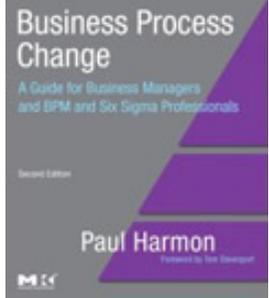# Change Management

Everyone who works with organizations to improve processes knows that process change involves two rather different elements. First, there is the analysis of the process, the generation of possible changes, and the creation of the resources needed to support a new process. Second, there is the creation of the acceptance of change – the politics, the motivation, and the day-to-day work that creates an environment in which significant change can occur.

In a sense, they are two sides of the same coin – significant change can't occur without a good plan and support materials and it won't occur unless the people who execute and manage the process are willing to implement and support the plan and use the materials.

Roger Burlton and I were recently joking about a "business process change lifecycle" that runs from AS-IS, to COULD-BE, to TO-BE, to AS-WAS. Unfortunately, in too many organizations, the process change effort actually follows these steps – the TO-BE process is rolled out with considerable fanfare and then, as time passes, everything slowly reverts to the process that was in place before the change was introduced. In essence, the change is rejected and the familiar ways of handling things reassert themselves. This is what usually happens when a team attends to developing a good process redesign but ignores change management. They only focus on one side of the coin.

Many change management practitioners date the serious study of change management to the publication of *Leading Change*, a book published by Harvard professor, John P. Kotter, in 1996. Kotter's first discussion of change management was a 1994 *Harvard Business Review* article "Leading Change: Why Transformation Efforts Fail" but the book provides a much more comprehensive discussion of Kotter's ideas. Kotter defined transformation efforts as: Business Process Reengineering, Restructuring, Quality Programs, Mergers and Acquisitions, Strategic Changes and Cultural Changes. In 1996, Kotter's studies of a large number of companies over the course of several years suggested that only 30% of the change programs that were undertaken actually succeeded. A 2008 world-wide survey of 3,199 executives, by McKinsey, suggested that only one transformation effort in three succeeds. Thus, although we now have a growing consensus about what is involved in successful change, it has yet to be put into practice in many organizations.

Kotter suggested an Eight-Stage process for Creating a Major Change, which is illustrated in Figure 1, adopted from his original HBR article and used in his book.
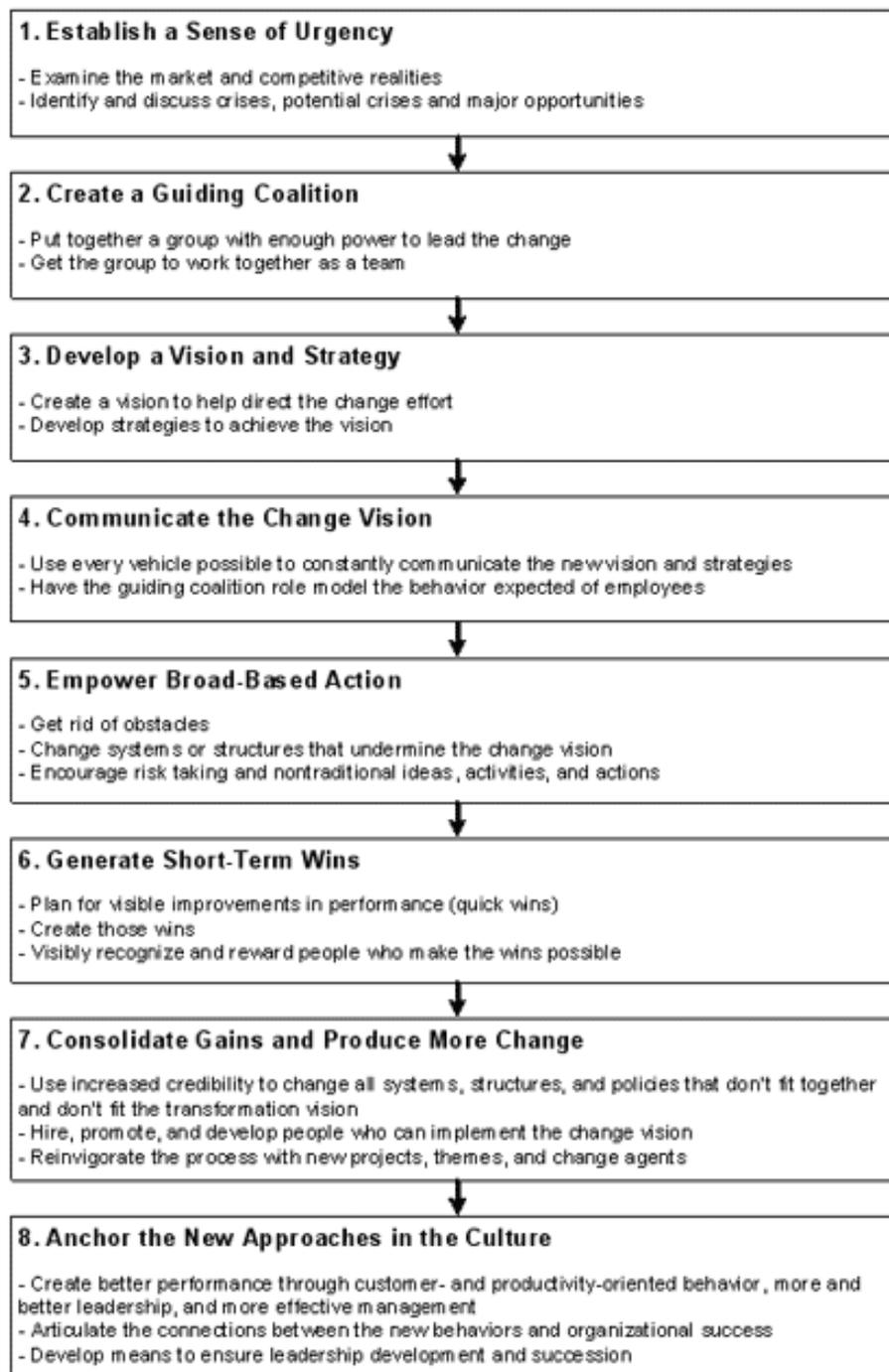
## 1. Establish a Sense of Urgency

- Examine the market and competitive realities
- Identify and discuss crises, potential crises and major opportunities

## 2. Create a Guiding Coalition

- Put together a group with enough power to lead the change
- Get the group to work together as a team

## 3. Develop a Vision and Strategy

- Create a vision to help direct the change effort
- Develop strategies to achieve the vision

## 4. Communicate the Change Vision

- Use every vehicle possible to constantly communicate the new vision and strategies
- Have the guiding coalition role model the behavior expected of employees

## 5. Empower Broad-Based Action

- Get rid of obstacles
- Change systems or structures that undermine the change vision
- Encourage risk taking and nontraditional ideas, activities, and actions

## 6. Generate Short-Term Wins

- Plan for visible improvements in performance (quick wins)
- Create those wins
- Visibly recognize and reward people who make the wins possible

## 7. Consolidate Gains and Produce More Change

- Use increased credibility to change all systems, structures, and policies that don't fit together and don't fit the transformation vision
- Hire, promote, and develop people who can implement the change vision
- Reinvigorate the process with new projects, themes, and change agents

## 8. Anchor the New Approaches in the Culture

- Create better performance through customer- and productivity-oriented behavior, more and better leadership, and more effective management
- Articulate the connections between the new behaviors and organizational success
- Develop means to ensure leadership development and succession

After John P Kotter "Why Transformation Efforts Fail" HBR Mar-April 1995.

**Figure 1. Kotter's Eight-Stage Process for Creating Major Change.**

To emphasize the importance of each of the steps in the change process, Kotter also creates a list of Critical Mistakes, which are the opposite of the steps in his process, and which he documents in his studies of companies that undertook major transformation efforts and failed. The Critical Mistakes list includes the following:

- An adequate sense of urgency was not established
- No powerful guiding coalition was established
- There was no clear, guiding vision
- The vision was not communicated
- Obstacles to the vision were not removed
- There were no systematic efforts to create short term wins
- Victory was declared too soon

- Changes were not anchored in the corporate culture

Kotter goes on to say that "There are still more mistakes that people make, but these eight are the big ones. In reality, even successful change efforts are messy and full of surprises. But, just as a relatively simple vision is needed to guide people through a major change, so a vision of the change process can reduce the effort rate. And, fewer errors can spell the difference between success and failure."

*Leading Change* considers each of the steps in the eight-step model. Along the way, Kotter provides an interesting discussion of the difference between Management and Leadership, the relationship between vision, strategy, plans and budgets, the reasons some cultures are rigid and over-managed, the sources of complacency and resistance to change, the importance of quick wins, the barriers to, and importance of, employee empowerment, and the relationship between learning, leadership and the capacity to succeed in the future.

In the years since Kotter first described the change process in the mid-Nineties, dozens of books have been written on each aspect or step that Kotter advocated. Others have developed similar methodologies to help organization's work through the change process. One example is Prosci, which advocates a two pronged approach. One prong focuses on individuals who need to be prepared to deal with change. To structure this effort, Prosci defines the ADKAR model:

- Awareness of the need for change
- Desire to participate and support the change
- Knowledge of how to change
- Ability to implement required skills and behaviors
- Reinforcement to sustain the change

The other prong of the Prosci approach focuses on a three-phase organization change process which is described in the following outline:

**Phase 1. Prepare for change**

- Define your change management strategy
- Prepare your change management team
- Develop your sponsorship model

**Phase 2. Managing change**

- Develop change management plans
- Take action and implement plans

**Phase 3. Reinforcing change**

- Collect and analyze feedback
- Diagnose gaps and manage resistance
- Implement corrective actions and celebrate successes

As we mentioned earlier, even a casual search on "Change Management" on Amazon or Google will provide any reader with a

vast literature on this rapidly expanding body of research and knowledge.

The key thing for the business process practitioner is to think how change management and the more analytic elements of process redesign can be combined. Clearly, many of the elements discussed by Kotter and others should be included in the job description of any project manager who attempts a process redesign. A coalition of executives needs to be created and sold a vision and a sense of urgency. That coalition needs to go beyond granting approval and become involved in actively supporting the change effort and clearing away the obstacles to its success. Similarly, redesign plans ought to incorporate quick-wins, and include plans to communicate both the vision and successes to everyone in the organization. Employees need to be empowered and they need to be taught and encouraged to become part of the change effort. The data shows that major change efforts, and for our purposes let's just say major process redesign projects, usually fail. Anything we can do to assure that a redesign project is more likely to succeed should be carefully considered.

Any serious business process change effort ought to include a conscious and well planned change management effort. Every business process manager ought to understand that he or she in involved in undertaking change and prepare accordingly. The tools for change management may not be as hard edged as a modeling notation, a statistical evaluation of a task measure, or a Lean value stream analysis, but they are reasonably well defined and they are too important not to master and employ as you plan and execute a process change effort.

Till next time,

Paul Harmon

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