Leading Change

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Agenda

1. Change and Organizations

2. Change and Emotions

3. Change Management

4. Leading Change – Tactics and Techniques

Change & Organizations

Change & Organizations

"Rapid change is not limited to technology but, encompasses society and demographics as well. Business and HR leaders can no longer continue to operate according to old paradigms.   They must now embrace **new ways of thinking** *about their companies, their talent and their role in global society"*

- "Rewriting the Rules for the Digital Age" (2017)

Deloitte

Change & Organizations

*"As the adage goes, you can lead a horse to water, but you can't make him drink it. The same applies to data. Most organizations have made significant data investments, but that hasn't led to their people using data on a more consistent basis. With 83% of CEOs wanting their organizations to be more data-driven, companies are posed to experience significant changes in the years ahead. Each organization that hasn't yet become data-driven must figure out how to overcome **internal resistance** before its competitors do."*

- "Why Change Management Skills Are Essential to Data-Driven Success" (2022) Forbes

Change & Organizations

*"**Cultural resistance.** In the latest NVP survey, **91.9% of executives** said **cultural obstacles were the greatest barrier** to becoming more data-driven. When individuals and teams are expected to start using data when they haven't in the past, the existing culture will often fight such a change to the status quo. In a recent report by BARC, they identified two main groups that resist data culture: longer-tenured employees who are less open to change and less data-literate employees who feel intimidated by data. Without a strategy and plan to help these two specific groups embrace the new mindset, it's going to be difficult to build momentum with your data initiatives."*

- "Why Change Management Skills Are Essential to Data-Driven Success" (2022) Forbes

Change & Organizations

70% of projects fail to deliver forecasted results* due to lack of attention to change management and change adoption

"Change is happening everywhere; its speed and complexity are increasing; and the future success of our organizations depends on how successful leaders are a leading that change."

"Organizational transformations are hard work... companies are no more successful at overhauling their performance and organizational health than they were 10 years ago"
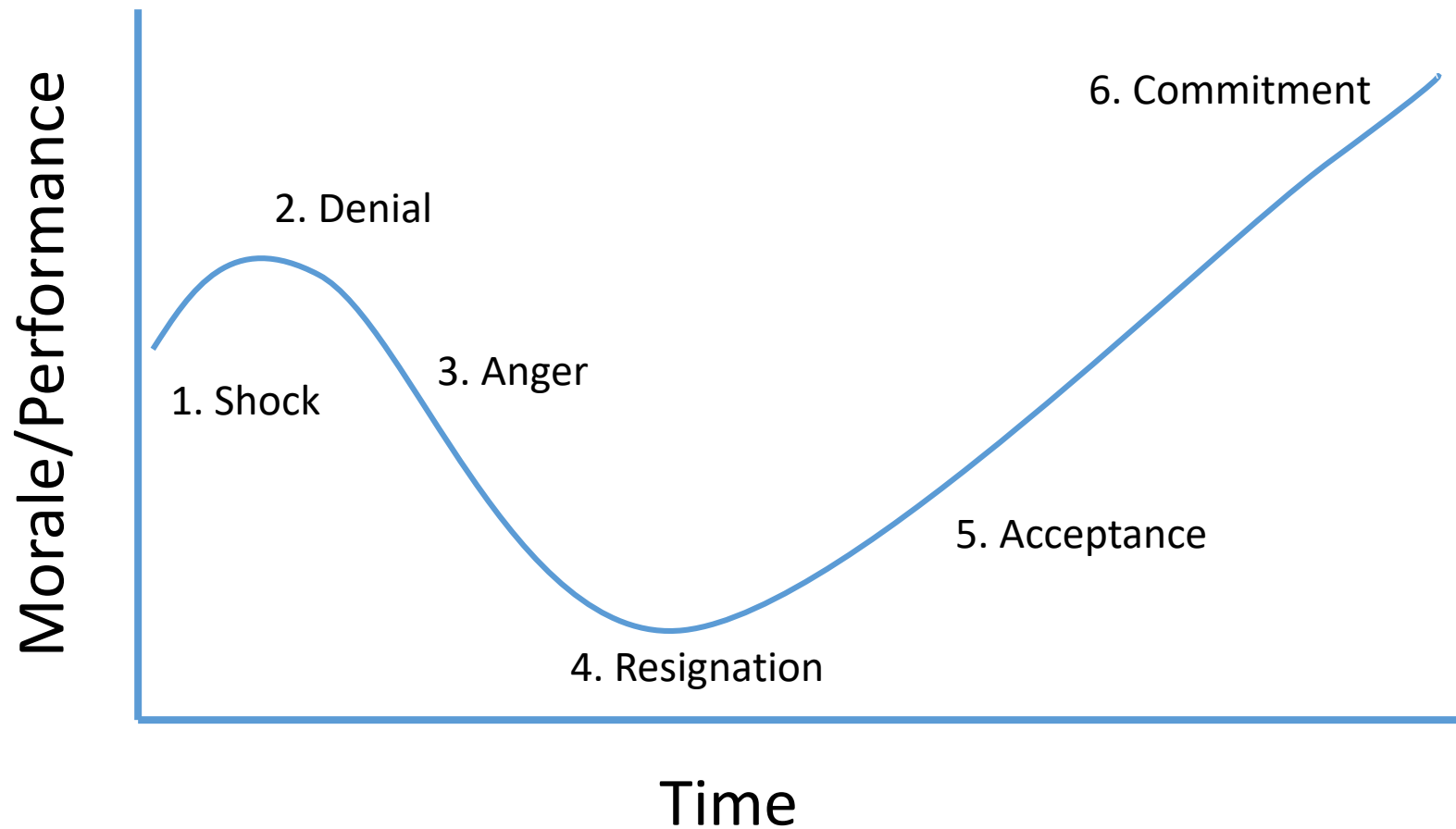
**"Beyond Change Management" (2001)
Dean and Linda Anderson**

**"The people power of transformations" (2017)
McKinsey & Company**

Studies confirm the benefits a structured approach to addressing the people-side of change has on project outcomes. Downsides of neglecting the people-side of change include: diminished results; loss of people unwilling or unable to make the change; wasted investment; stress costs and damaged image within the company and/or marketplace.
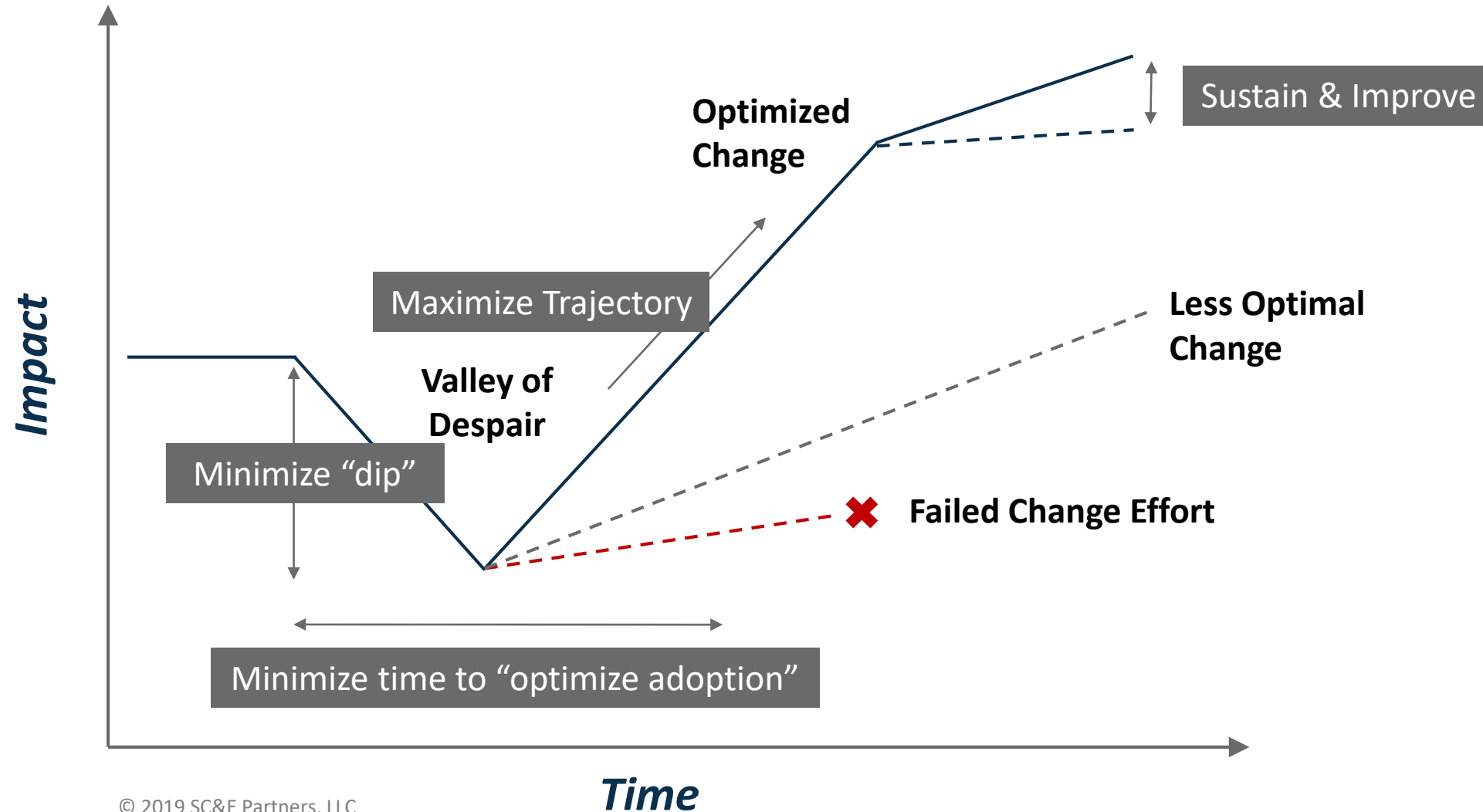
**Chaos Study by the Standish Group (2015)
https://www.standishgroup.com/sample_research_files/CHAOSReport2015-Final.pdf*

Change and Emotions

The Change Curve

Morale/Performance (y-axis) vs **Time** (x-axis)

1. Shock
2. Denial
3. Anger
4. Resignation
5. Acceptance
6. Commitment

It's not universal. Not everyone experiences change as a loss and those that do don't necessarily experience the 6 steps

SC&E Change Curve

Impact (y-axis)

Time (x-axis)

Optimized Change

Sustain & Improve

Maximize Trajectory

Valley of Despair

Minimize "dip"

Less Optimal Change

✖ **Failed Change Effort**

Minimize time to "optimize adoption"

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The Degree to Which Employees Fear Change

Least threatening: **Adaptive change**

- Reintroduction of a familiar practice

Somewhat threatening: **Innovative change**

- Introduction of a practice that is new to the organization

Very threatening: **Radically innovative change**

- Introducing a practice that is new to the industry

?

Examples

Reasons Employees Resist Change

- Individual's predisposition toward change

- Surprise and fear of the unknown

- Climate of mistrust

- Fear of failure

- Loss of status or job security

- Peer pressure

- Disruption of cultural traditions or relationships

- Personality conflicts

- Lack of tact or poor timing

- Non-reinforcing reward system

- Ineffective change agents

Share Examples

Change Management

What is Change Management?
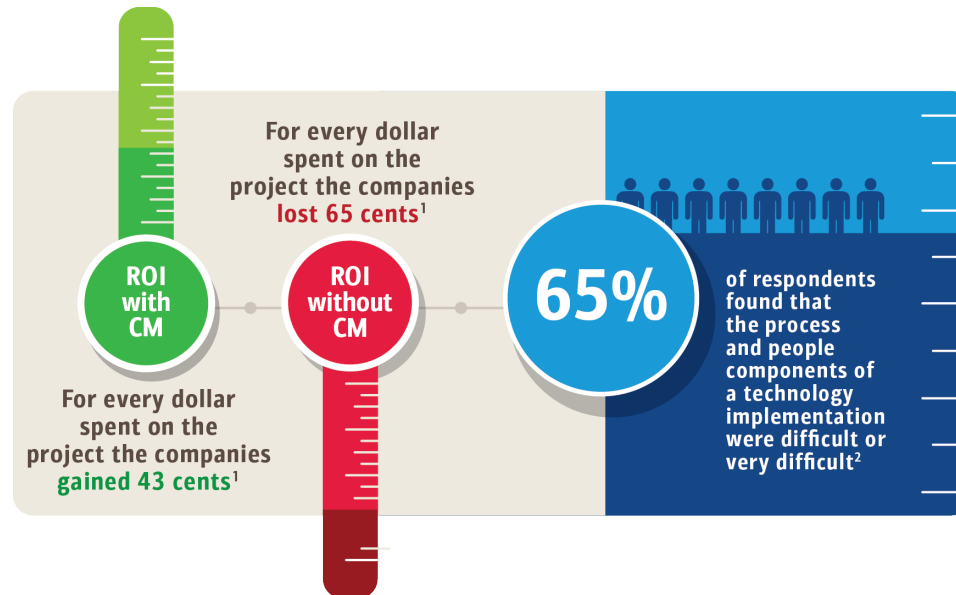
change
man·age·ment

noun

Practice of leading individuals or groups through an alternative future state or a significant business disruption of current state operating model.

SEE ALSO:

1 Process, tools and techniques to manage the people side of change

2 Structured approach to transitioning individuals, teams and organizations from a current state to a desired future state

3 Takes into account the culture, history and resistance to determine the degree of risk and mitigating factors

Ready for Change?
Looking beyond Process & Technology

PEOPLE

PROCESS

IDEAL

TECHNOLOGY

A robust change management program can help minimize the negative impact "people" issues can have on company projects.

For every dollar spent on the project the companies **lost 65 cents**[1]

ROI with CM

ROI without CM

For every dollar spent on the project the companies **gained 43 cents**[1]

65% of respondents found that the process and people components of a technology implementation were difficult or very difficult[2]

✓ **When to consider a change management program**

- Pandemic, natural disaster
- Acquisition, divestiture or JV
- Technology, system conversion and implementation
- Major transformational effort
- Organizational restructuring, centralization, shared services or outsourcing

1 - "The Business Impact of Change Management" – Pepperdine University/McKinsey study
2 - "2013 ERP Report: Organizational Change and Business Process Management" – Panorma Consulting

Leading Change – Tactics and Techniques

Five Tips for Leading Data-Driven Change

1. Secure a good executive sponsor.

2. Offer data literacy training.

3. Deliver data-driven quick wins.

4. Communicate to build and inspire.

5. Foster a collaborative relationship with business teams

Change Advocates

Described

- Project participants who engage change targets in an effort to increase adoption

Profile

- Credibility

- First hand understanding of dynamics within one or more groups of change targets

- Ability and willingness to proactively engage others

    - recruit supporters

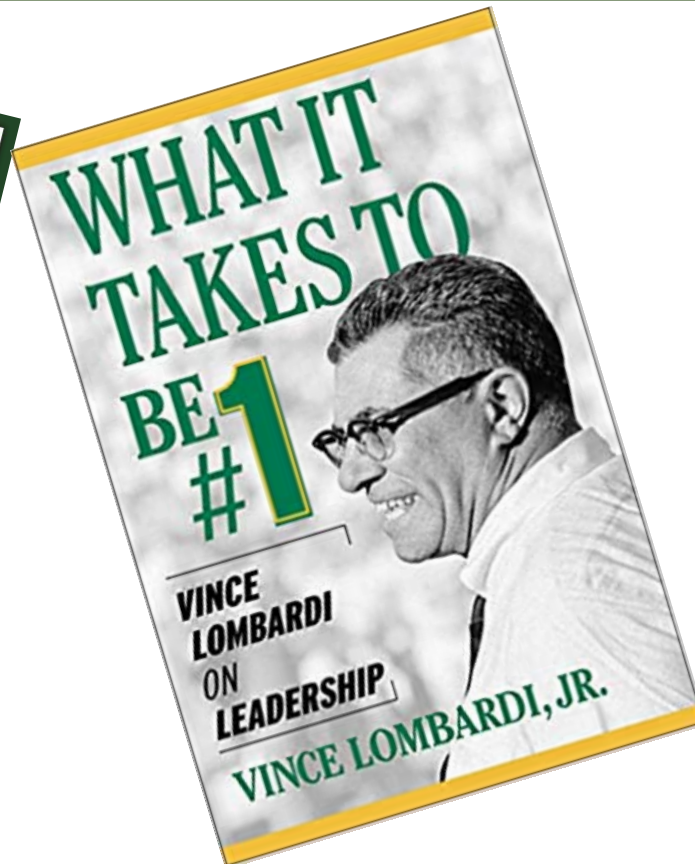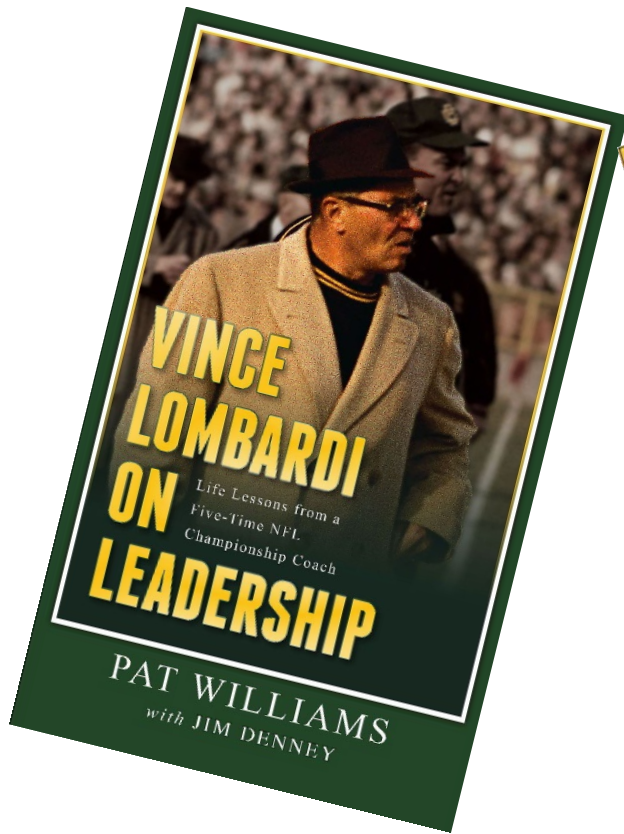   - discuss various aspects of pending change

Benefits

- Change target specific insights

- Committed liaison

Leadership Teams & Change

Leadership

A process whereby an individual influences a group of individuals to achieve a common goal.

*"**Individual commitment to a group effort** – that is what makes a team work, a company work, a society work, a civilization work."*

- Vince Lombardi

Leadership Teams & Change

Approaches to decrease resistance to unpopular decisions

1. **Socialization** Have meetings before the "meeting". Gain input, insights, discover reasons for resistance and work collaboratively to build support and momentum.

2. **Transparent communication** is the act of both good and bad information being shared in a way that allows all to see the "why" behind the words. Share leadership's message. Acknowledge points of dissatisfaction and empathize with those negatively impacted. Share that the preferred option was considered and "why" that option wasn't chosen. Accentuate the positives associated with leadership's final decision.

3. **Objection handling.** When leadership team makes an unpopular decision assign a subcommittee to meet briefly to help craft a consistent message that members of the team will all share when speaking to the masses.

"Leadership is a matter of having people look at you and gain confidence, seeing how you react. If you're in control, they're in control."

- Tom Landry

LANDRY ON LEADERSHIP
Leadership and Lessons from The Legendary Dallas Coach

Stephen Hawkins
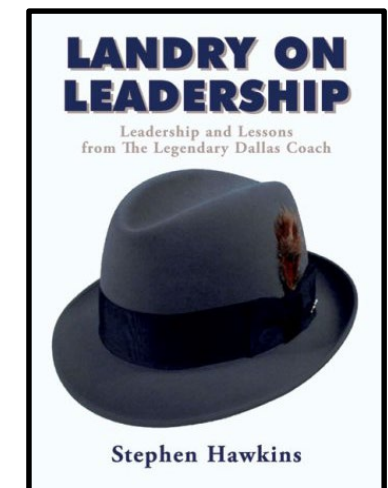
Leading Change - Kotter

Common Errors

1. Allowing too much complacency
2. Failing to create a sufficiently powerful guiding coalition
3. Underestimating the power of vision
4. Under communicating the vision by a factor of 10
5. Permitting obstacles to block new vision
6. Failing to create short term wins
7. Declaring victory too soon
8. Neglecting to anchor changes firmly in the corporate culture

Consequences

- New strategies aren't implemented well
- Acquisitions don't achieve expected synergies
- Reengineering takes too long and costs too much
- Downsizing doesn't get costs under control
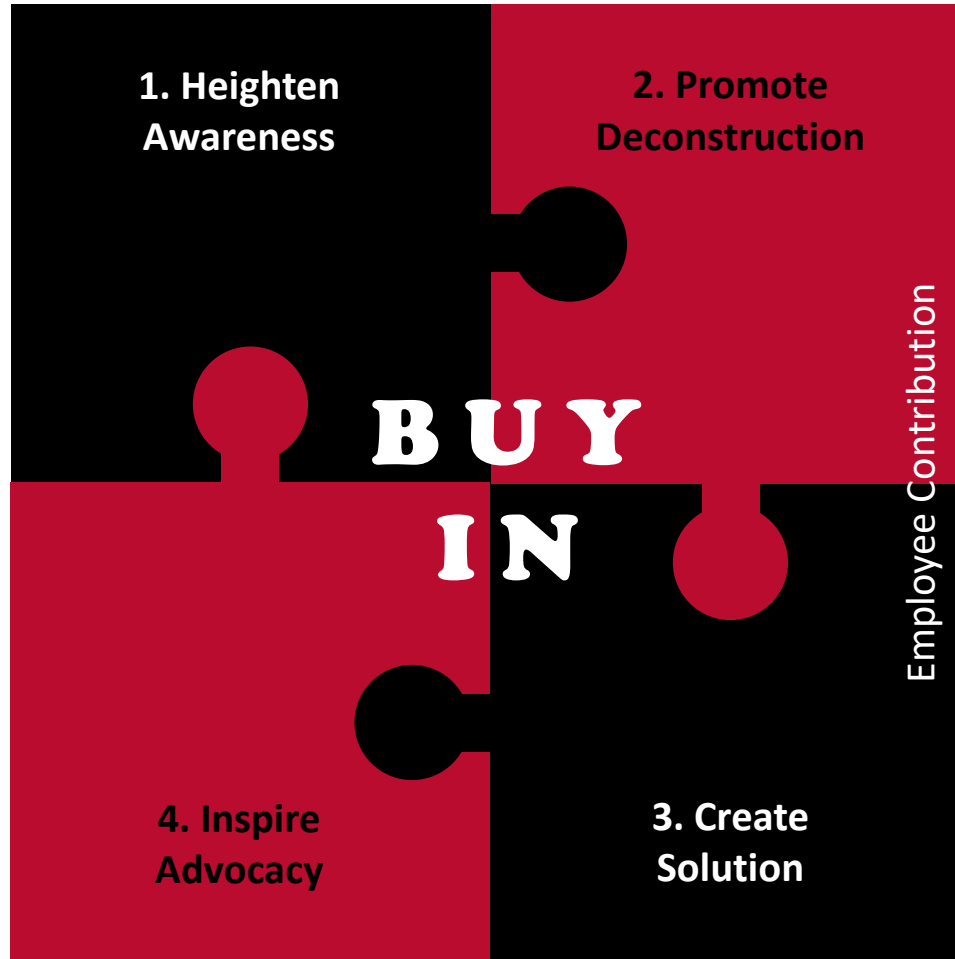- Quality programs don't deliver hoped for results

With a New Preface by the Author

LEADING CHANGE

JOHN P. KOTTER

HARVARD BUSINESS REVIEW PRESS
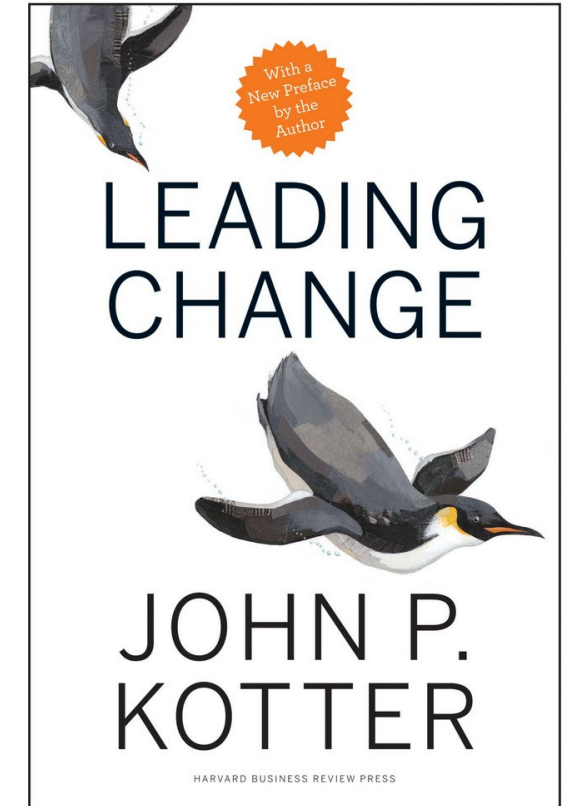
Leading Change - Kotter

Eight Stage Process of Creating Major Change (pg. 21)

Step	Description
1. Establish a sense of urgency.	Unfreeze the organization by creating a compelling reason for why change is needed.
2. Create the guiding coalition.	Create a cross-functional, cross-level group of people with enough power to lead the change.
3. Develop a vision and a strategy.	Create a vision and a strategic plan to guide the change process.
4. Communicate the change vision.	Create and implement a communication strategy that consistently communicates the new vision and strategic plan.
5. Empower broad-based action.	Eliminate barriers to change, and use target elements of change to transform the organization. Encourage risk taking and creative problem solving.
6. Generate short-term wins.	Plan for and create short-term "wins" or improvements. Recognize and reward people who contribute to the wins.
7. Consolidate gains and produce more change.	The guiding coalition uses credibility from short-term wins to create more change. Additional people are brought into the change process as change cascades throughout the organization. Attempts are made to reinvigorate the change process.
8. Anchor new approaches in the culture.	Reinforce the changes by highlighting connections between new behaviors and processes and organizational success. Develop methods to ensure leadership development and succession.

Adoption Framework & Buy-In

1. Heighten Awareness

2. Promote Deconstruction

BUY IN

Employee Contribution

4. Inspire Advocacy

3. Create Solution

What is the Adoption Framework?

- An approach to realize an opportunity or address a challenge
- Leverages organizations collective intelligence
- Applicable to both large transformations and small change initiatives

Benefits Include:

- Heightened sense of employee ownership
- Increased employee engagement and motivation
- Thorough assessment/diagnosis of the challenge
- Greater number and quality of solutions
- More champions actively driving change efforts

Stakeholder Analysis

Stakeholder Analysis:

Levels of Support:
1 = Strongly Supports
2 = Moderately Supports
3 = Neutral
4 = Moderately Against
5 = Strongly Against
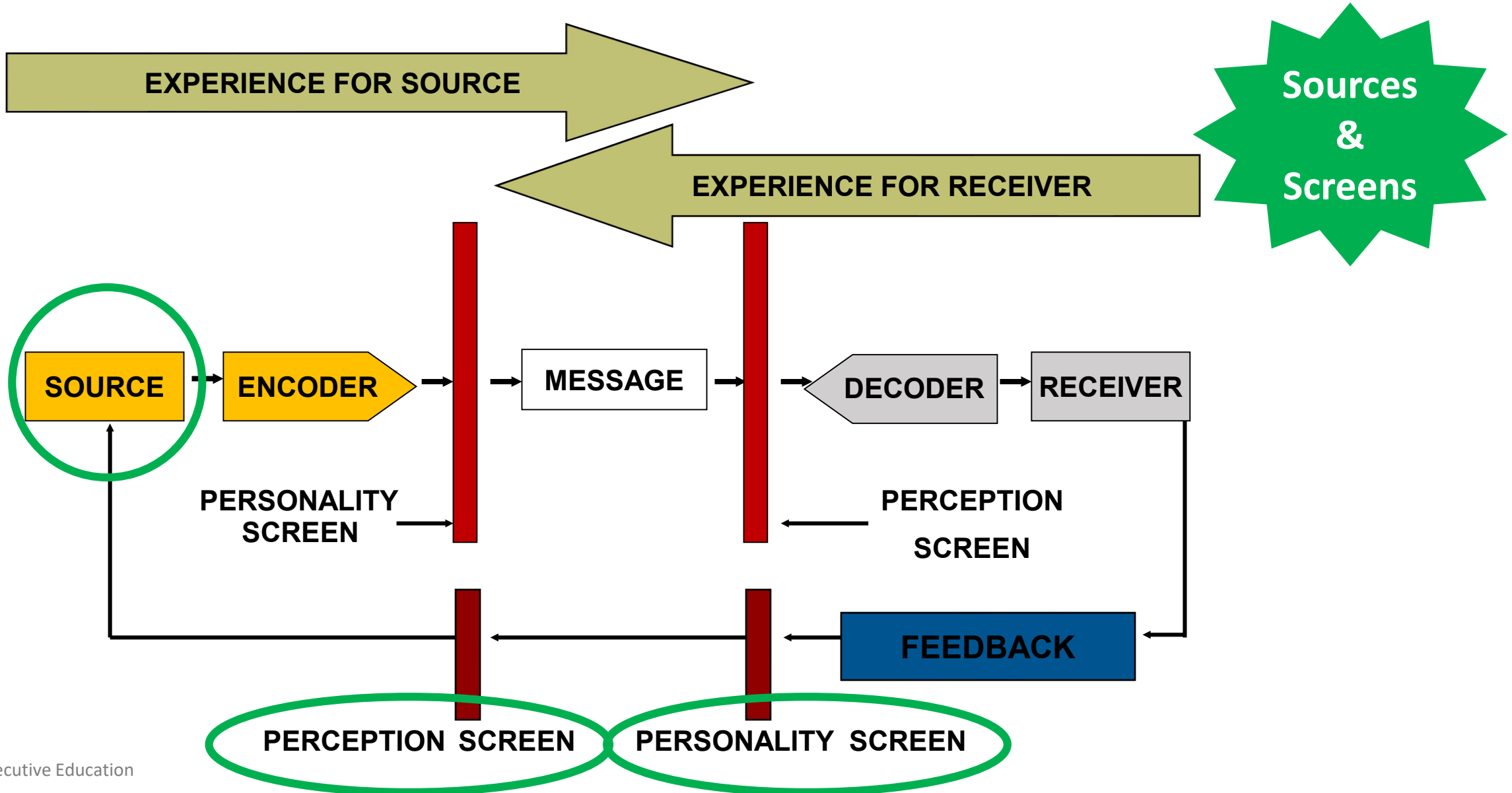
Priority - High / Medium / Low

Stakeholder	Current Level of Support	Required Level of Support	Priority	Reasons Stakeholder Supports	Reasons Stakeholder Resists	Plan of Attack (Tactics & Techniques)
SVP of Manufacturing	2	1	High	• Potential cost savings ($$) • Constant supplier issue • EHS issue driving recordables	• Will not support any increase in costs	• Quantify cost savings • Quantify the recordables this is causing • Provide
Finance Manager	3	1	High	• Potential cost savings	• Does not want to upset existing suppliers • No room to add/change staffing for this year • No room for additional capital investments this yr	• Quantify cost savings • Alleviate concerns for staffing or additional capital • Hold an "off-line" conversation and include on project update materials
Line Employees	4	2	High	• Reduce any issues with the job function • Increase the desirability for this job	• Recent changes to job functions were poorly communicated and executed • Concern for reduction in force with any design change to parts	• Include an employee representative on the project team • Communicate updates via weekly newsletter • Involve in solution testing with full transparency

What is it? Used to measure the level of support among key stakeholders and identify issues and concerns

When do I use it? At the beginning of an initiative to baseline and periodically throughout (1 – 2 times annually)

What do I do when complete? Develop an action plan and share only with the small core team and do not distribute
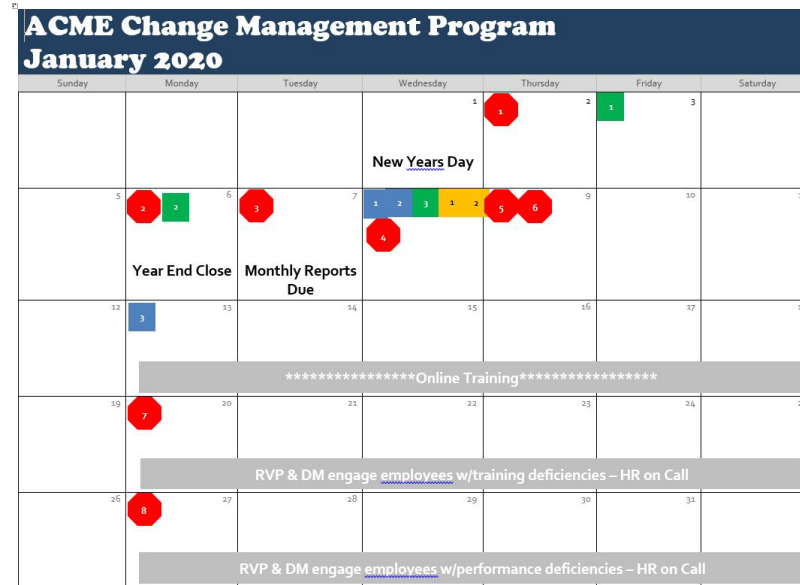
Communication: The Process

Sources & Screens

EXPERIENCE FOR SOURCE

EXPERIENCE FOR RECEIVER

SOURCE → ENCODER → MESSAGE → DECODER → RECEIVER

PERSONALITY SCREEN

PERCEPTION SCREEN

FEEDBACK

PERCEPTION SCREEN   PERSONALITY SCREEN

Change Management Program

A Change Management Program is…..

A collection of strategies and tactics designed to help leaders increase the probability that more **employees will adopt** an organizational change faster. Typically created and maintained in the form of a calendar illustrating key implementation activities and other relevant events

Change Management Program

1. Outcomes & insights from
   - Stakeholder Analysis
   - Force Field Analysis
   - Change Target Assessment

2. Communications

3. Key dates (internal & external)

4. Training activities

5. Reporting

6. Reward & recognition events

7. Resistance Mgmt. Plan

ACME Change Management Program
January 2020

#	TASK DESCRIPTION
1	CEO has one on one conversation with RVP (East) and CSO
2	RVP (West) has one-on-one conversation with Los Angeles District Mgr
3	Chicago District Mgr(DM) has 1 on 1 conversation with T. Higgins; Dallas DM has 1 on 1 conv Smith; Tampa DM Mgr has 1 on 1 conversation with R. Sams
4	RVPs have calls with DM to ID and discuss mitigating unforeseen resistance
5	CEO calls valuable employees struggling with the change
6	RVPS / DM reassign or exit employees on "watch" list who react to change negatively
7	DM inspect Training reports to ID outliers and respond to "Skill or Will" challenges
8	RVPs and DMs review and react to adoption metrics and respond to "Skill or Will" challenges
1	Executive Team meets with RVPS
2	RVPS meet with DM
3	District Mgrs meet with local teams
1	Letter from the President/CEO - Released 9 AM EST
2	Video Announcement - ALL HANDS - 12:00 noon
3	Regional Town Hall - In person and telepresence
1	FAQs posted on Intranet
2	Intranet captures employee questions

Change Management Plan

Change Management Program

1. Description – a collection of strategies and tactics focused on helping employees adopt an organizational change. Related materials are stored in a central location so designated audiences can access, review and/or update information as needed.
2. Format – whatever file format and layout complements the organization's culture, style and routines
3. Elements -
   a. Holidays and external events impacting business operations
   b. Internal events impacting business operations (monthly closes, key meetings, etc.)
   c. Communications (i.e. emails, newsletters, town halls, correspondences from senior leaders, one-on-one socialization meeting, etc.)
   d. Training - Activities related to educating employees on pending change
   e. Reward and recognition - Events focused on acknowledging preferred/outstanding performance
   f. Reporting – Dates when key information will be available for review by various audiences (i.e. monthly progress reports shared with executive team, scrubbed then cascaded through managerial ranks). Pre work includes:
      i. ID in process and end of process metrics that will be tracked,
      ii. ID how the metrics will be captured, analyzed, combined and reported.
      iii. ID who receives which report and how frequently
   g. Forces Field Analysis exercise surfaces:
      i. Strategies and tactics to mitigate forces against change
      ii. Strategies and tactics to leverage forces for change
   h. Stakeholder Analysis exercise surfaces tactics to engage key stakeholders
   i. Change Target Assessment surfaces tactics to gain "buy in" and drive adoption of the people's whose behavior you're attempting to alter.
   j. Under performance/Resistance Mgmnt plan includes
      i. Processes to determine if lack of success was a skill or will issue
      ii. Agreement co: steps to address both "skill" and "will" issues. May vary by role and/or individual
      iii. Tactics to leverage exemplars to stimulate performance.

ACME Change Management Program
January 2020

Project:	New CRM. Proper CM planning (i.e. stakeholder assessment, force field analysis, etc.) already completed	
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Questions