then, spread the notes on a table or up on a wall. Shift the notes around and arrange them in related groups.
4. Finally, as a team, discuss the groupings and the patterns they reveal — and choose the most promising lines of approach for further investigation.
Brainwriting

Brainwriting is a form of silent brainstorming that is particularly helpful when participants are uncomfortable with the speed of brainstorming or when the issue carries some conflict. Each participant divides a sheet of paper into three columns. Then, sitting in a circle, participants write down ideas for solving a given problem in the first column and pass the paper to those participants sitting to their left. Writing in the second column, everyone then builds on the ideas listed in the first column before passing the papers again to the left. In the final round, participants add to the ideas listed in the second column and then pass the papers to the group leader for discussion.

Analyze the Costs, Benefits, and Risks of Making a Change

Once an organization determines the hows, whens, whats, and wheres of change, developmental or otherwise and resolving any problems linked to the planned change, the next step is to conduct a cost-benefit analysis of the proposed changes. THIS IS CRITICAL to ensuring the sustainability of planned change. This process involves describing, in more detail than before, the present state and the effects of the proposed change — identifying the costs and benefits of continuing with the present state, identifying the costs and benefits of making the change, and making a decision about whether to proceed with the change or to maintain the status quo. Such an analysis usually includes:

- A statement about the current state and why change is needed.
- A statement about the desired state and why it is important to reach that state.
- A statement about the proposed change and why it is the best alternative for closing the gap between the current state and the desired state.

In addition, the answers to the following questions help determine if costs and benefits make changes feasible:

- What are the costs for the organization in order to maintain the present state?
- What are the benefits for the organization to maintain the present state?
- What are the risks involved in maintaining the present state?
- What are the costs to the organization to make a proposed change?
- What are the benefits for the organization to make a proposed change?
- What are the risks involved in making a proposed change?
- What can be done to reduce risks? What are some contingency plans for dealing with potential problems?
- What internal and external factors could challenge the success of this effort?
- What economic, political, or cultural factors could affect the success of the proposed change?
Determine the Scope of the Change

Once leaders make the final decision to move forward with a proposed change, they need to fully define the parameters of the change. Defining the full scope of the proposed organizational change involves identifying what people, processes, systems, structures, and technologies are part of the change, and in turn, require some amount of change themselves. Some questions to consider include:

- What systems need to be in place to support the change?
- What workforce management tools or systems may be affected?
- What technologies need changing for an effective implementation?
- What changes in roles, responsibilities, and reporting relationships are required?
- Which current processes support the change? Which do not?
- Do current performance measures effectively evaluate the progress of the change?

Change leaders also need to clarify the amount and extent of the change team’s authority to recommend and take action as needed. For example, can the change team consider new performance measures and reward systems — or is that option unavailable? Can the team consider discontinuing all costly or ineffective programs? Can it make changes in the organizational structure?

When exploring parameters and determining the scope of change, leaders should not confine themselves to one-dimensional changes, which typically generate only modest success. Successful change projects are nearly always multi-dimensional. Usually, a fundamental change in the structure of an organization requires changes in processes and lines of command, changes in the systems and technological infrastructure that support the new configuration, and changes in performance measures and evaluation.

Phase II — Planning

Planning is the phase in which the information gathered in the Discovery & Analysis Phase is used to formulate a plan designed to bring about the desired change. The goal of planning is to translate the change requirements into a detailed, strategically sound plan to accomplish the desired change. The Planning Phase generally involves developing a vision of the change; defining goals, objectives, and strategies to achieve the vision; and developing a work plan that specifies what must be done and when.

Establish a Sense of Urgency

Change leaders must create a sense of urgency to overcome organizational complacency and to gain cooperation and ownership for the proposed change. As stated before, people only become motivated to make major changes when the perceived pain of the present state exceeds the emotional and physical costs of the transition state. Although visible crises help to focus
employees’ attention and usually raise urgency levels, leaders can also successfully initiate major changes during periods of high performance and unprecedented success.

By setting ambitious performance goals and relentlessly bombarding employees with information about impending problems or potential opportunities, leaders can prime employees for additional change.

In his book *Leading Change*, John Kotter presents several ways to increase urgency levels, such as:

- Establish aggressive productivity and customer satisfaction targets employees cannot reach by business-as-usual methods.
- Hold people accountable for broad measures of operational performance rather than just their narrow functional responsibilities.
- Keep employees informed about customer satisfaction and overall performance, especially when measures are lower than expected.
- Communicate honestly about the organization’s problems through a variety of media including company newsletters and presentations. Stop sending messages that “everything’s great.”
- Inundate employees with information about opportunities and the organization’s present inability to take advantage of such opportunities.

**Organize the Change Team**

Because major change efforts are usually very complex endeavors, individual leaders and small functional teams rarely have all the information necessary to make effective decisions. They also do not have the authority, credibility, or resources needed to motivate others to implement changes. To be successful, a team of influential, informed, and trusted managers and leaders need to guide changes. Kotter identifies four key characteristics essential to effective change teams:

- Position Power: Are the right staff members and leaders on board? Can those left out block progress?
- Expertise: Are enough points of view represented so that adequate scope is considered and informed decisions are made?
- Credibility: Does the team have enough influence so that its communications will be taken seriously?
- Leadership: Does the group have the credible leadership necessary to implement the change?
Develop a Vision of the Future

Once a change team begins functioning, its first task is to develop and promote a shared vision of the future. During a change effort, an effective vision serves three vital purposes. First, it clearly sets the general direction of the change. Second, it motivates people to start moving in the right direction, even if the transition seems painful. Third, it helps align the activities of different employees, groups, and operating units. An effective vision:

- Communicates a vivid picture of what the future looks like and why people should work to create that future.
- Speaks to the long-term needs and goals of a variety of stakeholders including employees, customers, administration, the public, and other external stakeholders.
- Involves realistic, but ambitious goals that force people away from a state of complacency and comfort.
- Provides clear guidance on what actions are important.
- Provides enough flexibility to allow for individual initiative and changing conditions.
- Can be successfully explained in minutes, rather than hours.

The following vision statements were taken from industry:

“Avnet will deliver the highest value to our customers, suppliers, employees, and shareholders as the premier technology marketing and Services Company, globally.” (www.avnet.com)

"To be recognized as a customer-oriented, value added, support organization that is diverse and professional and does what is in the best interest of the corporation, while helping our customers to exceed their goals, resulting in a competitive advantage for Verizon." (www.verizon.com)

"People Working Together as One Company for Global Aerospace Leadership." (www.boeing.com)

Creating an effective vision for change should always involve a group of people. However, a good strategy for jump-starting the process is to assign a single individual to develop the first draft. The change team then discusses the original ideas and makes modifications. Although this seems like a simple plan, it takes effective teamwork and a lot of time — sometimes months.
Establish Goals and Objectives

Once the big picture of the desired future state of the organization or operating unit is firmly in mind, the next task is to establish goals and objectives for the change effort. These goals must match the envisioned change and be consistent with the needs uncovered in the Discovery & Analysis Phase. They must be explicit, meaningful, and measurable. They must also consider both the desired outcomes of the project and the actions necessary to achieve goal attainment. Once they are set, they become the road markers on the highway toward the envisioned change.

Information gathered during the Discovery & Analysis Phase may provide ideas on specific goals and objectives for the change program. Other questions to consider when setting goals and objectives are:

- What specific outcomes are expected and desired?
- What should the project achieve?
- What, if any, operational results are expected as a result of this change?
- In what ways will this change benefit the organization?

Identify and Assess Stakeholders’ Positions

Stakeholders are individuals or groups that can influence change — or those who might directly experience the effects of change. Stakeholders can include groups and individuals both within and outside the organization such as:

- **Employees.** Employees always come to mind first when considering stakeholders in a major change effort. To get a clear picture of various perspectives, ask questions such as: Will operations go along with this? How will the frontline employees react to this change? How will other support functions react to these changes? Will anyone feel threatened? Who and Why?

- **Customers.** By asking customers what they need, and just as important, what they don’t need, change leaders can focus their efforts on activities that add value.

- **Sponsors.** A sponsor is an important leader or group that has the power to legitimize and enforce change. Sponsors consider organizational problems and opportunities and support the changes that can meet the challenges most effectively. They essentially decide what changes to support, and then communicate the new direction to the organization.

- **Agents.** Agents are responsible for executing changes. To be successful, agents must be able to analyze potential problems, develop a plan for managing the process, and implement the changes effectively. These are usually line managers.

- **Partners.** Partners who are knowledgeable about the organization bring important resources to the change process. Often, they have important benchmarking information about what similar organizations are experiencing.

- **External Stakeholder (Partners).** When considering changes that may have an impact outside the organization, it is critical to consider external stakeholders and potential reactions to the change effort.
Stakeholder Map

One easy way to identify stakeholders is to make a Stakeholder Map as follows:

- List all the people from whom approval is needed.
- Next, list everyone, individuals as well as groups, affected by the change.
- Rate each stakeholders’ commitment as positive (+), neutral (0), negative (-), or don’t know (?). Imagine being in each person’s place to help with the rating.
- Draw the actual Stakeholder Map (See Figure 5).
  - Use circles to represent stakeholders who are likely to support the change effort.
  - Use triangles for those likely to comply but not actively advocate the change.
  - Use squares for those likely to oppose.
  - Draw nothing around those requiring more information to categorize.
  - Place the stakeholders with the most influence over the success or failure of the change initiative close to the center of the map.

Continue to collect information and update the map throughout the change process.
Evaluate Stakeholders’ Positions

The more change leaders know about stakeholders, the better they can influence and motivate them. Identify their interests and frames of reference and document a specific action plan for bringing each constituency in agreement with the change effort. Generally, stakeholders concern themselves with the following two questions:

1. How does this affect me? Stakeholders evaluate change efforts in terms of perceived wins and feared losses. It is dangerous to make assumptions about how stakeholders might perceive upcoming changes. It is best to ask.

2. What do I think of the people in charge? How well stakeholders relate to the change leaders often determines success or failure. It takes a highly respected and knowledgeable change team to influence and motivate stakeholders throughout the process.

Although written surveys and interviews are good, using focus groups is also an excellent technique for uncovering stakeholder motivation. Such immediate group feedback can often provide both broad and in-depth insight into issues, allowing hundreds of stakeholders to contribute. Naturally, the more stakeholders feel involved in shaping changes, the more prepared they are to commit to such changes.
In addition to focus groups, change leaders can rally support by appealing directly to the self-interests of the most influential stakeholders. By getting highly influential individuals on board early in the process, change leaders build momentum for the change program.

**Identify Strategies for Implementing the Change**

To specify a clear implementation plan, decisions about what, when, where and how this will happen need to be made. The **How-How Diagram** is one effective technique for developing implementation strategies. The **How-How Diagram** can help OD professionals select appropriate interventions.

**How-How Diagram**

A complement to the **Why-Why Diagram**, Majaro’s **How-How Diagram** represents the necessary steps in implementing a solution. Placement of the proposed solution is on the left side of a sheet of paper with the detailed actions on the right in the same decision-tree format as the Why-Why diagram (See Figure 6). With each listed solution, we ask “How?” Questioning “How?” continues with actions becoming more detailed on the right side of the diagram.

![How-How Diagram Sample](image)

**Develop the Work Plan**
After identifying the implementation strategies, it is time to identify in greater detail the tasks needed for the change effort. Change programs can easily fail when significant oversights occur, such as underestimating the costs or time needed for implementation. Therefore, a critical step in the planning phase is the development of a detailed work plan that breaks complicated tasks down into smaller ones. Time and cost estimates on smaller tasks are usually more accurate than on large complicated activities.

**Breaking Down the Work**

For change projects, work is typically defined using three or four levels:

```
Program
  Project
    Task
      Subtask
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Not all change projects need to be broken down to the same level, but such a formal structure helps to avoid missing any steps for critical tasks. Since one rule of thumb is to break down the work to a level sufficient to achieve scheduling accuracy, one effort may take four levels, while another may need only two.

To develop the breakdown structure, brainstorm all the activities involved in the change program. A good start, for example, is to refer to the information identified in a How-How diagram. After identifying activities, order them according to what must be done first, second, etc. Though sometimes order is irrelevant, leaders must carefully identify dependent activities that drive the program’s schedule and timeline for completion.

In a brainstorming session, a change team can write key activities at the tops of large sheets of easel-chart paper and post the subtasks to each (using self-stick notes or markers) and then order them according to time sequence. When identifying activities and tasks, the team should also identify any deliverables (any tangible work products such as documents) associated with the project or task. To easily distinguish activities from deliverables during the brainstorming process, use different color self-stick notes or markers.

After the team identifies tasks and subtasks, individual team members need to accept assignments for the tasks. Then the assigned members estimate how long it takes to perform their tasks. After gathering estimates from team members, one member or the leader enters the information into a scheduling software package (e.g., Microsoft Project) and develops a chart displaying start and finish dates for each task.
Develop Performance Measures and Link Incentives & Rewards

Without implementing proper performance measures, change projects often fail to have a major impact. Task-focused measures make it possible to gage whether an organization is operating according to its overall strategies. However, the most important reason to use performance measures is that they can help initiate targeted changes. Many strategies are conceptual and too broad to provide daily guidance, but performance measures are particular and clear. Performance measures send obvious signals to employees about what is important, especially when there are obvious links to reward and compensation systems.

Choosing Performance Measures

To develop a balanced set of internally and externally focused measures that together effectively describe what is happening in the organization or operating unit as a result of the change, leaders can begin by taking an inventory of the organization’s current collection of performance measures. Then they map them to the organization’s vision and its strategies for achieving the vision. Often, a significant percentage of measures fail to support the current strategies, goals, and objectives — and particularly change efforts. Change leaders should discard any measures that are not relevant or that distort actual achievement.

When considering new measures, leaders should seek input from all areas of the organization — and should develop performance measures for all cross-functional business processes, including staff development programs.

For each proposed measure, develop a brief definition of its purpose and examine each for:

- **Relevancy** — Is the measure directly related to the vision, strategy, and change objectives?
- **Reliability** — Does the measure truly identify strengths and weaknesses clearly and dependably?
- **Self-evident Name** — Does the measure’s name alone express its purpose?
- **Availability of Data** — How easily and inexpensively can the data for computing the measure be collected?

Identify Short-Term Wins

Major change takes time and usually a considerable amount of money. Although true believers generally stay the course throughout, most people want to see strong evidence that the project is improving performance. The last step in the Planning Phase is to identify short-term wins to build credibility for the project over the long term.

Effective short-term wins are highly visible, unambiguous, and directly relate to the change effort. By demonstrating that the sacrifices are paying off and the organization is getting stronger, short-term wins help build momentum for the program. Short-term wins help gather more supporters, and turn passive supporters into active participants.
Phase III — Implementation

During the Implementation Phase, change leaders, with direct support from management, execute the procedures and strategies detailed during the Planning Phase and remove any obstacles blocking progress. Communication of the message of change is critical in Phase III.

Communicate the Change

The first task in the Implementation Phase is to craft the message and communicate the change. Communicating the right message increases the probability of the change effort’s success. Change leaders need to identify exactly what they want their audience to learn from the message, addressing employees’ real concerns and connecting to employees’ shared values. Consistency of message is critical!

Objectives, Concerns, and Values

A common mistake change leaders make when delivering a change message is to deliver the same (or similar) message to key managers, customers, community members, and employees alike. However, each group has different needs, and often it is the employees’ needs that are least met. When delivering a change message to employees, leaders need to rethink the message in terms of what they want the employees to be able to do after hearing the message, such as:

- Understand the overall strategy.
- Fully appreciate the context of change.
- Relate their work to the change.
- Find personal value in the tasks involved in the change.
- Commit to their actions for implementing the change.

While change leaders usually explain the first two objectives (“Understand the overall strategy” and “Fully appreciate the context of change”) clearly, they can be vague about helping employees to visualize their contributions or helping them to perceive personal value in the proposed change. For a message to be effective, change leaders need to directly address employees’ concerns. The change team can identify some of these concerns by brainstorming responses to questions that employees are likely to ask. Frequent questions include:

- Will there be temporary cutbacks in jobs or permanent layoffs?  (If yes, related questions then follow.)
- Why were we allowed to operate in the old way — the wrong way — for so long?
- Is this change related to previous changes — ones that didn’t work?
- What operations and things stay the same?
- How does this change relate to our mission and vision, to our values and commitments?
- In what ways will the organization change in six months?  After a year?
- Exactly how will we personally benefit from the change? Lose from the change?
- What kind of support can we expect to implement the change?
- Precisely what will leaders be doing to ensure that the proposed change really works?

Because employees usually do not express their concerns in large meetings, change leaders need to focus on employees’ concerns when conveying the change message. By openly addressing such concerns, change leaders demonstrate their understanding of the impact of the change. As a result, points of resistance and conflict emerge earlier and may allow a quick resolution or some negotiating. Avoiding such concerns, only postpones problems until later — when, in fact, they may be too big to manage properly.

In addition, one of the biggest concerns among employees is how a change is consistent with the values of the organization, because such values often directly link organizational vision with employees’ contributions. When a change violates traditional operational values, the bond of trust between leaders and employees appears broken. Some of the values employees tend to hold in the context of an organizational change include:

- Everybody’s past experience still counts.
- Our contributions in the past remain important and valuable.
- Our concern is for the good of the organization/operating unit.
- We value each other and encourage each other to succeed.
- Over the years, we’ve learned how to handle major challenges.

Therefore, to be effective, the change message must communicate how the change connects with these values and experiences. It should first reflect on past experience and then move to the present and the future. Frequently, change leaders focus their excitement only on the future and ignore or actually denigrate the past. As a result, they fail to connect to the values that guide employees’ perception of what they do and how they fit in the organization.

Kramlinger’s example of an effective change message shows the right way to begin a change message — by relating a new change with the changes of the past:

You know, this transition we’re going through isn’t all that different from what we have experienced in the past. It’s an inevitable change. Many of you even predicted it. In fact, we based our decision on your input. Furthermore, it’s just like what our founders did during their first downturn and what you yourselves did just last year. This is another opportunity to use the talent and experience we developed at that time.


Only after the leader acknowledges links to the past does the message move to the present and future.

Message-Acceptance Strategies
Other key strategies for enhancing the acceptance of a change message include:

- **Encourage feedback.** Change leaders need honest feedback from their staff about proposed changes. Not only do employees need answers to their questions to work effectively, but leaders need to discover negative reactions as early as possible. By genuinely welcoming negative or even emotional feedback, change leaders show that they are not afraid to confront all the issues involved in the change — which they are truly committed to change “no matter what.”

- **Repeat the message.** Giving the message once is not enough. Leaders need to repeat the message enough times to guarantee that no one forgets the message. Repetition also encourages employees to think: “This change must be real.”

- **Use several different forums.** Besides large group meetings, use informal one-on-one talks, web sites, video conferencing, team meetings, newsletters, posters, email, and so forth.

- **Make the message as visual or hands-on as possible.** The use of charts, models, pilot programs, computer simulations, and other materials and exercises help employees visualize the change. Early experience with the new configuration of processes, tools, systems, and technologies also makes the change “real” to employees.

- **Keep it consistent.** To maintain credibility with employees, change leaders must keep all messages consistent. Inconsistencies confuse and eventually paralyze staff.

- **Assign responsibility for communications.** Since communication is often a full-time responsibility, a change leader should appoint someone close to the action to gather feedback from employees and to answer concerns as they arise.

- **Practice the change.** When change leaders live the change, employees develop trust in the new direction. Change leaders must exhibit both substantive and symbolic behavior that reinforces the new change values.

### Remove Obstacles to Change

Most change efforts require changed behavior from employees — learning a new skill, changing procedures, or just adjusting to fewer resources. Most importantly, change leaders must remove obstacles that block or slow down change. Obstacles include lack of skills (the knowledge and information needed); poor motivation; interference from the workplace environment, from tools, or traditional processes or procedures; lack of clear incentives; and poor or isolated leadership. Questions to consider for such obstacles follow:

- **Skills, Knowledge, and Information**
  - Can present employees learn the new skills needed?
  - Can they also perform related tasks?
  - Do they have all the information required to use the new skills effectively?
  - Do training programs need upgrading?
 **Motivation**
- Do employees see a direct connection between changing behavior and rewards?
- Do they understand the answer to the question: “What’s in it for me?”
- Do employees feel confident about performing the new behaviors?
- Do employees agree fundamentally with the new values and concepts?

 **Environment, Tools, and Processes**
- Will employees be able to immediately apply their new skills?
- Is there adequate time to perform the new skills and behaviors?
- Does the physical setup of the workplace hinder performance? Are all the technologies and pieces of equipment in place?
- Do any internal processes, procedures, or structures impede or conflict with the performance of new skills?
- Do employees have necessary authority to perform the full range of their new tasks?

 **Incentives**
- Are employees really rewarded for performing new skills?
- Or are employees still rewarded (or rewarded more) for behaving as they did in the past?

 **Leadership**
- How frequently do employees receive feedback on the performance of their new skills and behaviors?
- Do managers and leaders model and support the new skills and behaviors?
- Do managers and leaders coach, and directly encourage employees in using the new skills and behaviors?

**Get People Involved in the Change**

Through participation and early involvement in the change program, employees develop a personal sense of ownership that increases their overall commitment to the change effort. Rather than perceiving the change as something that someone is doing to them, they see it as something they had a hand in creating. For example, when the Minnesota Department of Administration faced a major restructuring, change leaders invited state employees to submit project proposals to improve that agency’s performance with three constraints. First, proposals had to promote specific and measurable results. Second, proposals had to use existing resources. Third, the proposals had to use the new concepts that the change leaders encouraged. By getting employees involved, change leaders gained the commitment they needed to succeed. The program, Striving Toward Excellence in Performance, ultimately won national recognition.
Another success involving employee participation is Kodak’s Black & White Film Manufacturing Division. Black & White used improvisation and experimentation to encourage employee involvement. Rather than develop a single vision statement for the division, leaders invited small groups of supervisors and employees to participate. The result was dozens of small visions involving relevant and important performance goals, such as “One Day” for reducing processing time. Not only did employees feel a sense of ownership for these small visions, but the visions also had a direct connection to what they did on a day-to-day basis. Employees could visualize how their performance impacted the success of the organization.

Participation builds understanding. It is a key strategy for overcoming resistance to change. Moreover, employees often have excellent ideas on ways to improve processes and procedures.

**Phase IV — Evaluation and Sustainment**

Change management plans need systematic monitoring to ensure they work as anticipated. Organizations need to conduct evaluations frequently, especially within the first six months of any major change.

**Gather Data**

Systematically collecting data about performance is the first step during the Evaluation and Sustainment Phase. Change leaders need to review the performance measures identified in the Discovery & Analysis Phase of the change process. Has performance improved, stayed the same, or declined? Next, change leaders evaluate the feedback from employees and other stakeholder groups through surveys, focus groups, and individual interviews. Their reactions to the changes should help identify any remaining obstacles blocking progress. Their input about what is working and what is not may be the basis for a change in tactics.

**Refine the Original Approach**

Evaluation almost always leads to refinement at some level. The biggest challenge to refinement and adjustment of the original change plan, however, is to make alterations without disillusioning employees. Modifications must always appear to be a natural outcome of the review process — and employees should expect regular adjustments without thinking that the change plan failed. To make successful modifications and refinements, change leaders must regularly remind employees that refinement and improvement — changes in the plans — are a normal part of the change process throughout.

One key strategy for setting this expectation is the concept of a *learning organization*. A *learning organization* has a greater capacity to learn, adapt, and change than ordinary organizations. Through learning, employees gain the knowledge, skills, and confidence needed to move from the present state into the transition and desired states. In learning organizations, learning is both a product of change and the inspiration for change. Change becomes the norm rather than the exception as employees continuously seek ways to improve performance. As an
organization develops its learning abilities, it becomes more resilient and capable of handling further changes.

**Sustain the Change**

Beyond evaluation and refinement, the final step in the change management process is converting the new strategy, structure, and values into cornerstones of the organizational culture. There are two basic ways to aid this process.

**On-Going Communication**

Because the success of any change effort is still uncertain even at this stage, Change leaders need to communicate every incident that demonstrates how the new way of doing things is superior to the old methods. Leaders must continue to promote all short-term wins. Public recognition and reward for those who demonstrate the new values and behaviors are essential. Change leaders should aggressively seek out small victories and subtle successes, and transform such events into the symbolic stories that reinforce the vision of the new organization.

**Human Resource Practices**

The second way to sustain change is through improved human resource practices. Change leaders and managers must develop policies, procedures, and practices that promote and support the new organizational environment. It is critical that systems for measuring and evaluating performance, compensating and rewarding achievements, selecting and promoting personnel, developing skills and abilities, and socializing new hires align with the change agenda. To ensure success, leaders also need to involve experienced and influential HR people early in the process and make them full partners in the change.

**Leading Change**

Clearly, leading a successful change effort requires energy, courage, vision, and commitment. Many related tasks require constant attention, and setbacks and minor failures are inevitable. So how can change leaders stay on the right road when faced with bewildering forks in the road? In *Champions of Change*, David Nadler offers five guiding principles for planning, implementing, and sustaining major organizational change.

**Ensure Appropriate Involvement** — A major change effort cannot succeed if leaders fail to involve the key people responsible for making it happen.

**Exercise Committed Leadership** — Leaders cannot assign their leadership responsibilities to others. Leaders must actively, passionately, and personally involve themselves in organizational change.

**Provide Valid Information** — Information must be available to everyone involved in making key decisions. Even unlikely information sources need to be available. It also means sharing both good and bad news and always being honest.
Make Informed Choices — Those who orchestrate change through the OD effort or other change methodologies should not rush to closure. They should reserve judgment until a range of alternative solutions emerge from investigations. In change situations, leaders need to actively engage in open discussions about a wide range of alternatives.

Construct Integrated Change — To change complex organizations, change leaders must consider many aspects — overall strategy, new structures, training for staff, altered processes, and new operating environments. For example, redesigning processes involves redesigning jobs and procedures, changing the systems and technologies that support these processes, training people to perform different tasks, and removing barriers to change. Isolated changes, on the other hand, have little chance of success. Therefore, detailed, planned, and integrated change is the approach that successful organizational leaders normally choose.

For more information on how HOPS International LLC and The International Center for Organizational & Leadership Excellence can assist your organization contact:

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References & Suggested Reading:


