

4 Managing change

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Introduction

This chapter gives an overview of managing change. It identifies some major issues and presents key approaches and checklists for the manager who wishes to be proactive in times of change. It identifies pathways to managing change and the major dimensions of change, then goes on to issues of resisting change and overcoming that resistance. It explores current issues in change, especially innovation and creating a learning organisation, and addresses the characteristics of effective change, communicating and evaluating change.

The focus of this chapter is on planned change at work. If change is to be successful, it needs to be:

- *goal oriented* — you are clear about what you want this change to achieve
- *proactive* — you seek to lead the activities of change for the most part, rather than letting them happen
- *purposeful* — you attempt to link all major change actions into a coherent and directed strategy
- *ethical* — you believe that despite the difficulties and ambiguities inherent in change, most of those involved will see your approach as moral and responsible.

Many business activities designed to achieve planned change come about from changes in our environment (which we may or may not have sought or wanted). The important thing is to make a fast transition from reactive to proactive response to changes.

The current rapidity of change on many dimensions, such as social, cultural, economic and organisational, tends to overload and confuse managers and staff. In recent years, virtually every enterprise, in New Zealand and overseas, has experienced downsizing or some other form of significant change as a means of staying competitive.

Too often, after downsizing, there is little spare capacity to respond to new challenges or take advantage of new opportunities. Yet successful

change depends on taking the initiative and making the change yours, rather than just adapting to other people's change.

Examples of planned change activities include:

- realising that your company needs to be more innovative, then working to build a culture of innovation
- instituting a systematic programme to upgrade information technology in your business and then upskilling staff
- deciding to move towards self-managing teams and empowering staff to make more demanding workplace decisions.

The need to change may stem from activity in the business environment (such as competitor initiatives) or from observations within the company (such as a high error rate or an unacceptable level of customer complaints).

Fonterra

According to Glen Petersen ("Going global is people driven"), Fonterra, the world's fourth largest dairy company, is faced with particular challenges in managing change, including:

- venturing into new markets
- building the company base in current markets
- managing more than 20,000 employees in over 40 countries
- having a greater number of staff overseas than in New Zealand
- trading with over 120 countries
- operating more than 30 overseas manufacturing and processing facilities.

If Fonterra is to succeed in managing numerous facets of change, it has a number of tasks ahead. It needs to:

- build quality infrastructural systems that are world class
- shape its enterprise culture and values so as to engage staff who know they are respected
- keep staff in touch with the company mission and goals
- continue to build staff expertise
- provide staff with careers that make significant contributions to those goals.

Deloitte HR partner Brenda Sayers proposes that the issue for New Zealand enterprises is not so much about whether to go global as how to ensure they do it responsibly and sustainably. In order to create enterprises capable of meeting the challenges of a global marketplace,

organisations must employ “talented, motivated, engaged individuals who are willing — and able — to rise to all the challenges of an international marketplace” (Petersen, “Going global ...”, p 10). Also needed are people strategies that are integrated with global business strategies.

Approaches to managing organisational change

Two classic approaches to managing change are *Lewin’s model* and *action research*.

Lewin’s model

The three parts of Kurt Lewin’s model are:

- unfreezing (or identifying)
- genuine change (or internalising) and
- refreezing (or integrating).

Unfreezing means that individuals learn new attitudes and approaches to their work by identifying with others (such as their formal or informal leader or a change agent) who practise the new and desired values sought in the change process.

Genuine change occurs when individuals absorb and internalise new knowledge, attitudes, behaviour and skills as part of their problem-solving in the change experience. Successful internalising occurs only when people experience change as part of their own individual experience. This goes beyond just attending a training course or working under duress. It implies that people take responsibility for their own growth and development.

Refreezing occurs when individuals integrate what they have learned into their own practice at work and, more importantly, into their own expectations and assumptions about how they will perform at work.

The Lewin model has been criticised by commentators who may not have understood the “refreezing” aspect. Their concern has been that, especially in conditions of constant change, refreezing implies that a person is locked into some state from which it will be difficult to budge them.

To counteract this, managers need to ensure that one particular quality to be “refrozen” into the collective culture is the ability to be open to change. If staff can newly define themselves as the kind of people who have the skills and confidence to actively seek change, the organisation will be well served.

Action research

Action research generally means large-scale organisational change with a commitment to careful research of how change is manifesting itself. In action research you undertake a carefully planned and systematic form of organisational change in which you:

- set goals for change
- collect data on the current situation within your enterprise
- determine the difference between where you are now and where you want to be
- identify the main forces for change and assess how strong they are relative to one another
- identify the main barriers to change (or the forces that are maintaining the status quo) and determine their relative strength
- specify what change actions are now needed to produce the change goals you have set
- take action along those lines
- measure what outcomes you have achieved
- provide feedback to those involved in making change about what the outcomes seem to have been
- determine what changes you now need to make both to your change goals and your methods for achieving them
- take a new set of actions
- remeasure their outcomes, etc.

In this way, action research involves:

- a cycle of change based on systematic collection of data
- feeding back that data to your change agents
- getting organisation members highly involved in reshaping enterprise direction.

The best forms of measurements are those taken by your own staff. It is acceptable, and may even be necessary, for you to obtain external support (eg, from consultants), but the most enduring and powerful forms of change occur when your own staff are involved in helping to diagnose and implement change.

The dimensions of change

Changes at work will affect one or more of the following dimensions:

- structure
- technology
- physical setting
- people.

Structure. Changing structure (restructuring) means reconfiguring the internal systems or design of the enterprise by altering the reporting system, reallocating job accountabilities and tasks, and so on.

Technology. The term “technology” is used broadly in the context of change management to mean systems, how we plan for and carry out work of all kinds (production, services or knowledge) and what methods we employ to do it (manual or automated).

Physical setting. Changes to physical environment traditionally involved altering the workplace’s physical layout, especially with the goal of eliminating bottlenecks and improving productivity or providing services. More recently, with an increasing amount of work being done remotely, managers need to think about, and have some degree of responsibility for, any physical site at which their staff produce outputs. Managers also need to plan to facilitate workflow between remote sites and the workplace.

People. Changes that involve people generally are aimed at obtaining improvements in areas such as behaviour, attitudes, perceptions, abilities or skills. Achieving successful change in the people of your enterprise is both the most challenging and potentially the most rewarding of all the dimensions. Therefore, it requires the most skill and attention to your goals, to human nature and its oddities, and to the ethical dimensions of change. Curiously, the human dimension of change is the one area that usually attracts the least careful and rigorous attention.

Why change programmes sometimes fail

Professor Ted Zorn (2002) found that one reason for failure in implementing new technological systems is that insufficient thought and planning are given to the human dynamics, such as consulting staff, getting them up to speed via training and coaching, and supporting them as they come to grips with the technology. He quotes overseas research indicating that for every dollar you spend on implementing information and communication technology, you need to spend eight dollars on the “soft” systems — ie, the human systems — that you seek

to change. This 1:8 ratio will startle many, but the incidence of new systems failure may well vindicate it.

Resisting change

"People don't resist change; they resist being changed"

Successful change management requires getting people first to accept change, and then to enthusiastically support it. Given that the people dimension of change is the most challenging to do well, it is in this area that you need to do your most careful goal-setting and planning. One thing that you can readily predict, though, is that it is normal for people to resist change, both individually and collectively.

To some extent, the efficient functioning of your enterprise relies on your staff showing a degree of resistance to change. The last thing you want is random, unpredictable or unnecessary change, as this wipes out hard-won efficiencies and learning of the past. Therefore, you may well want to cultivate resistance to pointless change if it means that staff defend their best practice at work. It is especially important to encourage resistance to the fads and fashions, of dubious organisational value, that have swept through the New Zealand business landscape.

Yet resistance to change, in the form of a knee-jerk reaction against it, is always dysfunctional. It is certain to block organisational attempts to adapt to new methods and discover new possibilities for your enterprise.

The key word when assessing how successful your change attempts will be is *control*. If people feel they genuinely possess control over the impending change, or at least have some substantial influence over it, the chances are that the change will work effectively.

Individual resistance

People's approach to change may be summed up in two ways. First, as a species we seem to have an innate curiosity about the new, particularly when we are aware of some shortcoming in our immediate circumstances. This is such a strong characteristic that it is probably hardwired into our information scanning and our behaviour.

Secondly, once people think they have reached a state of equilibrium or contentment in their lives, they no longer automatically seek novelty; in a sense, they trade off newness for the familiar. The more settled people feel in their current role, the more inclined they may be to oppose change that is not of their making.

It is in the second of these phases, equilibrium, that resistance to change is strongest. Even if the reality of the here and now is not ideal, people may prefer it to the prospect of the new if they believe it has

even less to offer. The task of the manager, as leader of change, is to demonstrate to staff that the future can be better than the present.

The following can trigger resistance to change, especially when people are in a state of equilibrium:

- anxiety about risks to economic or other security
- fear of not being able to earn a living from current skills
- wishing to avoid changes to familiar routines
- anxiety about the uncertainty and ambiguity associated with change
- lack of understanding of the possibilities of change.

Emotional responses to change

Certain predictable patterns occur in people's response to change. The following four stages are typical of what happens when we encounter change that is not of our making:

- *deny* — personnel try to block out any perceptions that change is needed or impending; the mental conflict that can ensue often causes lowered morale and productivity
- *resist* — staff actively fight change and will take action, such as mobilising any possible support against it
- *explore* — staff begin to incorporate the possibilities of a new system or approach into their work lives; from time to time, they may revert to an earlier work mode
- *commit* — staff accept the new system and work to make it happen.

Not all staff will work through this sequence in a predictable way. Some may get stuck, if permitted to, at any of the first three levels; and others may exit the enterprise. Managers need to put in ongoing work to help staff through the stages and to reinforce the sense of possibilities and development that are needed to keep staff positive about change.

Organisational resistance

Organisations tend to be predictable and relatively conservative most of the time. This helps to create efficiencies and avoids wasted effort and resources. However, enterprises should be open to change and constantly seeking new and innovative ways to do things.

Some of the major sources of organisational resistance to change are:

- group norms (eg, restrictions on output or rigid job demarcation lines) focus on the past and block new ways of doing things

- groups with existing power or privilege (eg, specialists or people in supervisory roles) see the prospect of change as threatening their present standing or their control of resources
- incomplete change planning — change may be set to occur in one area, but other important parts of the enterprise are not included in the plan
- managers and other supervisory staff are not committed to change and are paying lip service only.

Overcoming resistance to change

Change agents

Successful change usually requires the active involvement of change agents. These people are oriented to change and possess the skills to facilitate change. They may not wear the particular label of change agents in a formal sense, but that is essentially their role. Change agents may be team leaders, managers or non-supervising staff, full-time or part-time employees, or outside consultants. Their special purpose is to be single-minded champions and facilitators of change. They possess an awareness of where the change is supposed to be heading and are not overly deterred by the inevitable drawbacks and falterings that occur.

Generally speaking, change agents have a range of options in reducing resistance to change. These may consist of:

- education
- engineering
- enforcement.

Education

Education about change includes the following approaches.

Communicating effectively and often. The goal is to ensure that staff are fully aware of the logic underpinning the change. This approach is more likely to work if there is a good basis of trust within your enterprise. If there is not (eg, if there is a history of disputes) much more communication will be needed. Be aware that in times of significant change staff are usually in a state of anxiety and overload, and often simply do not hear the message in the way the message sender thinks it was delivered. In times of stress, repetition is needed to ensure the message gets across.

Ensuring that staff participate in the change. People find it easy to support change in which they have taken part, and hard to oppose it once they have been drawn into it. Try to identify the central informal

opinion leaders in your organisation, and remember that they have a powerful persuasive effect on other staff. Once you have them onside, you have recruited influential supporters of change rather than opponents. Be aware, though, that there is an inevitable commitment of your time to make this happen. One rule of thumb is that the more significant and long-lasting the change you propose, the more critical it is that you turn your informal opinion leaders into change agents, regardless of the time it takes.

Engineering

This generally means making it as easy as possible for staff to make the transition into their new roles. Look closely at the fit between the individual and the enterprise. Any actions you take should be as much geared to changing systemic processes as trying to change the person. The key rule is that if something is going wrong, it is more likely to be a systemic flaw than an individual shortcoming. Once you get the system into a state that encourages people to do their best, that is what tends to happen.

Important facets of engineering are:

Showing staff that you want them to succeed in their new roles. When managers feel pressured by the stresses of trying to lead radical change, they may fall into the authoritarian trap of, "It's my way or the highway." This usually has the opposite effect to what you need for a high-performing enterprise. Such an approach alienates and drives away your most creative and productive people (who tend to be very employable elsewhere). It also intimidates the less skilled remaining staff, who will resent your approach, conceal their resistance and be much harder to enthuse.

To show staff that you want them to excel, look for ways to support their learning, such as by:

- providing training in new skills
- working with them intensively to ensure that their performance is achieving change goals
- setting realistic short-term and longer-term stretch targets in the areas of performance that are subject to change.

Finding whatever staff value as a way to get their commitment. Be open-minded about how staff find their own way towards the change goal. The important thing is that staff get there; how they get there (within the usual constraints of efficient work practices) is of less concern. Give people small wins so that they can see they are making progress towards the aims.

Enforcement

In most instances of organisational change the enforcement options are quite limited, and usually they serve only short-term outcomes. In the longer term, enforcement devices like:

- coercion
- threats to fire, demote or transfer or
- giving a negative performance evaluation

may get short-term compliance, but are likely to create a backlash by disgruntled employees who can be guaranteed now to have no genuine commitment to your enterprise.

Recent research from the Mt Eliza Business School in Australia surveying 300 Australian and New Zealand managers found distinct differences between what managers knew in a theoretical sense was needed for leadership and what they did in reality.

Further, differences appeared on a generational basis: baby-boomer managers were more interested in finding a balance between work and play, while younger managers were more focused on strategy. Gender differences also emerged: women tended to be more focused on external challenges (such as global economic conditions and government), and men were more geared to internal business issues ("Flunking the leadership test", p 8).

Current issues in change

Innovation

Innovation is a more specific and narrower form of change, involving new ideas. Innovation is what occurs when you apply some new idea or process to creating or improving a product, service or process — but it requires some slack resources. Generally, it is unreasonable to expect seriously overworked or stressed staff to produce, test and implement new ideas.

Two essentials in successful innovation are *structure* and *culture*.

Structure

- Structures that are organic rather than mechanistic produce much more innovation. There needs to be sufficient flexibility in terms of who people can communicate and work with if they are to come up with new ideas and feel authorised to offer and promote them.
- Experienced staff are better at innovation than new employees. Although new staff can be an excellent source of new ideas, it is the

long-standing ones who have the organisational knowledge about what is likely to succeed, and how to work the local system to make it succeed.

- Excellent internal trust among different sections of the enterprise, the ability to communicate, and the wish to communicate all promote innovation.
- Staff need a sense of job security before they are likely to pursue innovations. Job security demonstrates to staff that they are important to the enterprise, and indicates that they are likely to be around to see the outcome of their innovative thinking.

Culture

Enterprises with a culture that is open to innovation usually:

- encourage staff to experiment
- reward successes and do not shrink from giving credit where it is due
- reward failures and mistakes, recognising that if you want people to be genuinely innovative, mistakes are inevitable
- invest heavily in staff training and development
- support individuals in their formal or informal roles as change leaders or change champions, and encourage them in their task of clarifying the nature of the innovation and its working to other staff
- support staff by giving them excellent insights into enterprise goals and progress towards enterprise targets. This is “reality-based” feedback, which reduces the risk of staff error though lack of knowledge of how the company works or what its needs are.

The best change agents and change champions generally have:

- strong self-confidence
- the confidence to take managed and calculated risks
- a high energy level
- the ability to be persistent and not be deterred by setbacks.

It is also true that a change champion must work within a given culture and is subject to the expectations of people within that culture. If the culture is individualistic, group members will be relatively tolerant of the change champion working assertively with (at least during the early stages) little apparent consensus for the process from other organisational members.

In more collective cultures, however, change champions know that to make any real progress they will need to obtain meaningful support at every stage from key opinion leaders and groups within their organisation or community.

Creating a learning organisation

One of the fundamental activities of an enterprise in times of constant change is to learn.

Barriers to organisational learning include poor internal communication and coordination. This is often the result of excessive internal specialisation and the inability to get staff talking with and supporting one another. There may also be confused thinking about how to balance competitiveness against cooperation. A small degree of internal competition is generally helpful as a means of energising staff. However, it needs to be friendly competition that does not lead to organisational pathologies such as concealing information from others or distorting it, or behaviour designed to defeat or undermine colleagues rather than support them.

A further barrier to organisational learning is when managers are constantly engaged in fire-fighting or catch-up activities. In such situations the dominant work mode is reactive — waiting for the next crisis to come along rather than feeling empowered to look for productivity gains.

These barriers to learning result in duplicated and wasted effort and a lack of planned and synchronised activities across the enterprise.

Yet, as for individuals, learning is not enough — you also need to apply that learning effectively. This means being able to:

- identify ways in which enterprise fragmentation and dysfunctional competitiveness undermine your enterprise
- create incentives for individuals first to obtain and then to share knowledge with others
- capture learning in ways that are systematic and potentially profitable
- adapt and grow in ways that stem from that learning
- make fundamental changes to values, assumptions and norms in the light of new knowledge
- produce both radical and relatively minor solutions to problems and organisational constraints
- implement learning in such a way as to create value.

Characteristics of effective change

The history of managing change is highly diverse, and failures outnumber successes. Nevertheless, effective change programmes do have some features in common, which are listed below. You can use this as a checklist of approaches to take.

Checklist

- Create a vision of your company's ideal future that all main stakeholders can share.
- Make sure personnel have the capacity and the resources to achieve company goals.
- Keep up pressure in the direction of your ideal future so all involved are in no doubt that you are determined to achieve change.
- Work towards strong cohesion among staff in pursuing change goals.
- Create actionable first steps that you believe can be achieved, to give personnel the experience of small wins to begin with.
- Demonstrate an ongoing commitment to the vision even when things get tough or go wrong.
- Include change processes within all parts of the enterprise, so that no section can imagine that it is not involved.
- Put changes in place through the entire work structure of policies, plans, procedures, rules and regulations — though without micromanaging how staff achieve their goals. Avoid internal contradictions in what you say you want by way of change and what your system actually requires.
- Involve staff in the day-to-day work of monitoring and assessing the outcomes of change, and get them involved in reporting back to you with ideas about how the company should respond to unforeseen eventualities. Encourage staff to bring you solutions, not problems.
- Evaluate change and take action on the findings, altering goals and methods if necessary.

Communicating change

It is often said that change programmes fail not because there was anything wrong in particular with the goals, managers' motives or the fundamental pathway to change, but because some basics of good communication were not followed. Good communication is essential in successful change, but it is not difficult to understand why insufficient time may be invested in it. After all, in times of rapid discontinuous

change, senior management attention tends to be focused externally on threats from sources such as competitors, leaving little time for attention to internal communication and other such activities.

Another barrier to communication at work is that in times of change, staff tend to be anxious and preoccupied with issues of their own survival at work or their prospects elsewhere. All of this creates mental noise, which blocks them from hearing even well designed and appropriate messages about organisational change and their part in it.

Key aspects of persuasive communication

In times of radical change, what you do is more persuasive than what you say; and who you are perceived to be is more persuasive than what you do or say. Staff will assess who you are and your apparent leadership skills on the basis of your credibility. In turn, you build your credibility by demonstrating your competence and your high ethical standards.

Some rules of persuasive communication are as follows.

- Be consistent in your messages over time, so staff come to realise you are committed to your course of action.
- Be clear in your own mind about what you want to say and work to ensure that your messages are as clear as you can make them.
- Be aware of varying audiences for your messages — realise that different groups will have different needs and worries, and will have more or less ability to interpret your information.
- Use rational evidence that your listeners can relate to — people will expect your change proposals to be logical, fair and reasonable.
- Use the most vivid and memorable form of description that you can, as this is what people tend to remember.
- Remember that people are persuaded much more by the human dimension than by cold statistics alone. Showing people your genuine passion and enthusiasm has the potential to create similar reactions in your listeners.

If you want enduring major change at work, it will need to encompass all of the human systems that make up your enterprise, such as:

- the leadership that you provide
- how people are motivated, and
- the reward system.

Everything else to do with people's work lives needs to be in harmony with the changes that you seek. This calls for careful and systematic planning — difficult, of course, in radical and changing times, but nonetheless necessary if you want change to last.

Be aware, though, that there is no such thing as organisational equilibrium. Most Western-style economic systems will probably never return to a steady state of relatively low change and predictable times. This means that, as enterprises and as individuals, we have to be accepting of constant change. Your task as manager, therefore, is to foster the practice of careful and thorough planning but, at the same time, to keep the necessity for constant and careful management of change to the forefront in people's minds.

How to evaluate change?

Too often, change programmes are never properly evaluated. This may be because the work involved in implementing major change is such that personnel become sick and tired of it all and don't want to follow through, or because the enterprise has no tradition of thoughtful assessment of its initiatives. It is important to include evaluation in your change programme and to ensure it has some energetic person to lead it and sufficient resources to carry it out.

The best people to carry out basic, but important, evaluations of the processes and outcomes of change are staff at all levels. This assumes, of course, that staff are genuinely committed to the vision and the outcomes. There are several key points to monitor.

- How have key stakeholders such as staff, customers and suppliers reacted to the programme?
- What have key stakeholders learned from the programme, and how have their attitudes, assumptions and perceptions changed?
- What are staff and managers doing differently as an outcome of change?
- Which change objectives were achieved because of your programme?
- What has your enterprise overall learned from this, and what might you do differently next time?

References

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Websites

www-management.wharton.upenn.edu/leadership — resources in leadership and change management

www.hdinc.com/change/index.html Holland and Davis — an example of a consultancy company that specialises in change management and associated topics such as knowledge management

www.mendhurst.co.nz Mendhurst — New Zealand-based management consultancy offers practical tips on how to manage change within a business; also covers such topics as leadership and management, operational excellence, strategy and markets, project management, and people and performance

www.organizedchange.com/framesetindex.htm Organised Change Consultancy — advice on managing change within an organisation to foster financial growth and workplace harmony; articles and answers to FAQs on how to manage change

www.nova.edu/ssss/QR/QR2-4/rhodes.html Carl Rhodes "Researching organisational change and learning" — article explores a qualitative approach to organisation change and learning through narrative means

www.managementfirst.com/experts/change.htm Management First: Change Management — articles on how to manage change within an organisation; also, consult an commentator online for further advice

www.toolpack.com Toolpack — tools to help organisations improve change management; also free articles on using surveys and how to run effective meetings
