Implementing an Effective Change Management Strategy

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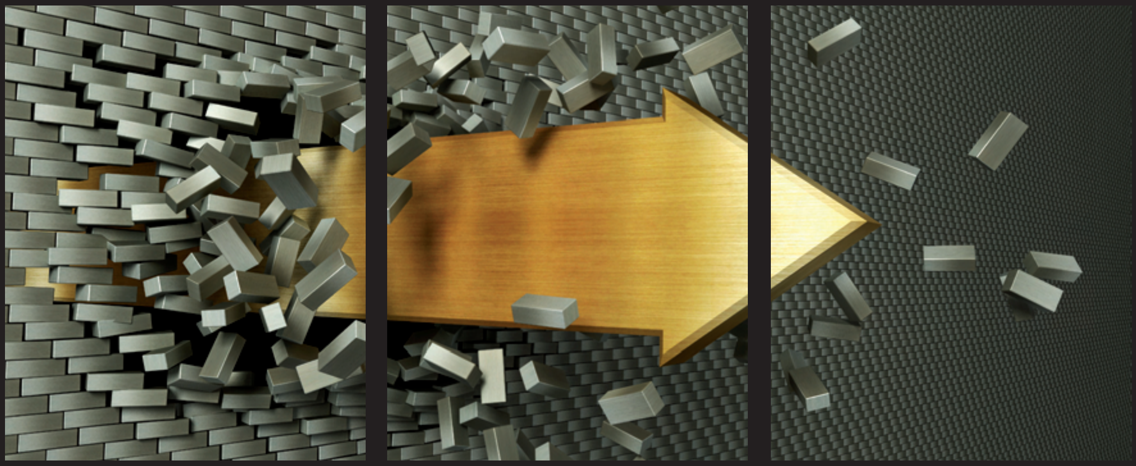

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Chapter 1: Change – What it is and what it isn't

IT WAS little wonder that David Bowie wrote an anthem to *Ch-ch-ch-changes* back in the seventies. It could be said that change is at the heart of every element of human behaviour.

In a workplace context, the phenomenon of change and how to manage it continues to be the subject of a mind-boggling array of books, blogs, workshops, courses, websites and conferences. It has spawned its own branch of professional expertise and a whole raft of national and trans-global think-tanks. Organisations have downsized, right-sized, merged, acquired, appointed new leaders and introduced a plethora of management systems and processes. None of this is new.

Yet, why do so many organisations around the world continue to falter when it comes to effectively managing change? What can be learned from these experiences?

Many change specialists subscribe to the view that change is an everyday occurrence in any organisation; that there is, in fact, no such thing as the status quo for a business that wants to survive. For example, Maginn[1] suggests that "a basic fact of business life is that an organisation either changes or withers away" while Kehoe[2] writes that "most organisations are in a constant state of change".

Why organisations change

Change might be a persistent companion in the workplace, but its scale and implications – and the reasons that drive it – can vary enormously. It can be dictated by business trends, environmental factors and shifts in the global, social and political sphere. It can come about because of the expectations of stakeholders. It can be embarked upon in a proactive and strategic way, or it can be a reactive process in response to a crisis, either within the organisation or outside it. It can involve meeting the changing needs of the marketplace, reducing risk, being more environmentally responsible, improving quality, raising customer satisfaction, retaining staff and everything and anything in between.

Respondents to a survey by the Change Management Institute[3] saw the key drivers of change as increasing efficiency, cost reduction and corporate restructure. A McKinsey global survey[4] said executives cited the most frequent reason for undertaking an organisational design as "responding to their organisation's growth" followed by cutting costs, moving to a best-practice model and introducing change to a static organisation.

HRMagazine[5] suggests change can fall into the following broad categories:

- Strategic change – Comes about when alterations are made to an organisation's functional parts, for example, through mergers, acquisitions or consolidations;
- Leadership change – Relates to reconfiguring the organisation's leadership. This can be through any

number of reasons including retirement, ill-health or death, sacking, a leadership coup, or plain old natural transition;
- Cultural change – Relating to the human aspects such as the relationship between managers and employees, or staff and customers. This can be the trickiest and most unpredictable area of all;
- Cost-cutting – When certain activities and operations are eliminated; and
- Process change – Which focuses on how things get done and how they can be improved.

Others[6] break it down to the four change categories of process, system, structural and organisational. Within these broad descriptors there can be a vast range of variables. Byrnes[7] identifies three very different types of change, which should dictate the way an organisation approaches the situation. The first is constant weeding which involves tuning up the way an organisation performs fundamental operations. The second is the introduction of new strategic initiatives, 'trying out new things and scaling them up if they work.' Finally, large-scale change is fundamentally changing the way everyone in the business goes about their work.

Is change present every day in a workplace?

Many specialists agree that change involves moving from one condition to another however large or small; that it is going from "something to something, moving from the status quo to something different".[8] How, then does change differ from day-to-day management of an organisation? Is everyone a change manager in every element of their work?

If change is to be defined as anything that moves away from the status quo, the short answer would appear to be 'yes'. However, not every change is a large-scale operation. Byrnes[9] suggests many major changes could be avoided if organisations paid more attention to constant weeding and made small adjustments in response to the ever-shifting environment, adding that: "Many large-scale change projects really are evidence of a prior failure to keep the organisation on track in a changing world."

The challenge for managers is to recognise the difference between incremental organisational shifts and large-scale change with its need for a wide-sweeping and strategic approach. While many organisations pay significant attention to large-scale change and consider day-to-day adjustments to be of lesser importance, it could be argued that those priorities are around the wrong way.

Two ends of the change spectrum

Whatever the size and scope of organisational change, change management has established its place as a significant workplace issue and area of management, drawing on ideas from the fields of business, psychology and engineering. It combines the engineer's mechanical way of looking at change and improving business performance with the human focus of the psychologist.

American engineer Frederick Taylor's work in the field of scientific management in the late 19th century spawned variations of a largely mechanical system for work improvement, where tasks could be broken down into a number of small sub-tasks and performance optimised for each sub-task. That approach was later reflected in methods ranging from total quality management to more radical business process re-engineering (BPR).

Hiatt and Creasey[10] write that: "Historically companies embracing this mechanical approach to business improvement typically did not embrace change management concepts until their projects encountered resistance or faced serious problems during implementation." Even then, many took an ad hoc approach without a solid framework to manage the change.

At the other end of the spectrum, psychologists were studying human reaction to change. General change theory more recently began to focus on organisational change and change in the workplace, with an emphasis on people impacted by change and how to help them on the journey.

Much of today's change management theory can be seen as a hybrid of the mechanical approach – with its strategies, processes and systems – and the people approach, focusing on employees and their culture, behaviours and capacity to change. "Observers of business changes in real life have realised that the extreme application of either of these two approaches, in isolation, will be unsuccessful," according to Hiatt and Creasey.

Defining change management

So, how can change management be defined? Interpretations vary among practitioners. Ninety per cent of respondents to the Change Management Institute survey[11] agreed it could be described as "a structured approach to transitioning individuals, teams and organisations from a current state to a desired future state". *HRmagazine*[12] suggests it is: "The systematic approach and application of knowledge, tools and resources to leverage the benefits of change. Change management means defining and adopting corporate strategies, structures, procedures and technologies to deal with change stemming from internal and external conditions." Hiatt and Creasey[13] define it as: "The process, tools and techniques to manage the people-side of business change to achieve the required business outcome and to realise that business change effectively within the social infrastructure of the workplace."

While it is important for organisational leaders to understand their own definition of change and how they propose to manage it, it could be argued that there is little value in bombarding a workforce with management theory and jargon, or making grandiose, sweeping announcements about a big change. Seel[14] argues that while it is possible to destroy or disrupt an organisation, it is impossible to actually 'make' an organisation do anything. "If we want less violent change to occur it is necessary to admit a degree of impotence," he writes, adding that it is far better to set clear goals that people can aspire to and help people in the organisation become better connected. The organisation will then be ready to change when the right stimulus comes along.

That stimulus can be driven by ambition and expansion, or fear and defensiveness. While practitioners surveyed by the Change Management Institute[15] recommended that ambition should be the key driver, some agreed that the reasons will change depending on the business cycle and the organisation's position in its industry. One commented that if the organisation is a dominant player "the change is driven by ambition, but if they are playing catch-up, then their change is driven for defensive reasons".

While it has been suggested that the need for some large-scale change can be eliminated through better management of day-to-day adjustments, there is also an argument that smaller changes, managed effectively, can have a ripple effect and bring about more widespread change. Done well, a successful small project can create far more positive change than a large, organisation-wide campaign. Bernadez[16] believes: "A small effort can reach more employees at all levels and silently break down barriers between managers, employees and the organisation. The same sceptical managers who ridicule pompous announcements of 'big change' will often be more willing to support small change that expands."

High failure rate

The various approaches might appear sound and logical but in reality, organisations implementing change record a spectacularly high failure rate. Studies show[17] that as many as two-thirds of all restructuring and re-engineering efforts fail in some way. Thirty years of research by leadership expert Dr. John Kotter has proven that: "Seventy per cent of all major change efforts in organisations fail."[18] According to McKinsey research,[19] a survey of more than 3,000 executives around the world "found, as Kotter did, that only one transformation in three succeeds. Other studies over the past ten years reveal remarkably similar results." The Change Management Institute survey[20] concluded that the "challenge of change" continues to stymie the majority of companies.

With such a vast amount written and discussed about change management, why do so many change programmes fail? It seems that even with the best intentions, organisations that aspire to move from one condition to another are prone to neglect vital steps in the process, or fail to engage their workforce along the way, or both. McKenna[21] writes that: "Every firm faces an inevitable tension between what it is and what it intends to become."

Kehoe[22] observes that a typical change process involves setting a vision, defining goals and objectives, developing a plan, communicating the plan and strategy; and implementing the plan, but success is not quite that simple: "At the management level we can enthusiastically and competently work our way through the first four stages. However, when we get to stage five, there are often several blockages to be overcome." Those blockages predominantly involve the people affected by the change.

In a law firm context, McKenna[23] suggests that the implementation of any new initiative will usually require some or all partners to change their behaviour and this needs to happen one partner at a time. "Your firm will only travel as far and as fast as each partner and then all partners collectively are prepared to change their individual behaviours – their appetite for change!" The success of change depends on how effectively each partner can be coached and helped to see not only the need for change, but also the need to take action and the need to follow through.

Even when organisations recognise the importance of human behaviour in successful change, they can fall at various hurdles along the way. Aiken and Keller[24] contend that all the theory and rational approaches in the world will not result in effective change if they disregard the "sometimes irrational, but predictable elements of human nature". They put forward insights into how human nature gets in the way of behavioural change, including:

- Managers assuming that what motivates them also motivates the majority of employees;
- Leaders espousing change, but failing to recognise that they also need to change;

- An assumption that money will enhance employees' motivation for change to the extent desired; and
- Focusing on changing employee behaviour but neglecting their underlying thoughts, feelings and beliefs.

The high failure rate and abundance of pitfalls paint a somewhat grim picture of change management and its likelihood of success. However, the following chapters expand on current thinking into the best approaches to organisational change and examine case studies where change programmes have bucked the trend and succeeded.

Key tools

- Large-scale change might be unnecessary if an organisation constantly adjusts to changing conditions;
- Change management has a focus both on process and people;
- Many change projects fail because not enough emphasis is placed on people; and
- It is impossible to 'make' an organisation – and its workforce – do anything.

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