

Change Management

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(To Advance: Press Enter or Click the Mouse)

A Fairy Tale

(This is an interactive warmup exercise that illustrates the importance of communication)

The Most Important Factor in Change Management

- Two-way Communication
- *“My first message is: Listen, listen, listen to the people who do the work.”*

H. Ross Perot

Everything Changes

- “I think there is a world market for maybe five computers.”
Thomas Watson, chairman of IBM, 1943
- “There is no reason anyone would want a computer in their home”
Ken Olson, president, chairman and founder of Digital Equipment Corporation, 1977
- “640K ought to be enough for anybody.”
Bill Gates, 1981

William Orton

- President of the Western Union Telegraph Company, 1876
- *“Mr. Bell, after careful consideration of your invention, while it is a very interesting novelty, we have come to the conclusion that it has no commercial possibilities... What use could this company make of an electrical toy?”*

An Anonymous Yale University Management Professor

- In response to a paper proposing a reliable, overnight, delivery service:
- *“The concept is interesting and well-formed, but in order to earn better than a ‘C’ the idea must be feasible.”*
- Paper written by Fred Smith, Founder of Federal Express

What is Change?

“Excellent firms don’t believe in excellence, only in constant improvement and constant change”

Tom Peters

“To improve is to change. To be perfect is to change often.”

- Winston Churchill

Types of Change

- New ways of doing work
- New systems or tools
- New reporting structures
- New job roles
- New products or services
- New markets or geographic locations

Why Change?

“The question isn’t whether your products or services will become obsolete. It isn’t even when. You can absolutely count on the fact that they will become obsolete soon. The only question is whether they will be replaced by someone else’s products or your own.”

- George Gendron
Editor-in-Chief, Inc. Magazine

Factors Prompting Change

- Growth and Improvement
- Internal Changes
- Technology
- External Pressures
- Competition

Growth and Improvement

“If you want what you haven’t got, you have to do what you don’t do.”

Craig Jennings
Professional Coach

The Process will not get better until it is changed.

“Common Sense”

Internal Changes

- Redistribution of Personnel
- New Hires
- New Products
- Moves
- Change in the organizational structure or staffing

Technology

“I am convinced that if the rate of change inside an organization is less than the rate of change outside, the end is in sight.”

- Jack Welch, Jr.
Former CEO and Chairman
General Electric

External Pressures

- Loss of market share
- Other market changes
- Changes in industry technology
- New offers or capabilities by competitors

What is a Competitor?

- Anyone your customers compare you to:
- Federal Express, Walt Disney World, General Electric, AT&T, McDonald's, American Airlines, Hilton Hotels, MTV, Bloomingdale's, Nikon, Mercedes Benz, American Express, GEICO, Amazon.com, etc.

Why Manage Change?

Change is Scary

Even though people grow throughout their lives they also need stability.

Change can be a very scary thing.

“...it takes all the running you can do, to keep in the same place. If you want to get somewhere else, you must run at least twice as fast as that.”

The Red Queen
Through the Looking Glass
- Lewis Carroll

**“Change is inevitable.
Growth is optional.”**

- Walt Disney

The Golden Rule

No matter where you are in the change process (planning, development or implementation) business **MUST** continue during the change.

The Phases of Change

The Six Phases of Change

1. **Anticipation**: You really don't know what to expect so you wait.
2. **Confrontation**: You begin to confront reality and begin to realize that the change is really going to happen or is already happening.
3. **Realization**: Once the change has happened you realize that nothing is ever going to be as it was. Often, this realization will plunge you into phase 4.

4. **Depression**: In this stage you mourn the past. You have realized the change intellectually, but now you are beginning to comprehend it emotionally as well.
5. **Acceptance**: You begin to accept the change emotionally. You still have reservations, but you are not fighting the change. You begin to see some of the benefits even if not completely convinced.
6. **Enlightenment**: You completely accept the new change. You wonder how you ever managed the "old" way. Overall, you feel good about the change and accept it as the status quo from here forward.

Another Model of Change

- Shock
- Opposition
- Discovery
- Engagement

Is the Organization Ready to Change?

Ready for Change If...

- Management supports the concept of productivity
- Staff has motivational problems
- The organization is responsible for mature systems that are mainly in maintenance mode
- There is a backlog of user requests and not enough resources to implement them

And There Are...

- Missed deadlines
- Projects over budget
- Unhappy end-users
- Unhappy workers
- Unhappy management

Not Ready for Change If...

- The organization has recently been formed
- Functions of the organization are new to the enterprise
- Organization is already growing at a reasonably rapid rate
- The organization is responsible for the development of new systems
- The general attitude is optimistic and morale is high

How Can Change Fail?

If Change Is Not Managed

All too often enormous change is made in parts of an organization but, because other areas are not involved and have not changed, success is limited.

Poor Executive Sponsorship

- Not communicating the need for change
- Not playing a visible role in supporting the change
- Abdicating responsibility or delegating down
- Moving on to the next change before the current change is in place
- Not helping to overcome obstacles
- Failing to set expectations with mid-level managers and front-line supervisors

Too Many Limits

- Time
- Budgets
- Resources

Corporate Inertia and Politics

Other Ways Change Can Fail

1. Misstarts
2. Making change an option
3. Focusing only on process
4. Focusing only on results
5. Not involving those expected to implement the change
6. Delegated to “outsiders”
7. No change in the reward system
8. Leadership doesn’t walk the talk
9. Wrong size
10. No follow-through

The Biggest Obstacle to a Successful Change?

User Resistance!

We're All In This Together

Resistance to Change Takes Many Forms

- Avoidance
- Slow downs
- Not communicating
- Starting rumors
- Sabotage
- Etc.

Employee and Staff Resistance

- They are fearful of the unknown
- They are opposed to moving outside of their comfort zone
- They hope that, if they wait long enough, the change will go away
- They fear they will be asked to do more work with less benefit
- They have seen change fail before

Middle-Management Resistance

- Middle-managers have a lot of influence on front-line employees
- Their resistance is due to a perceived loss of power and/or limited input in the project

Other Reasons to Resist Change

- They had no input in the decision
- They are surprised
- They do not understand the change being made
- They believe the change will make things worse
- They fear the change will mean loss of security, money, status, friends or freedom

Ways to Overcome Resistance

- Involve everyone from the beginning
- Hold real weekly meetings
- Show everyone what progress has been made
- Communicate, communicate, communicate

Tell Them the Benefits of Supporting the Change

- Enhanced respect and reputation within the organization
- Improved growth opportunities (especially for active supporters of the change)
- Increased job satisfaction (knowing you are helping your organization respond effectively to a rapidly changing marketplace)
- Improved job security, money and status

How to Succeed at Change

Use Change Agents

“You can’t manage change in a people business from your office...Change masters wander the halls enough to stay connected with the people they need to influence.”

- Terry L. Paulson, PhD

What to Communicate

- Why we need to change
- What is the present state
- What will the future state be like
- What is going to change
- What is not going to change
- Where are we most vulnerable in making this change work
- What are the key success factors in making the change work

Continuous and Targeted Communication

- Communication is a key contributor to success
- Effective communication is consistent, open, honest, and targeted
- Communication delivered through a variety of media
- If staff is aware of what is coming they will be prepared to absorb the details (advance organizers)

Communicate to All Involved So That They...

- Understand the purpose of the change
- Have a picture of desired outcomes
- Play a part in planning and implementing change
- Acquire new behaviors

Effective Sponsors

- Communicate a clear understanding of the goals and objectives of the change
- Provide sufficient resources for the team and project to be successful
- Set deadlines and expectations to ensure that the change remains a priority
- Attend key meetings and show active and visible support
- Expect results and hold the team accountable

Sponsors Can Create Support with Other Senior Managers

- Represent the change to their peers
- Help educate key stakeholders
- Hold mid-level managers accountable
- Form and lead a steering committee of key stakeholders
- Combat resistance from other senior managers

Success Factors

- Getting Everyone Involved
- Clear understanding of the need for change
- Commitment of sponsors
- Education and training
- Effective two way communication
- Re-alignment of reward systems

Improving on Perfection

Principles of Change Management

- Communicate, communicate, communicate
- Create ownership and involvement
- Education and Training (when necessary)
- Walk the talk
- Hold people accountable
- Celebrate a successful change

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