

Chapter 13

Change management – managing the change process

Chapter learning objectives:

| Lead | Component | Indicative syllabus content |
|--|---|---|
| C.1 Advise on the important aspects of organisational change. | (b) Evaluate the role of leadership in managing the change process and building and managing effective teams. | <ul style="list-style-type: none"> Team building, collaboration, group formation and shared knowledge and accountability. |
| C.2 Evaluate tools and methods for successfully implementing a change programme. | (a) Evaluate tools, techniques and strategies for managing and leading the change process. | <ul style="list-style-type: none"> The importance of managing critical periods of adaptive, evolutionary, reconstructive and revolutionary change. Tools, techniques and models associated with organisational change. Approaches, styles and strategies of change management. |
| C.3 Recommend change leadership processes in support of strategy implementation. | (a) Evaluate the role of the change leader in supporting strategy implementation | <ul style="list-style-type: none"> Change leadership and its role in the successful implementation of strategy. The role of the change leader in effective strategic communication. |
| | (b) Recommend appropriate leadership styles within a range of organisational change contexts. | <ul style="list-style-type: none"> The advantages and disadvantages of management styles for the implementation of strategy. Executive mentoring and coaching to promote effective change leadership. |

1. Change management

- Understanding the reasons for change (previous chapter) is quite simple.
- Implementing that change, however, is another issue.
- Managers need to understand the need for change as well as managing the resistance to it.
- When conflicts are managed successfully, change is likely to be successful.
- Various change models facilitate the process.

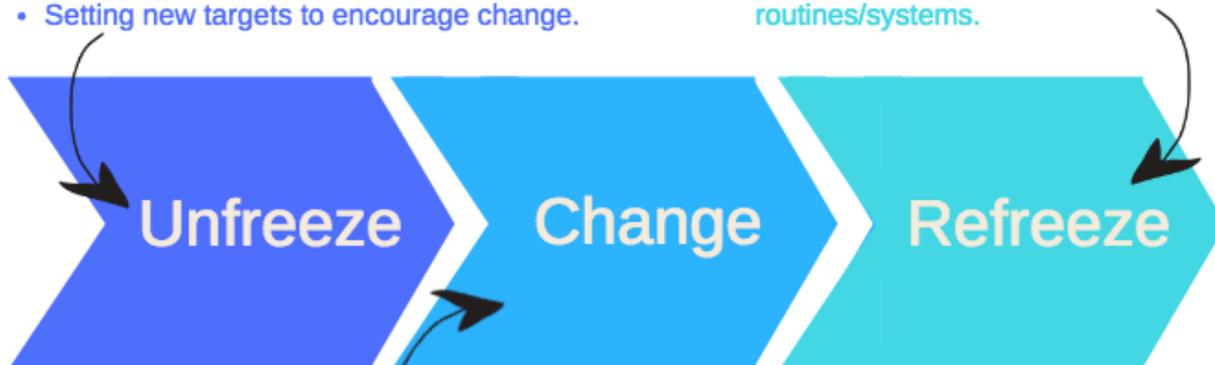
2. Change models

The following are known as stage models:

- Lewin's three-stage model
- Force Field Analysis
- Beer and Nohria's Theory E and Theory O

Lewin's three-stage model (Ice cube model)

- Selling the change.
- Properly communicating the need for change.
- Motivating employees to embrace change.
- Highlighting unfavourable activities that need to change.
- Providing proper information to facilitate the change process.
- Setting new targets to encourage change.
- Preventing a slip back into old routines.
- Reinforcing the new routines.
- Announcing an incentive system to reinforce the changes.
- Broadcasting employees' success in new routines/systems.



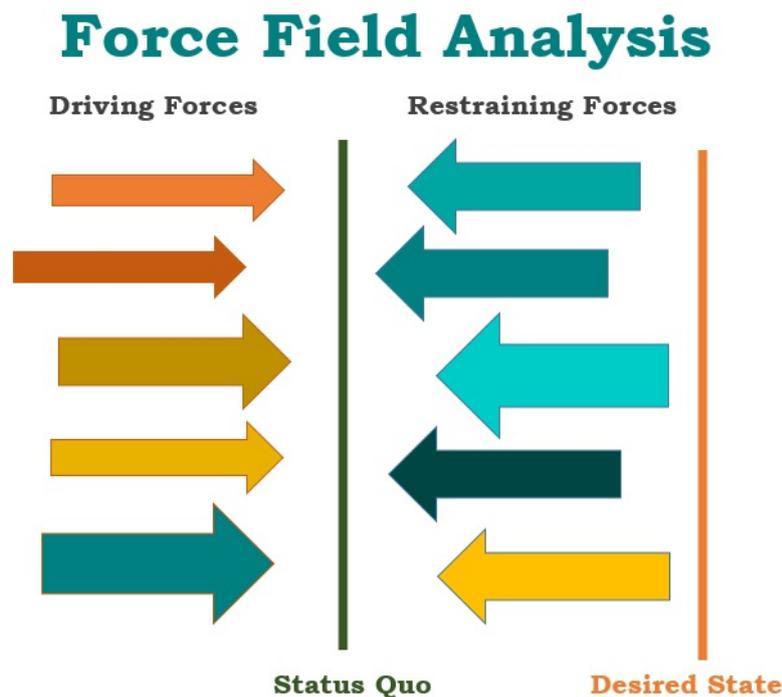
- Establishing what the change involves.
- Identifying new routines.
- Forming new structures.
- Establishing different management styles.
- Communicating the details of the change.
- Keeping the employees involved makes the transition smoother.

Drawbacks of the three-stage model

It is based on the following unrealistic assumptions:

- Organisations are stable and unchanging.
- Change is a result of a determination.
- Change is only one-directional.

Lewin's Force Field Analysis

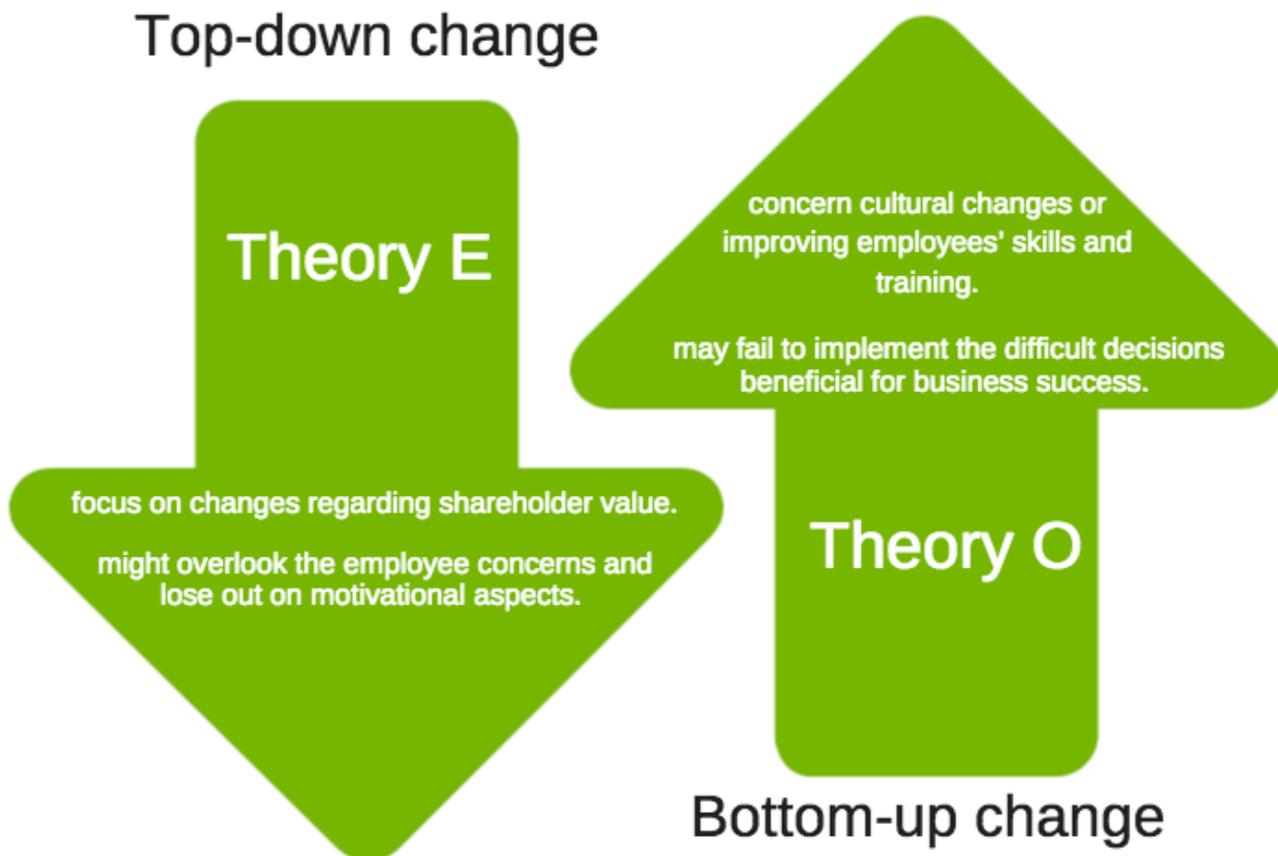


- This model helps identify the factors influencing change and how to handle them.
- To implement a successful change, managers need to:
 - Reinforce the driving forces
 - Lessen the restraining forces

Lewin says that instead of taking on the resisting forces head-on, management should aim to weaken resistance to change via:

- **Communication.** Resistance to change often arises because people simply don't know what is happening and they fear for their jobs. Communication should also include explaining why change is needed.
- **Participation.** If you explain to people why change is needed and then ask them to make suggestions about the change in the structure of the company (a kind of bottom-up approach) it is subsequently quite difficult for them to object to suggestions that they have made themselves.

Beer and Nohria – Theory E and Theory O



- A balance between the two types may help cancel out the problems with both.

3. Change leadership

- The person who leads the change is a **change leader**.
- He takes responsibility for implementation of the change.
- A change leader can be anyone with the suitable skill set.
- The change leader communicates the need for change.
- He explains what change is required.
- He lays out the implementation plans.
- He deals with problems that arise during implementation.



8-step process for change leadership (Kotter)

1. Establish a sense of urgency:
 - Communicate the need for change.
 - Involve the staff in change procedures.
 - Motivate staff to carry out the change.
2. Create a guiding coalition:
 - Create a group to assist the change leader.
 - The team helps implement the change.
 - The team must have enough power to implement the change.
 - Power may be formal through their job title or informal through character.
3. Develop a change vision:
 - The change leader needs to illustrate what the change will accomplish.
 - Highlight the positive effects that the change will bring.
 - This helps develop focus.
4. Communicate the vision:
 - The vision needs to be communicated to shareholders.
 - The strategies linked to the vision must also be conveyed.
 - Involve as many shareholders as possible.
 - This is “selling” the change to gain maximum motivation and effort from them.
5. Empower broad-based action:
 - Hindrances need to be overcome.
 - Force Field Analysis can be used to identify restraining forces.
 - Involve employees to come up with methods of effectively implementing change.
6. Generate short-term wins:
 - Break the change process into short-term milestones.
 - Plan rewards or publicise achievement of each milestone.
 - This helps keep employees motivated, especially for changes that take longer.
7. Never let up:
 - Embed the change properly.
 - Monitor the results to ensure change has been effective.
 - This is similar to the “refreeze” stage of the ice cube model.

- Reward employees who follow the new change procedures.
8. Incorporate changes into the culture:
- Drive the change into routine work.
 - Demonstrate how the change increases performance.
 - Prevent a slip back into old routines.

Groups and teams

- A group is a gathering of people.
- A team is a group with a common objective.
- The change leader selects a group of people to assist with the change process.
- The group members come from different areas of the business that might be affected by the change.
- The change leader must build this group into a team.
- The objective is to bring about successful change.

Team building

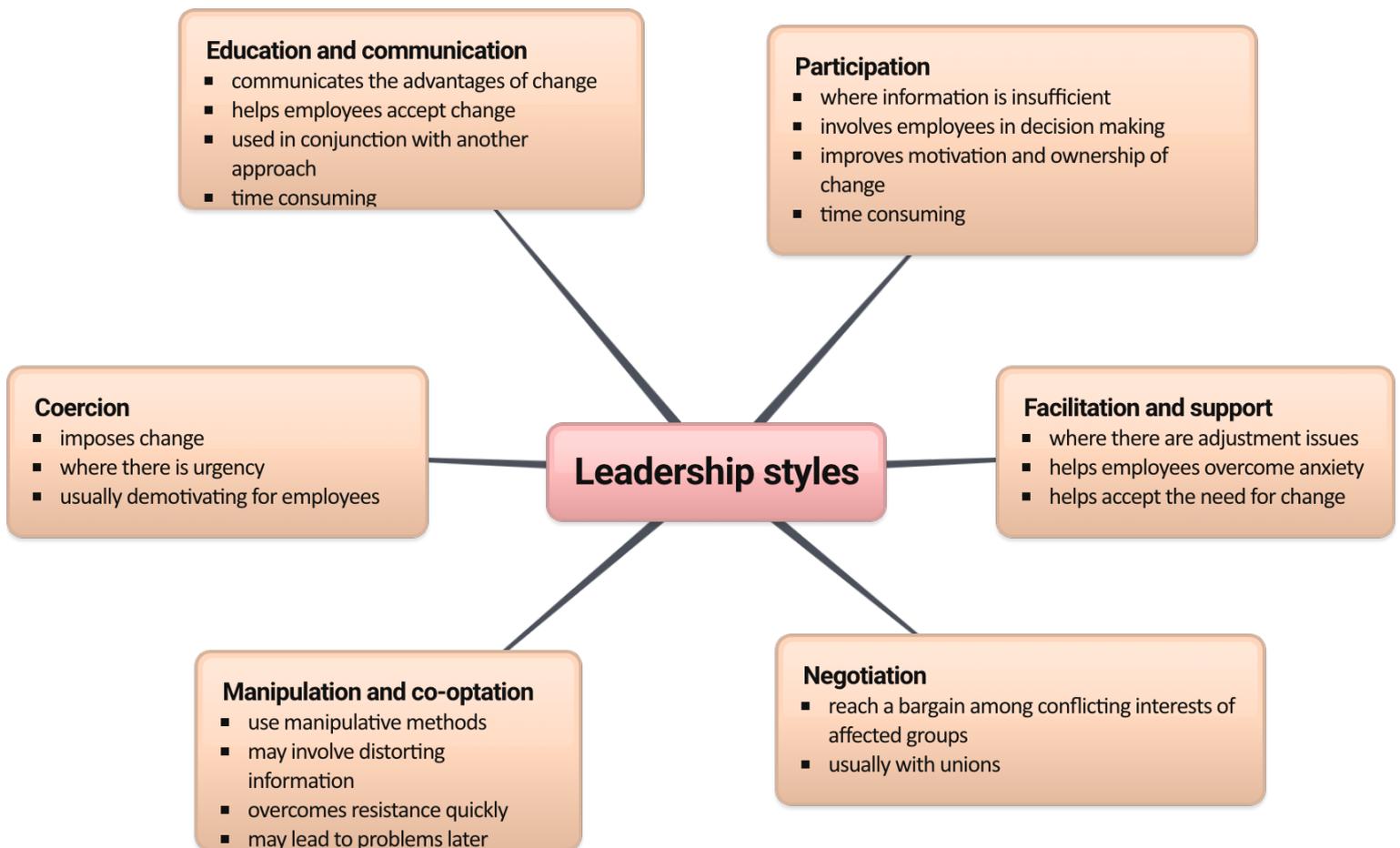
- Team members come from different areas of the business.
- They would probably not know each other well.
- Their interaction might have been limited in the usual course of business.
- Team-building exercises help develop their:
 - Communication
 - Trust
 - Interaction
- These would help them successfully achieve the change objective.

| Benefits | Problems with teams |
|--|--|
| <ul style="list-style-type: none"> • Having a variety of skills at your disposal. • A range of ideas due to different areas of expertise. • Better communication with the whole organisation through these members. | <ul style="list-style-type: none"> • Time delays due to lengthy discussions. • Greater chance of disagreements. • Lack of responsibility by individual members. • Group pressure may result in inadequate decisions. |

Leadership styles identified by Kotter and Schlesinger

Leadership styles to help overcome resistance depending upon:

- The urgency of the change required
- The expected resistance
- The information required to implement the change
- The time required to gather the information
- The power of the leader to implement the change



4. Change agent

- Assists with implementing change.
- Helps reduce resistance to the change.
- A change agent should be familiar to the people.
- A change agent should:
 - Identify the resisting forces

- Identify the reasons for resistance
 - Propose various responses to the problem
 - Help management choose the most suitable solution
 - Lead the change process
 - Document the implementation process
 - Record the learning for the organisation
- An external change agent has the following advantages:
 - They bring a new point of view and greater objectivity.
 - They may have specific expertise.
 - They are more experienced in implementing change.
 - They are a resource dedicated to the change implementation only.

Qualities of a change agent

- Goal – be clear in his focus; understand the effect the change will bring.
- Roles – team-building and networking roles.
- Communication – with subordinates and management; transmit motivation for the change.
- Negotiation – selling the change; handling disagreements; negotiating business deals.
- Management – overseeing a smooth transition to the changed state.

The 7 power skills (Kanter)

- To work independently
- To work in collaboration
- To develop relations
- To work across business functions
- Self-confidence
- Having respect for the whole change procedure
- To give priority to successful change implementation rather than personal rewards

6. Mentoring and Coaching

- Mentoring and coaching are required after the change process.
- To assist employees to understand the new routines and perform accordingly.
- **Mentoring** is providing guidance for the development of another person.
- A mentor is usually a senior, experienced person imparting experienced advice.
- **Coaching** is developing specific skills for improved performance to achieve organisational objectives.
- Coaching is normally provided for a short period of time only.
- Coaching is provided by a person who has expertise in the specific skill.

7. Managing decline

- Necessary in the event of a business downturn.
- Focus on cost-reduction and boosting sales.
- It requires making tough decisions.
- Mostly negative for the employees.
- The first focus of cost-reduction is the labour cost.
- Manage the redundancies against loss of quality if too many people are laid off.
- Redundancies engender a negative and anxious environment.
- Managers have the following routes when faced with declining business:
 - **Retrenchment** – radical reduction in costs
 - **Turnaround** – repositioning products
 - **Divestment** – sale of part of the organisation
 - **Liquidation** – selling the organisation as a last resort

8. Change management and ethics

- Ethical issues arise when one stakeholder group loses out.
- Ethical issues that may arise in the change process:
 - Redundancy issues
 - Management styles (manipulation is considered unethical)
 - Promoting personal interests against organisational objectives
 - Misrepresenting information to influence change
 - Manipulation of accounts

9. Adaptation and continuous change

- Change should not be just one-time event.
- Change should be continuous.
- Change should be incorporated into the organisational culture.
- Change as a culture can be developed through:
 - Change-adept organisations (Kanter)
 - Thriving on chaos (Peters)

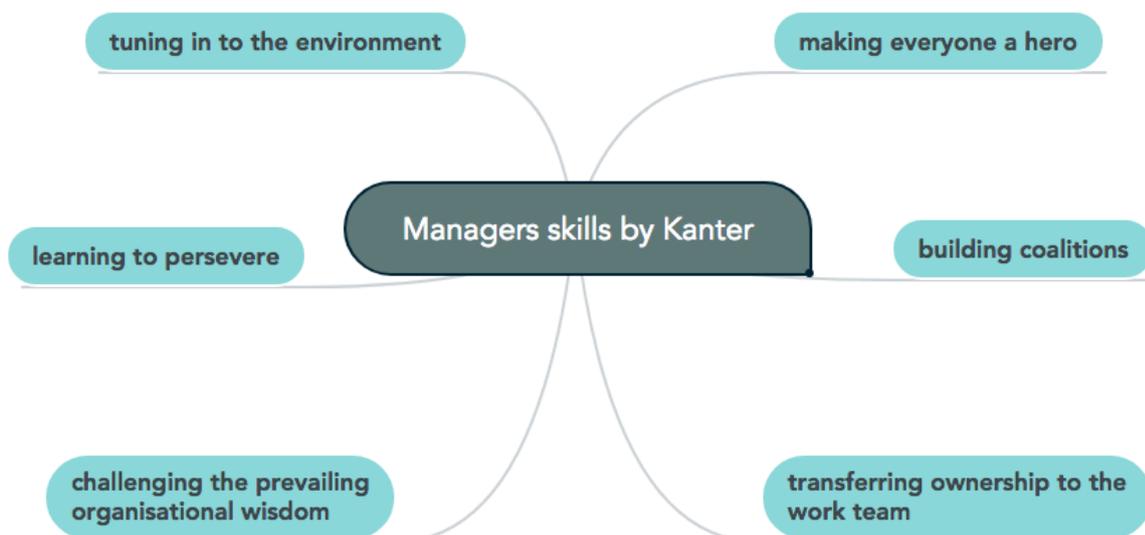
Change-adept organisations

Develop characteristics to manage change:

- Innovation
- Professionalism
- Collaboration

Develop managerial skills to manage change:

- Communicate a compelling aspiration – communicate the vision, goals and objectives
- Building coalitions – gathering support for implementing change
- Tuning in to the environment – ready for new opportunities
- Challenging the prevailing organisational wisdom – assess different angles
- Transferring ownership to a team – delegate responsibility for the change
- Learning to persevere – learn to deal with obstacles in the process
- Making everyone a hero – reward achievements



Thriving on Chaos

- Promotes drastic changes.
- Incremental changes prevent innovative changes.
- Proponent of continuous change.
- Constant change does not imply “chaos”.
- Advantages of such a culture of constant change:
 - Innovation usually gets an enthusiastic response.
 - There is likely to be low resistance.
 - Employees develop a wider perspective.
- However, the general organisational morale may be impaired.

10. Chapter summary

