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Organizational Change and Transformation

There are a number of related concepts that refer to theories or practices that people use when they are trying to manage change within an organization. Some are broad terms, like “Organizational Change” or “Organizational Transformation.” Others, like “Change Management” can be used to refer to either change at the organizational level, or change associated with shifting from one business process to another, or both. In all cases, these terms refer to practices that enable and facilitate change within an organization.

In essence, process change involves two rather different elements. First, there is the analysis of the existing process, the redesign of the new process, and the creation of the resources needed to support the new process. Second, there is the creation of the environment that will accept the change - the politics, the motivation, and culture 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 happens when a team attends to developing a good process redesign but ignores the change management 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 worldwide 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, adapted from his original HBR article and included in his book.



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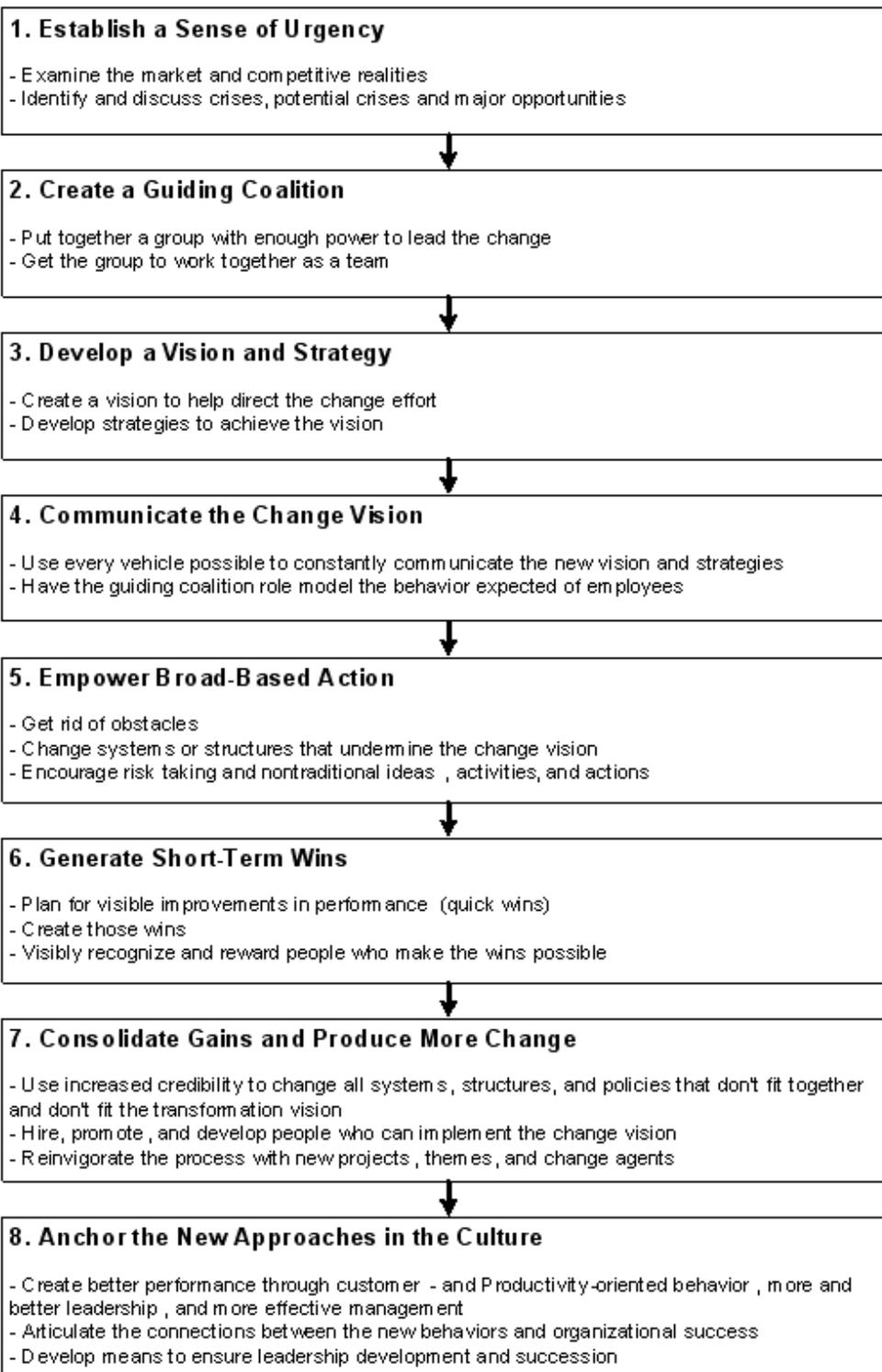
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A Guide for Business Managers and BPM and Six Sigma Professionals
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After John P. Kotter "Why Transformation Efforts Fail" HBR Mar-April 1995.

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 created 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

The key thing for the business process practitioner to think about is 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 is 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.

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. We have published many articles on various aspects of change management, but we have hardly begun to cover the topic in depth. We continue to look for good articles on change management that tie the transformation process to other process work and we plan to publish many more articles on this important topic in the future. Meantime, here are some of articles we have published in past years that may be of interest to our readers.

[BPM in Europe: Gaudi & Gravity](#) by Frits Bussemaker - July 03, 2007

Just as the renowned Spanish architect, Antoni Gaudi, applied a creative use of gravity to achieve his unique design concepts, Frits Bussemaker challenges the reader to consider alternative imagery to “change management icebergs” and “strategy pyramids” to reduce the complexity of creating and aligning business processes within organizations.

[Managing Business Processes](#) by Paul Harmon - April 19, 2005

Organizing managers to manage processes takes time and effort, but it provides a big payoff. How well organized is your company's business process change management program?

[Book Review: Business Process change management](#) by Paul Harmon - December 02, 2003

Paul Harmon reviews a new collection of essays on business process change management.

[Business Process Transformation Framework](#) by Rick Burris - April 06, 2010

Given the number of well-publicized failed Enterprise Resource Planning system implementations, most will agree that there is a strong case for the need to improve process implementation. In this, the first of three Articles, Rick Burris and Robert Howard introduce an emerging process improvement technology called Business Process Transformation Framework (BPTF). The authors suggest that BPTF addresses many root causes of ERP system failures and ensures a balance among the key drivers of business transformation success throughout the design process.

[The Business Process Transformation Framework: Part 2](#) by Rick Burris - May 04, 2010

In the second Article of their three part series, Rick Burris and Robert Howard present a scenario in a global company that has determined that its Master Scheduling process is failing to produce the required results. The company decides to re-engineer the master supply planning process. Read their Article to discover how they successfully carry out their re-engineering project.

[Business Process Transformation Framework, Part 3](#) by Burris and Howard. June 01, 2010

In this final Article in their three part series, Rick Burris and Robert Howard describe the process steps for using a Business Process Transformation Framework (BPTF) effectively and efficiently. Like any tool, it can be used to produce the desired business results, or it can be misused, creating a wheel-spinning effort without conclusion or tangible economic benefits. Read their Article for guidelines on how to avoid spinning your wheels.

[Extreme Competition: Whither the CIO?](#) By Peter Fingar. June 01, 2010

In an environment where customers are increasingly turning to Social Networks for information required to make purchasing decisions, and where internal business units are increasingly turning to Cloud service providers for the resources required to get work done, what is the role of the CIO? Peter Fingar sees the next generation CIO as a strategic agent for business transformation. Read his Column for the details.

[Down Under: Beyond Process Improvement, on to Process Transformation](#) by John

Jeston - June 02, 2009

Why are CEO's reluctant to apply BPM at the enterprise level when their organizations have experienced successful Process Improvement implementations? This is an enduring question and one that has fascinated and perplexed practitioners for years. In this month's Column, John Jeston and Johan Nelis offer their take on the matter.

[Innovation: Leadership Qualities that Enable Innovation](#) by Victor Howard - May 05, 2009

Victor Howard contends that accomplishing transformation is the mission of organizational leaders, and the process of transformation, more often than not, involves innovation. In his Column this month, he discusses the three qualities common among all leaders who successfully deliver innovation - focus, foundation, and freedom. Read Victor's insightful observations on how successful leaders use these qualities to enable innovation.

[System Transformation: Be Careful or You Will Not Get What You Asked For](#) by David Pedersen and Larry Goldberg - May 05, 2009

David Pedersen and Larry Goldberg have navigated the mine fields of re-inventing, adding improvements to, or significantly changing the capabilities of legacy systems. To avoid unsuccessful outcomes, they have devised a decision model for system transformation which they illustrate and explicate in this Article. This is a must read for all involved in adapting legacy systems.

[Creating a Process Focused Organization](#) by Dennis Rohan - February 03, 2009

Before a process focused organization can emerge, Dennis Rohan argues that the divide between company-wide technical functions and short range process improvement techniques, such as Lean and Six Sigma, must be resolved. In his usual straight forward style, he lays out a plan to tackle the many challenges involved in the transformation. Read his sage advice on how to achieve a successful transition.

[BPM and PI](#) by Imre Hegedus - April 01, 2008

As he has emphasized in Parts 1 and 2 in this series, Imre Hegedus believes that Process Improvement and Process Management should be a deliberate exercise. In this third and final Article of the series, he concludes with an exploration of how you might go about deploying both BPM and PI as complementary strategies toward company transformation. Wherever you are in your process improvement maturity, this series is a must read.

[Organization Analysis vs. Organization Transformation](#) by Paul Harmon - December 11, 2007

Most business process methodologists talk about enterprise change. It's important to distinguish between the, more or less, objective analysis and redesign most companies undertake and what is involved in a real organization transformation effort.

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[The Challenge of Lean Transformation](#) by Jim Womack - January 02, 2007

Read Jim Womack's astute observations on the current state of Lean Management and his proposal for three simple elements of Lean Management worthy of experimentation.

[Time To Trigger A Transformation?](#) By Peter Fraser - September 02, 2003

Most companies have used ISO 9000 standards to define procedures. Today, driven by the new interest in business processes, the International Standards Organization is readying a new, more process oriented set of standards, ISO 9001:2000. In this article, Peter Fraser considers how ISO 9001:2000 can be integrated into a business process effort.

Til next time,

Paul Harmon

