

Change Management

Aboveboard

Objectives

- **Define the process for creating change.**
- **Define eight errors in leading change.**
- **Review and discuss the sources for complacency.**



The background of the slide is a close-up photograph of a white surface, possibly a desk or a board, covered with numerous black pushpins. The pushpins are arranged in a somewhat grid-like pattern, but one pushpin in the center-right area is a distinct orange color, making it stand out from the rest. The lighting is soft, creating subtle shadows and highlights on the pushpins and the surface.

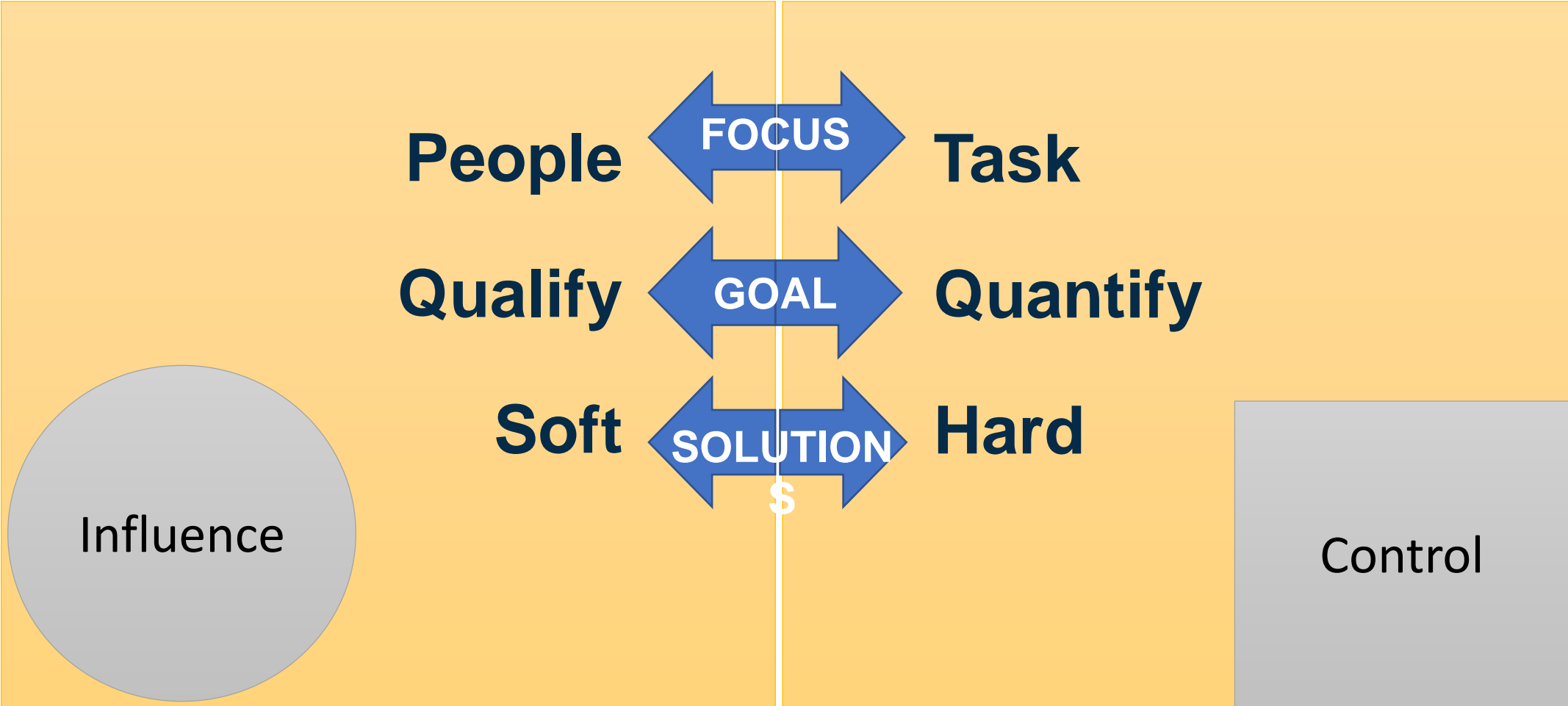
Creating Change Is It ...

Leadership
or
Management

?

Leadership

Management



Management vs. Leadership

Management is a set of processes that can keep a complicated system of people and technology running smoothly.

- The end result of management is to produce a degree of predictability and order that brings the expected short-term results to stakeholders.

Leadership is a set of processes that creates companies in the first place, or that adapt companies to changing conditions.

- The end result of leadership is dramatic change that brings new, improved results.

The Eight-Stage Change Process



Eight Stages and Their Function

Stages 1 – 4: Breakthrough status quo.

- If skipped, many failures result.

Stages 5 - 7: Introduce new practices.

Stage 8: Grounds the changes in the corporate culture to ensure they will endure.

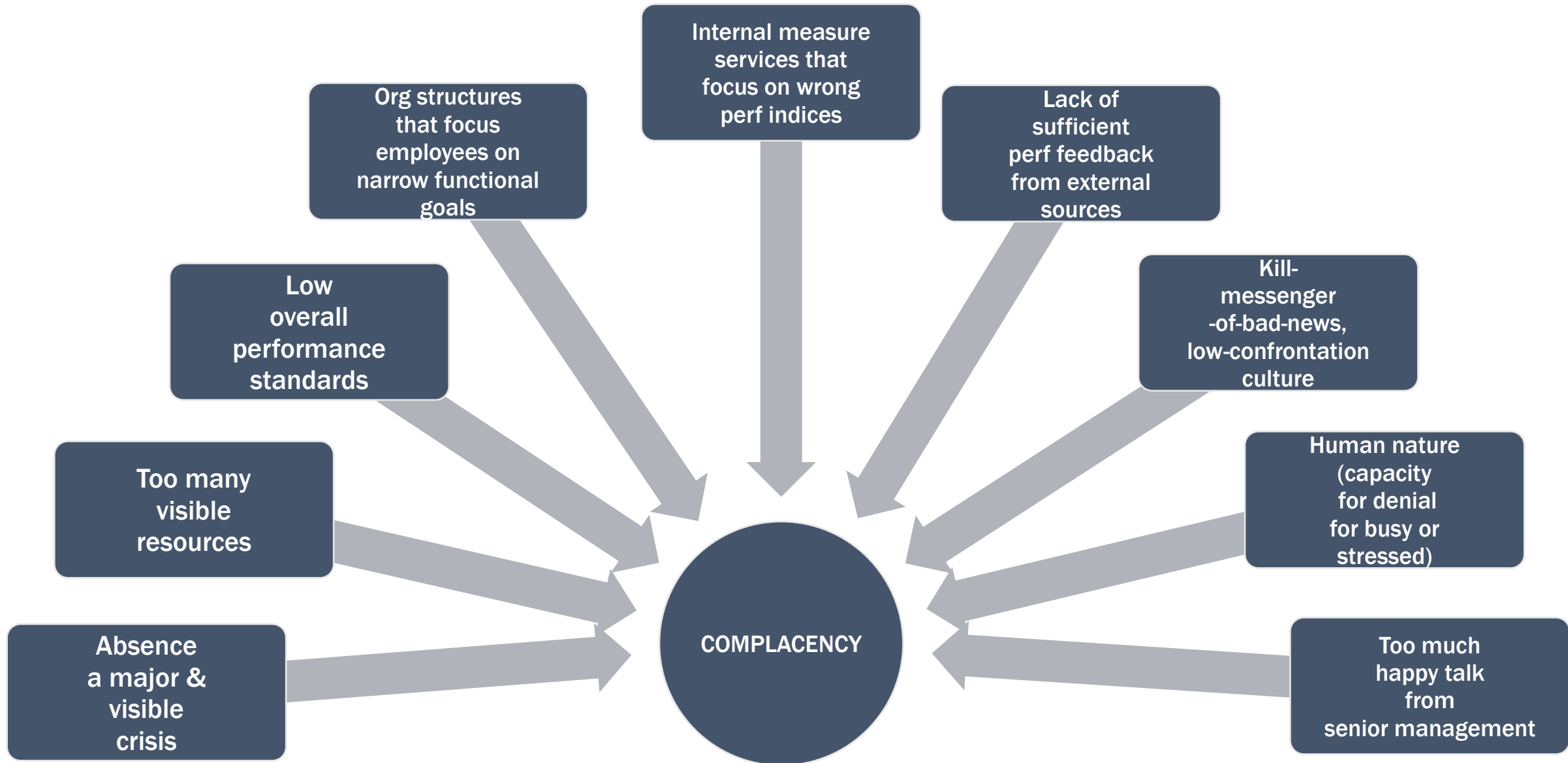
It is critical to follow each stage in sequence.

Stage 1

Establish a sense of urgency

- Without urgency, complacency results

Sources of Complacency



Push Up the Urgency Level *(1 of 2)*

Create a crisis.

Eliminate obvious examples of excess.

Set revenue, income, productivity, customer satisfaction and cycle-time targets high.

Stop measuring sub-unit performance based only on narrow functional goals.

Send more data about customer satisfaction and financial performance to more employees.

Push Up the Urgency Level *(2 of 2)*

Insist that people talk regularly with unsatisfied customers, unhappy suppliers and disgruntled shareholders.

Use consultants and other means to force more relevant data and honest discussion into management meetings.

Put more candid discussions of the firm's problems in company newspapers and senior management speeches.

Relentlessly bombard people with information on future opportunities and the company's current inability to pursue them.

Stage 2

Pull together a team that includes individuals who have a strong combination of these four characteristics:

- Position power.
- Expertise.
- Credibility.
- Leadership.

If you have a shortage of these people, look:

- Outside the firm.
- Promote within the company those that know how to lead.
- Encourage managers to accept the challenge of leadership.

Promote and Establish Trust

- Confront rumors with accurate information.
- Put together team members who know each other least well on task forces.
- Plan informal social activities for team.
- Increased trust promotes groups to enlist in a common goal.



Stage 3

Developing a vision and strategy.

- The *vision* is a compelling picture of the future.
- *Strategies* represent the specific ways in which the vision will be achieved.

A vision tells people what to strive for.

The *strategy* tells them how to get there.

What is in a vision?

Three purposes of a vision:

- It simplifies thousands of more detailed decisions.
- It motivates people to take action in the right direction.
- It helps coordinate the actions of many different people.

A vision should include these characteristics:

- Imagination
- Desire
- Feasibility
- Focus
- Flexibility
- Communicative



Stage 4

Communicating the change vision.

- To communicate the vision effectively:
 - Keep it simple—be clear and concise in relaying the vision.
 - Use metaphors, analogies and examples.
 - Use multiple forums.
 - Rely on repetition.
 - Walk the talk.
 - Address apparent inconsistencies.
 - Listen and be listened to.

It will be hard to over communicate

During a time of change, people need to be kept up to date.

- **Especially during a time of social and physical distancing.**

Stage 5

Empowering employees for broad-based action.

- Change rarely happens without the help of many people.
- People will not make meaningful contributions if they feel powerless.

Lightning Round

What are some barriers to change?



Remove the Barriers

Empower a broad base of people to take action by removing the four kinds of barriers to empowerment:

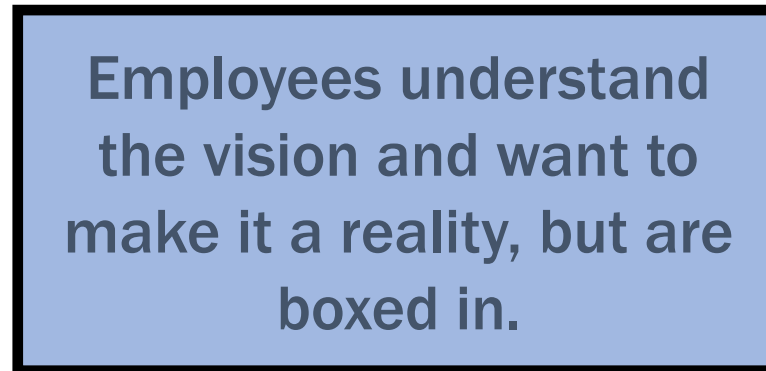
- Structures (Make the company's structure compatible with the vision.)
- Skills (Provide the training that employees need.)
- Systems (Align the company's systems to the vision.)
- Supervisors (Confront bosses who undercut the change.)

Barriers to Empowerment

Formal structures
make it difficult to act.



Bosses discourage
actions aimed at
implementing the
new vision.



A lack of needed
skills undermines
action.



Personnel and information
systems make it difficult
to act.

Stage 6

Generating short-term wins.

Elements of good short-term wins:

- It is visible.
- It is unambiguous.
- It is clearly related to the change effort.

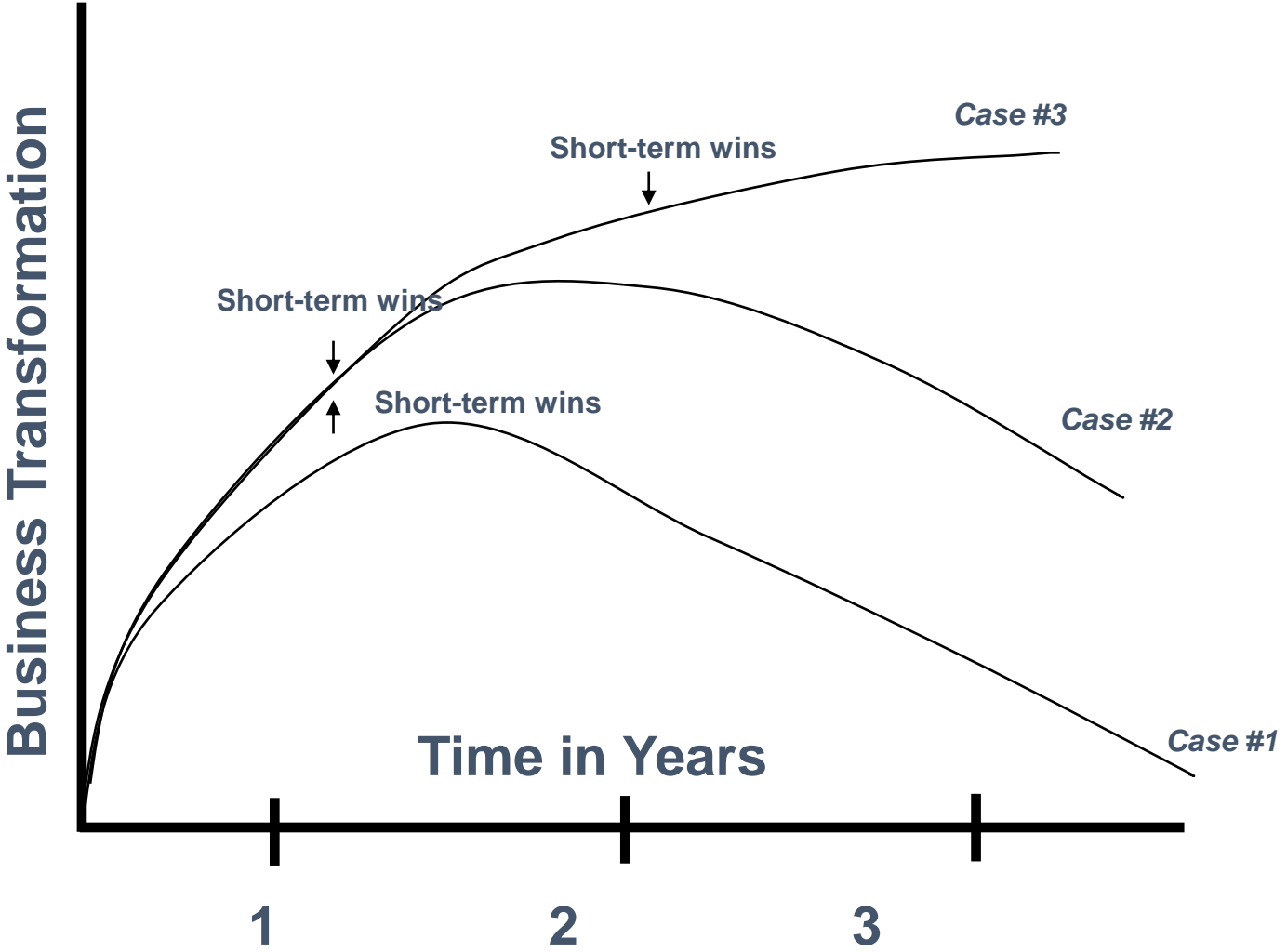
Short term victories help

Short-term victories help in at least six ways:

1. They provide evidence that the sacrifices are worth it.
2. They reward change agents with a pat on the back.
3. They help to fine-tune vision and strategies.
4. They undermine cynics and self-serving resisters.
5. They keep bosses on board.
6. They build momentum.

BUT ... Don't allow celebration for short-term wins to drag; if there is a false sense that the work is done, urgency is lost and complacency returns (e.g., holding a lavish banquet for a short-term win).

The Influence of Short-Term Wins on Business Transformation



Case #1: No short-term wins
Case #2: Short-term wins at about 14 months, but none a year later
Case #3: Short-term wins at 14 and 26 months

Stage 7

Consolidating gains and producing more change.

Five signs to look for:

Five Signs of Continued Progress *(1 of 2)*

More change, not less

- Coalition builds on short-term wins to pursue more ambitious change programs.

More help

- Additional people are brought in, promoted and developed to help with all of the changes.

Leadership from senior management

- Senior people focus on keeping urgency levels high.

Five Signs of Continued Progress (2 of 2)

Project management and leadership from below

- Employees provide leadership for specific projects and then manage those projects.

Reduction of unnecessary interdependencies

- Managers eliminate the old links (frivolous reports and approvals that are based on obsolete connections between departments) that slow down change efforts.

Stage 8

The final step is...

Institutionalizing new approaches in the culture.

- Will your culture allow the change to stick?



Making It Stick

The new approaches must be firmly anchored into a company's culture before a major transformation (such as retirement of the CEO), or those new business practices will regress.

Company Culture, Norms and Values

Culture

- refers to norms of behavior and shared values.

Norms of behavior

- are common ways of acting that persist in the group because members are rewarded for fitting it and those who do not are punished in some way.

Shared values

- are goals and concerns that shape group behavior and that persist even when old members of the group are replaced by new ones.



Connect the Change to the Culture

To endure, a change has to be made in this manner:

- After the first seven stages, the old set of practices has to be erased, while the new ones have to be firmly connected to the company's norms of behavior and shared values in such ways as hiring and promoting practices.

Five Key Features of Embedding Change in a Culture

- **It comes last, not first.** Most of the shifts in norms and shared values come at the end of the transformation process.
- **It depends on results.** New approaches usually sink into a culture only after it's quite clear that they work and are superior to old methods.
- **It requires a lot of talk.** Without verbal instruction and support, people often reject the validity of new practices.
- **It may involve turnover.** In some cases, the only way to change a culture is to replace key people.
- **It makes decisions on succession crucial.** Whenever the promotions of people are not aligned with the new practices, the old culture will reassert itself.

Lightning Round

What are some common errors when trying to lead change?

Eight Commons Errors *(1 of 2)*

Allowing too much complacency among fellow managers and employees.

Failing to create a sufficiently powerful guiding coalition to overcome the firm's inertia.

Underestimating the power of vision to inspire large numbers of people and guide day-to-day decisions.

Under-communicating the vision so severely that people do not understand it or buy into it.

Eight Commons Errors *(2 of 2)*

Permitting obstacles (such as the company's structure) to block the vision.

Failing to create short-term wins that create momentum and widespread support.

Declaring victory too soon, before the original goals are completely met.

Neglecting to anchor changes firmly in the corporate culture, where the new behaviors will become permanent.

Do You Need To Manage The Change Process?

YES

but

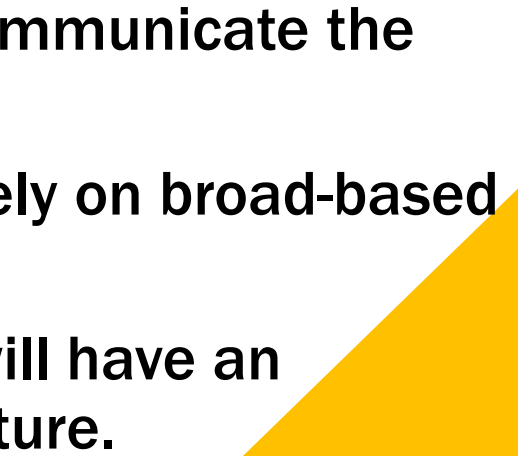
- Most managers have been trained to manage change rather than to lead it.
- You can no longer depend on simple, linear, analytical processes when there are multiple projects in various stages of the change process.

You Cannot Manage Change Leadership Is Required

70% to 90% of the activities in a successful transformation demand leadership rather than management.

Leadership is needed to motivate people to change behavior in each of the eight stages.

Five Common Qualities of Successful Companies

- **First**, they will have a persistent sense of urgency.
 - **Second**, the companies will be led by teamwork at the top.
 - **Third**, the businesses will need leaders who can create and communicate the vision.
 - **Fourth**, the firms will rely on broad-based empowerment.
 - **Fifth**, the companies will have an adaptive corporate culture.
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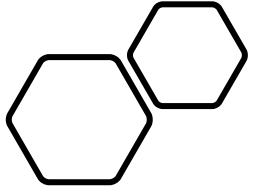
Personal Change = Lifelong Learning

- The willingness and capacity to keep learning will be central to the success of every person's career.
- Only through lifelong learning will people develop the knowledge, leadership skills and other abilities they will need to compete and succeed in the future.

Learning is a catalyst for change.

Five Mental Habits to Lifelong Learning and Leadership Skills

- **Risk taking** – The willingness to push oneself out of comfort zones and test new approaches.
- **Self-reflection** – The honest assessment of successes and, more importantly, failures.
- **Opinion polling** – The aggressive collection of information and ideas from others, rather than assuming to know it all.
- **Careful listening** – The capacity to gather honest feedback and to consider another person's viewpoint.
- **Openness to new ideas** – The ability to keep an open mind, which allows one to learn new information.



What needs to change in your world?

Spend some time
thinking about what
you would like to see
changed:

In your
Company and
in your
Personal Life