

Organizational Change Management

INTRODUCTION

This white paper provides an introduction to best practices in organizational change management relating to:

- The implementation of new technologies,
- Re-design of business processes,
- Significant changes in organizational structure, roles, and responsibilities, for example resulting from merger and acquisition activity, or the implementation of shared services initiatives, and
- Other significant business change initiatives.

Change management in this context refers to the people side of the change - changing beliefs, attitudes, and behavior.

Resistance to change is one of the most common reasons for project delays and failure. There are many reasons for resistance to change, including fear of losing jobs, uncertainty in learning new skills, change in routine, confusion, fear of the unknown, change in responsibilities or authority (especially processes spanning organizational and functional boundaries where processes are being centralized or distributed), and personal financial impact (e.g., changes in sales commissions, incentive compensation, time-keeping). Resistance to change can be at the staff level, and also at the supervisory or management level.

These change management recommendations assume that the changes to be implemented are appropriately designed for efficiency and return on investment. Project managers and sponsors should be aware that in some cases the “resistance” is more than a discomfort with change. Individuals may not support the organizational vision, or they may not believe that the planned changes will achieve the intended outcomes. They may not believe that their concerns have been heard or that they are adequately trained and ready. Project managers and sponsors should listen carefully to messages of resistance and perform sufficient analysis to understand the reasons and decide on the appropriate response.

The change management team should be able to anticipate problems, work to overcome cultural resistance to change, recognize when adjustments to systems or processes are needed, and ensure that concerns are dealt with quickly and appropriately.

Executive leadership and support is critical. However, support is equally important at all levels in the organization:

- Business unit executives should be accountable for successful change management in their units, should remove obstacles to change, and should act as the spokesperson for the change in their unit.
- All key management personnel should be aligned with, and actively supportive of, major changes.

- Front-line supervisors and influencers should be engaged as change agents and advocates.

CHANGE MANAGEMENT APPROACH

This section provides a general approach to change management. The subsequent section discusses how the general approach should be customized to meet the needs of individual change initiatives.

Vision

Develop a clear vision for the future including:

- A definition of what will change.
- The reason for the changes, conveying a sense of urgency.
- The anticipated impact of the changes.

Planning

Develop a change management/transition plan including:

- Identify all stakeholder groups – everyone who will be directly or indirectly impacted by the changes, or who could impact the outcome of the planned change.
- Define roles and responsibilities of all team members and stakeholders regarding change management.
- Define accountability. Every business unit should have someone who is accountable for the success of the change within their unit – usually this is a senior executive of the unit.
- Develop a governance structure for decision making and oversight of the change management process.
- Develop a work plan and schedule for change management, including:
 - Impact assessment
 - Communication plan
 - Motivation and engagement plan
 - Training and education plan
 - Support plan
 - Readiness assessment plan
 - Measurement, assessment and feedback plan
- Define risks relating to change management, a risk mitigation plan to reduce the likelihood of problems, and a fallout plan to promptly handle problems that arise.

- Continue to monitor and adjust the plan throughout the project.

Impact Assessment, Communication, and Engagement

Execute the impact assessment, communication, and engagement plan, including:

- Conduct impact assessments to further refine the changes in each business unit, each role, and potentially for each individual.
- Craft the message, clarifying specifically what will change, why, when, and how the changes will be supported. Individuals should be able to envision not only what will change for them, but how they will be able to perform their new roles and responsibilities.
- Conduct continual formal communication, including written communication from leadership, presentations at enterprise-level meetings and conferences, and website updates.
- Conduct continual informal communication, such as blogs, brownbag meetings, departmental updates, and employee Q&A sessions.
- Both formal and informal communications should reiterate the vision, reason for changes, anticipated impact, and the training and support plans.
- Communication should be early and often.
- Engage organizational leadership and ensure all levels of management are supportive of the changes and that they are prepared for temporary reduction in productivity due to training and transition processes.
- Engage thought leaders and influencers at all levels of the organization.

Training, Education, and Support

Execute the training, education, and support plan, including:

- Design and deliver formal and informal training appropriate to the new technology, new processes, new roles and responsibilities, new terminology, etc.
- Measure the effectiveness of the training and ability of staff to perform the new functions.
- Implement appropriate support for employees and managers during the transition process. This may include local project support staff embedded in business units, staffed-up help desk, etc.

Readiness Assessment

Assess the readiness of business and technical groups to implement the changes. Every business unit should have one key individual who is accountable for the success of the

change within their unit – usually this is the senior executive of the unit, or someone designated by the senior executive. Accountable executives should give a “green light” (ready) or a “red light” (not ready) to the project executive sponsor. Any units with a red light status should work with the sponsor and the project team to get to green status as quickly as possible.

Monitor and Measure Progress

Execute the measurement, assessment, and feedback plan, including:

- Monitor progress and measure outcomes compared to goals.
- Provide continuous feedback to the project team and leadership on which groups are embracing change, which are struggling, and which are resisting. Gather information using surveys, brownbag meetings, informal discussions, and other methods as appropriate.
- Identify and deal with smoldering fires.
- Report results.
- Recognize, reward and reinforce change and improvement. Celebrate successes.
- Transfer responsibility to business units when change is embedded in the culture.

CUSTOMIZING THE APPROACH

There is no silver bullet for successful change management. The preferred approach to managing change will vary based on the organizational culture and the nature of the change. The best advice for project teams is to review the methodologies and best practices, understand unique aspects of the project, define an approach to fit the project, select change agents with excellent people skills, and engage professional help when needed.

Some considerations for customizing the approach include:

- Align the approach to suit the organizational culture. For example:
 - Does the organization have a strong command-and-control culture? If so, it may respond better to an authoritative top-down mandate for change.
 - Is there a successful culture of group collaborative process? If so, the organization may respond better if stakeholders have the opportunity to provide early input and participate in the design and execution of the change management process.
 - Is this an organization where projects succeed through grassroots support? If so, it may be important to include grassroots influencers in the planning and execution process.
- Customize the approach based on the type of change. For example:

- Implementing a new technology often requires emphasis on training and help desk support.
- Changing business processes requires communication of reasons for the change, training, and reinforcement.
- Change in roles, responsibilities, organization, and reporting relationships are often the most challenging and require strong executive and supervisory support.
- Consider the diversity of workforce impacted by the changes. For example, understand how each generation might adapt to change. Gen Y/Millennials may adapt easily to new technologies but may resist traditional training classes and testing. National and regional variation may impact attitudes to technology and command-and-control mandates for change.
- Consider the history of recent similar projects – which approaches have been successful? Where has there been resistance to change and why?

SUMMARY OF THEORIES, METHODOLOGIES, APPROACHES, AND BEST PRACTICES

Leading academics and thought leaders in the domain of organizational change management include Kurt Lewin, Edgar Schein, John Kotter, Elisabeth Kubler-Ross, Daryl Conner, and Peter Senge.

There are many established methodologies and approaches to successful change management. This section provides a very high level summary of just a few of the more popular approaches and there is considerable overlap between them. The *References* section at the end of the paper provides a recommended reading list. Organizational change managers should study some of the best practices and to develop an approach which is appropriate for the specific project and organizational culture.

Prosci ADKAR Methodology

The ADKAR methodology (Hiatt, 2006) defines the following five stages of change:

- **A**wareness: Stakeholders understand the planned changes and the business reasons for the change
- **D**esire: Stakeholders are motivated and support the change
- **K**nowledge: Staff and managers are trained in the change
- **A**bility: Staff and managers demonstrate an ability to put the changes into practice
- **R**einforcement: The changes are sustained through recognition and rewards

Prosci's change management website (Change Management Learning Center) provides tools and frameworks to facilitate change.

Kotter's Change Leadership Process

John Kotter defines the following four phases and eight steps to leading change within an organization (Kotter, 2012):

- Set the Stage
 - Step 1: Create a sense of urgency. Help employees understand the need for change.
 - Step 2: Create a change management team with defined roles and responsibilities.
- Decide What to Do
 - Step 3: Develop the vision for change.
- Make it Happen
 - Step 4: Communicate the vision to get understanding and buy-in.
 - Step 5: Empower staff to implement change and remove barriers.
 - Step 6: Demonstrate and communicate successes.
 - Step 7: Monitor, communicate and adjust until the vision becomes reality.
- Make it Stick
 - Step 8: Create a new culture through reinforcement.

Lewin's Three-Step Model

Kurt Lewin recommended a three step process (Judge & Robbins, 2011):

- Unfreeze the status quo
- Move to a desired state
- Refreeze the new change to make it permanent

Covey's Execution Discipline

Covey defines four steps to leadership execution of change (Covey, 2004):

- Define and clarify the organization's priorities
- Identify actions to accomplish the goals
- Create a scoreboard to track accomplishments
- Develop accountability for results

Organizational Development Approach

The organizational development approach is based on the humanistic principles of respect for people, trust, support, openness, power equalization, participation, and collaboration.

Learning Organizations

Senge (2003) and Champy & Hammer (2003) provide support for the concept of the learning organization to promote continual innovation and change. Learning organizations use “double loop learning”, so that when errors are found they are corrected in ways that include adjustments of organizational objectives, policies, and processes. This is in contrast to the single-loop learning of traditional organizations which rely on past routines and existing policies. Characteristics of learning organizations include:

- Shared vision, which everyone agrees with and supports.
- Willingness to discard old ways of thinking to solve problems.
- A viewpoint that incorporates organizational structure, policies, processes, and the external environment.
- Open communication, vertically and horizontally, without fear of criticism.
- Willingness to sublimate personal and departmental sub-interests to achieve the shared vision.

Tools of Cooperation and Change

Christensen, Marx, & Stevenson (2006) emphasized the importance of using the right change tools for the circumstances, using a matrix to assess level of agreement.

	Broad Consensus								
Agreement on What They Want		Leadership Tools				Culture Tools			
		Power Tools				Management Tools			
	No Consensus							Broad Consensus	
	Agreement on Cause & Effect								

Source: Christensen, Marx, & Stevenson (2006)

The vertical axis (“Agreement on What They Want”) measures the level of agreement with the vision or the goals. The horizontal axis (“Agreement on Cause & Effect”) measure the level of agreement with the steps that the organization is taking to achieve the vision or the goals.

In the upper right quadrant, there is a high level of agreement on both goals and how to achieve the goals. Management can use less coercive “culture tools” to promote successful change, including collaboration and democracy.

In the upper left quadrant, there is a high level of agreement on overall goals, but a low level of agreement on how to achieve those goals. Management can use “leadership tools” including clear vision, charisma, salesmanship, and role modeling.

In the lower right quadrant, there is low level of agreement on goals (or a lack of interest in the vision), but a high level of agreement to follow prescribed processes. This is often found in organizations with a large number of contractors or temporary employees. “Management tools” include measurement systems, standard operating procedures, financial incentives, and training.

In the lower left quadrant, there is limited agreement on both goals and process. This situation is indicative of organizational management problems beyond a single change initiative and other interventions may be required. If the senior executive wishes to continue the change initiative, the recommended tools for change in this situation are “power tools”, including strict policies, role definitions, and defined outcomes for non-compliance.

Change Executive Methodology (CEM)

Daryl Conner developed the Change Executive Methodology to manage the execution of complex strategic change. The approach comprises:

- Mindset – helping leaders develop the mindset needed for successful execution.
- Methodology, Terminology, and Tools – a proven framework and structure, with templates, examples, and guides.
- Skills – development of skills for change agents.

BALANCING THE ART WITH THE SCIENCE

There is a well-documented set of best practices for project management, including tools, techniques, methodologies, and processes, such as those covered in PMI’s Project Management Book of Knowledge (PMBOK). This can be considered the “science” of successful project management. Change management relates to the people side – the art rather than the science. Change management team members should be skilled in verbal and written communication, and should have the ability to pick up on potential problems and areas of resistance early. Change agents need political and people acumen, and excellent leadership skills, regardless of their position in the organizational structure.

Often referred to as “the soft stuff”, people-related issues are the most frequently-cited causes of project failures. Some examples:

- A survey of over 1,500 project managers performed by IBM (2010) identified that the top two barriers to project success were “changing mindsets and attitudes” and corporate culture.
- A recent survey by the Economist Intelligence Unit (2009) found that the biggest project problems were winning over the hearts and minds of employees, manager buy-in, and cultural issues.
- A recent McKinsey study (2010) identified that key project success factors were setting a clear vision for change, and a high level of involvement and visible support of leaders.

FINDING PROFESSIONAL HELP

Business leaders and project managers have several different options for professional help in change management. These include:

- Many organizations have internal organizational change or organizational effectiveness teams. This should be the starting point for every project manager. Even if your internal organizational change department does not have the capacity to support your project, they may have standards or approaches to be followed.
- Some system integration and business process redesign consulting firms provide change management consulting. Project managers should be aware that capabilities vary widely. Some firms have deep experience in this area, with established methodologies, tools, templates, internal certification of their consultants, and a proven track record of success. Examples are McKinsey, IBM Global Consulting, and Accenture. These firms have their own methodologies for organizational change management, usually based on academic research, supplemented with practical experience in the field. Change management professionals from general consulting firms should be aware of their firm’s approach and methodology, the tools and templates in their practice, and the underlying theory and research supporting the reasons for their approach. This depth of knowledge and experience will allow them to adapt their methodology to the unique needs of each client project, rather than just following a methodology checklist. Other system integration and consulting firms may understand change management only at a very conceptual level – knowing that it is important to project success, but with little depth in their consulting expertise and approach.
- Some consulting firms specialize in organizational change as a primary discipline. These consultants usually have a background in industrial/organizational psychology or applied behavioral science. Because change management is relatively new discipline, some of the field’s major contributors are still actively consulting. Examples are John Kotter at Kotter International (<http://www.kotterinternational.com/>), Daryl Conner at Conner Partners (<http://www.connerpartners.com/>), and Peter Senge’s Society for Organizational Learning (<http://www.solonline.org>).

Project teams can also develop internal capabilities by training managers and staff to be change agents. Different skills can be useful at different stages in a change management initiative. A

professional and systematic approach can be particularly useful in the planning stages. As the project moves into the execution stages, professionals can play a valuable role helping with impact assessments, coaching executive leadership and internal change agents, and providing tools and templates to assess readiness.

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