Chapter 1

Being in Charge of Change

In This Chapter

▶ Comprehending the cycle of change in business

▶ Planning each step of the change process

▶ Communicating and managing change

▶ Working with the people involved in the change

Whether your company is changing technology to increase performance, merging with another organization to gain a competitive advantage, or facing strong economic pressures that are forcing things to be different, change is one of the few constants in business. Change can come from all directions and be driven by multiple reasons, but the core building block of successful change always boils down to this:

REMEMBER

Successful change means creating a strategy that links the people, the process, and the technology to create a better future state.

And although the motivation or desire for change may come from inside or outside the organization, one element of change is always required: Leaders must inspire and engage employees in change efforts. So even though leaders are in charge of change, they need to involve and motivate the people around them to make the change last in the long term.

In this chapter we introduce the cycle of change and discuss what change leaders like you need to know as you go through the change process. Change is both an art and a science, but a simple formula we outline can determine how successful and sustainable your transformation will be in the long term. We introduce how to create a road map for change and begin to put it in motion. Next, we give you ideas on how to sound the trumpets for change so employees hear the message loud and clear. We then jump right into the people side of change to help you motivate employees and work through possible negative reactions. Finally, we examine how you can make change durable so all your work lasts for many changes to come.

Understanding the Cycle of Change

Businesses can face a variety of changes: Companies merge or acquire other companies, new leadership comes in at the top, new technology is adopted, products and services evolve, and customers grow globally. The list could go on and on. Every change is different, but luckily you can expect and plan for a few commonalities during any organizational transformation. Change can be compared to a journey: You and the organization will be moving from point A to point B. However, unless you have superpowers or are a genie on a 1950s sitcom, you can't just blink your eyes and be transported there instantly. Change takes work, planning, and effort, but in the end the change creates a better future for the organization (if done correctly).

Here are the states you move through during the change process while transforming the organization from A (current state) to B (desired state):

- **Current state:** The status quo, "the way things are done around here"
- **Transition:** The process of how you get to B, including, but not limited to, process, roles, emotions, measures, politics, technology, and so forth
- **Desired state:** Where you want to be

The process of moving through these states is called the *change cycle.* Companies often repeat the change cycle many times in response to competition, changing customer needs, economic conditions, and new technology.

In leading change, consider its two different aspects: the "what" and the "how" of change:

- **What: The content of the change at the desired state.** Identify what's changing in your organization. The change could be a new CEO being hired, a new product being introduced, expanding into global markets, implementing a new product-distribution system, or merging two complementary companies. The *what* of the change is simply the thing, person, or process that will be different.

- **How: The process of the transition phase.** Determine how you will reach the desired state and include the specific steps you will take during the transition phase to successfully lead the change. The process of how change happens is (almost) everything in this book. It involves how you set the vision and purpose of the change, how you communicate the change (and how you deal with resistance when people don't like what they hear!), and how you can include the people who are impacted by the change throughout the process.

How the change is implemented is almost as important as what the change is.

Moving out of the current state: Using SWOT to recognize a need to change

If change isn't easy, why in the world do you want to change in the first place? Pinpointing your need is the perfect way to start the change cycle.

REMEMBER

A *SWOT analysis* looks at an organization's *strengths, weaknesses, opportunities,* and *threats.* It's a good tool to help leadership identify what areas need to change in order for the organization to thrive in the future and to help executives begin to frame the need for change. It can also help teams align the vision and goals with the costs and benefits of making the change happen.

Here we take a look at a quick SWOT analysis for a small consulting firm looking to expand its market share.

- ✔ **Strengths:** The company's strengths include knowledge of its offering, strong leadership, and a great product design.

- ✔ **Weaknesses:** The big weakness it needs to overcome is a small customer base and being the "best-kept secret" rather than the best-known firm.

- ✔ **Opportunities:** After considering strengths and weaknesses, leaders recognize a few opportunities. The company could partner with other firms, focus on specific niche marketing, or perhaps work to build its local market.

- ✔ **Threats:** Threats come in the form of large competing firms that may have more recognizable names.

The company now needs to decide what is going to change. In this case, the change involves building the customer base. To convey to employees why things need to change, management should start by explaining that although being the best-kept secret in the industry sounds neat, not being known means not being in business. The company sees the need for change as becoming a recognized name to build a bigger business (more customers) while maintaining its expertise in the field (its strengths).

REMEMBER

Building the business case for change is one of the first steps leadership takes when undertaking an organizational change project. For more detail on how to recognize when change is needed and how to spot the indicators for change, see Chapter 2.

Defining the desired state: Deciding where you're headed

After identifying the threats and opportunities, the leaders are faced with a deceptively simple but critical step: identifying what changes they want to make to maximize their opportunities and minimize their threats. Before you can know how to make the change happen, you need to know where to go, and that direction depends on the kind of change you're talking about. Most changes address at least one of the six key change areas:

✔ Markets and customers

✔ Products and services

✔ Technology

✔ Productivity and business processes

✔ Reward systems and performance management

✔ Organizational structures

Although changing any one of these six areas can result in significant change, most likely any change your organization undertakes will not be in isolation. For example, if a company is undergoing a significant technology change, the productivity gains will not fully be realized if processes that manage how work is done don't change as well. The leadership team may decide how to build a larger customer base, but don't neglect thinking about how new products and services may help expand your current customer base.

Checking out the change formula

Wouldn't it be nice if a formula could guarantee successful change? Unfortunately, whenever people are involved, change can be difficult and complicated. But the following formula will get you on the right track to success:

Focus × Drive × Time and Resources = Change

You have already begun to tackle both focus and drive: *Focus* comes from knowing where you are headed, and *drive* comes from an understanding of why the organization needs to go there rather than continuing to accept the status quo. The last part of the equation is time and resources devoted appropriately, and that factor is where planning comes in — the topic of the next section.

TIP

Short change checklist

Are you ready to change? Before moving forward with creating your change plan, use the following two-item change-readiness checklist to make sure you have the right reasons and the right vision for change:

✔ **Do you have a solid focus on the future?** Set a vision of the change. In a few sentences, describe the business case for change and what the organization will look like after the change is successful — and ask others to do the same.

✔ **Does the organization have a strong drive to change?** Know your threats and opportunities. How will the change help you respond to threats and opportunities the organization is facing? List the benefits of the change as well as what the organization may have to give up in order to make the change happen.

For a more detailed organizational change readiness assessment, see Chapter 2.

Planning Like a Pro: A Road Map for Change

Planning helps you continue to build a business case that outlines the expected benefits of changing as well as supports the case for change by aligning time and resources for the duration of the change. The plan also solidifies the leadership structure that will be responsible for organizing and managing all the activities during the change.

Your change road map is your map to the future state. By following the key steps in the process, the organization will be on the right track to successful change.

Step 1: Create the vision and motivation to change

For the change to be successful, it must be embraced throughout the organization. And for it to be embraced throughout the organization, the benefits, consequences, and expected results must be understood by everyone and be seen as a top priority by key stakeholders, the people who have a vested interest in the change. (For more on stakeholders, see Chapter 2.) By setting

a vision for change and putting the motivation in motion, your leadership team paints the picture of the future.

The vision for change must be easy to understand and be clearly communicated to employees, because complicated theories and visions detached from the reality employees face day in and day out will get change moving as fast as molasses in January. During this stage, leaders clarify the areas for change based on the strategy, long-term goals, and opportunities for the future. They also identify the benefits of change. Piggyback off discovering the need for change and defining where you are headed, change leaders should answer the question: Why should people in the organization want the change to happen in the first place? The answer will be the source of motivation in the organization.

Here are the characteristics of a good vision of change:

- ✔ **Inspiring:** With the effort that change takes, having a vision that gets people going and energizes the organization is essential to motivating employees. It should excite people and garner support.

- ✔ **Simple:** Come up with a vision that you can explain clearly and concisely in just a few minutes. Make the vision easy for everyone to understand and remember.

- ✔ **Focused on the future:** The vision should focus on the future and create a common purpose everyone can rally behind.

Although we can't tell you one definitive way to create a vision for where the organization is headed, we can clue you in on a few principles that can help you create a clear picture of the future. Chapter 4 contains the details of creating a vision, but to get you started, keep three principles in mind:

- ✔ **Be strategic.** The opportunities to change may be infinite, but the capital, resources, time, and energy are not. Get strategic so you know where to invest. Being strategic means investing in the areas of the business that will diminish the threats and capitalize on the opportunities.

- ✔ **Think multidimensionally.** Change is not a single checkbox — it's a multidimensional endeavor. If the organization realizes that it must perform better to meet future opportunities and threats, everything from work processes, information, and technology tools to decision making and performance management must be accounted for in the change. With the effort it takes to make change happen, just changing one aspect of the organization may not make the desired measurable change happen.

  Likewise, if the organization realizes that the biggest threat comes from not being structured to react quickly to the market, change can't end with restructuring the organizational chart; change should happen by

> looking at how information flows through systems and technology as well as how performance is measured and rewarded.

✔ **Establish a strong mandate.** As you embark on making change happen, remember that change can be a bumpy road. Establishing a mandate and vision for change will keep your team energized during the more difficult times. Along the same lines, a leader with little strategic vision or authority to make change happen will face an uphill battle. A strong mandate includes having the right leader be responsible for the change and making sure that the plans for dealing with threats and opportunities of the future are realistic and strategic.

Step 2: Set goals using the SMART framework

After focusing the vision, set specific priorities and goals. A goal describes what is happening and when it will happen and it answers two questions. First, how do you know a change is an improvement? Second, how do you know you achieved your change goal? Goals are effective when stated in the SMART framework: specific, measurable, action oriented and agreed on, realistic, and time bound.

✔ **Specific:** State the goal clearly and briefly in your goal statement.

✔ **Measurable:** Make the goal measurable by basing it on data, timeliness, quality, or customer satisfaction.

✔ **Action oriented and agreed on:** Make the goal focused on doing something different and make sure all the stakeholders are aligned to the goal.

✔ **Realistic:** Although goals should not be easy or just follow the status quo, goals that are too far out there are unbelievable — and probably unachievable. Find the balance between tweaking the system (the status quo with a little change) and being ambitious enough to make people work a little harder and stretch to make the change happen (not impossible).

✔ **Time bound:** Urgency is part of the change equation. Setting time-sensitive goals helps bring a sense of urgency to the change and keeps momentum going.

The goal statement not only helps the team stay focused on what needs to happen but also helps everyone know when the change will be completed.

For more on how to set goals for a change project, see Chapter 4.

Step 3: Begin to raise awareness

As a change leader, you'll be communicating throughout the change, and it will start from day one. Even during these early stages, you need to start communicating and raising awareness of what's happening and why the changes are vital to the organization's success. See the later section "Communicating Progress with the Five Strategic Messages" to get started on your communication plan, and then flip to Chapter 7 to delve into the details of forming a communication plan that keeps people in the loop and maintains enthusiasm at every step of the process.

Step 4: Build the team

Raising awareness of the change is a lot easier when you have a network of support, or a change team, to guide the change from beginning to end and encourage others in the organization to adopt the change as the project progresses. A change team should include the sponsor, project leader, and change agents.

REMEMBER

Because the people doing the work that needs to change are often the most knowledgeable about how to transform the work or organization, front-line employees can be tapped as change agents to help support the project and own the outcomes of the project from day one. When putting together your change team, make sure to include some people who do the work that's going to be affected by the change.

Step 5: Develop an action plan

A change-management action plan shows all the planned change activities, project milestones, responsibilities, and expected benefits. One of the best ways to get started in creating a baseline change-management action plan is to conduct a *change-readiness assessment* that maps the as-is and to-be. To create this part of the plan, document and analyze current practices, levels of commitment, and skills and compare them against what will be needed in the future. This change-readiness assessment is often based on the six key change areas discussed in the earlier section "Defining the desired state: Deciding where you're headed." You know you have a good action plan if you can answer these questions:

✔ What are the gaps between the current state and future state of the business?

✔ What changes need to happen in the six key change areas in order to realize the organizational goals?

For more details on how to create the change-management action plan, see Chapter 5.

Step 6: Measure results

After change starts to happen, the cumulative effect of the changes builds momentum in the organization. Measure progress against the goals and milestones of the project to monitor how things are going, what has been achieved, and what is still left to do. A midpoint evaluation during larger-scale changes (and a similar one at the end of the change) helps teams to recognize successes and lessons learned. Here are a few questions to answer during this phase:

- ✔ Do we need to make any changes to the drive for change, the focus of the change, or the resources and time devoted to the change? (Remember the change formula.)
- ✔ How is the change being adopted throughout the organization?

For more on measuring results and tracking the implementation, see Chapter 6.

Step 7: Sustain the change

Getting from point A to point B takes effort and coordination, and after the change, the organization will want to make sure the change sticks so all that work wasn't for nothing. Leaders in the company should coordinate rewards and performance measures with the new way of doing business as well as make sure the culture of the organization supports the change, even long after the change team has disbanded. Following are the two questions you should answer during this phase of the journey:

- ✔ **If the organization were to do this again, what would we do differently?** These "do differently" items are part of the lessons learned.
- ✔ **How will the change last in the long term?** Organizational capacity means that the competency to make the change last is part of the business, not just part of the change team.

TIP

Consider doing a 90-day post-change review to make sure employees and leaders throughout the organization accept their new roles and organizational structure, understand what they can contribute to continue to sustain the change, and undertake any changes necessary to make sustaining the change more acceptable and productive for the life of the change. We outline the steps for leading an after-change review and discuss how to keep the ball rolling in Chapter 11.

Setting it into motion

With the road map to change planned out, you're ready to implement the changes in the action plan and involve the organization through communication and training on what the new organization will become in the future.

REMEMBER

Sharing the vision, direction, and action plan with the leaders most impacted by the change makes it possible for these leaders to prepare and equip their employees for their new roles, new departments, new teams, new processes, and new culture. Change leaders can provide tools and coaching that help leaders in their new roles so the local or team leaders can take ownership of the specific changes impacting their people. This spread of information and involvement helps to minimize disruption and maintain productivity, provides opportunities for input into the plan, identifies training requirements that employees may need, and aligns incentives, recognition, and rewards within their departments.

You are probably seeing some themes in the way change happens: Transformational business change starts with a vision and then involves everyone in the organization to help align team and individual practices with the way the organization is headed.

Communicating Progress with the Five Strategic Messages

The purpose of communication during change is to make sure that anyone impacted by the changes is informed, understands, and eventually supports the new organization. This goal may sound simple, but unfortunately organizational leaders are sometimes preoccupied with making sure the internal intranet or marketing materials look perfect rather than ensuring that stakeholders know what is going on with the change. Sending out an e-mail showing how the plan is progressing is easy. It's a little more involved to target communication messages for specific audiences, provide opportunities for feedback, and make sure communication comes from multiple channels that the target audience prefers, but it's worth the trouble.

TIP

A communication plan should include information about the target audience, key messages the audience should receive, how the message will be delivered, and who owns the communication.

REMEMBER

A structured and consistent communication plan actively engages stakeholders with two-way communication and keeps the change at the top of everyone's agenda. One size does not fit all when it comes to change, so be sure to include local or departmental customs and current communication channels when communicating the progress of the change. As the progress of the

change is communicated, be sure to get feedback on how the change is going for the people (including managers) on the front lines of the change.

A communication plan filled with key messages will get the change off on the right start and answer questions as they come up during the project. These five strategic messages go along with the change road map as you communicate the progress of the change:

- ✔ **Clear, compelling vision:** Communicate a clear, compelling vision that answers the following questions. What is the change? How will the change impact the work of the people receiving the message? What will the desired state look like after the change is implemented? See the earlier section "Step 1: Create the vision and motivation to change" for more on vision.

- ✔ **Importance of the change:** Help employees understand why the change is important. Why do they need to change? Why is the change important to these employees? What's in it for them? How will the change improve the organization?

- ✔ **Goals and objectives:** Explain the specific goals and objectives of the change. Are leaders supportive of the change? Are there examples? Why is the change needed now?

- ✔ **What's happening:** Communicate frequent updates about the change. What is happening with the change? What milestones have been accomplished? Is anyone being rewarded and recognized for helping make the change happen?

- ✔ **Results of the change:** Share the results and benefits of the change. What success stories can be told about the change from customer and employee points of view? How have the metrics changed to show the change is working?

Throughout the change, don't forget to provide information on where employees and stakeholders can get more information and what they can do to help the change happen.

For everyone in the organization to see the need for change and make the change happen, the pain associated with not changing (consequences), the satisfaction with change (benefits), and an overall dissatisfaction with the same old, same old (status quo) must be understandable, simple, and communicated thoroughly. Project team leaders should work with managers throughout the organization to leverage existing communication channels to get the message across loudly, clearly, and consistently.

Check out Chapter 7 for how to create a communication plan for your entire project.

Managing the People Factors

When all is said and done, the success of change is based on how committed the people in the organization are to making the change happen and last for years to come. Even if your organization decides to replace its employees with robots, someone still needs to program those robots and control the switches. (Luckily, artificial intelligence genius Raymond Kurzweil predicts robots will not be as smart as humans until at least 2045.)

So for at least the next few decades, it's the people that matter. Throughout your change, leadership and employee involvement are two fundamental ways to help manage the people factors and make sure the change is adopted quickly and is accepted as the new way of doing business.

- ✔ **Committing to change:** Senior leaders drive change by creating a vision for the future, setting the organization's course for the future, and making sure accountability is assigned in the organization.

- ✔ **Actively engaging employees in the change:** Changes last when they are visible to employees, and the best way to make change visible is to get employees working on it. Employees are more likely to adopt a new way of doing business when they have been part of the problem-solving process. Leaders can encourage communication, but teams working together to develop the future immediately increase collaboration across departments.

Dealing with negative reactions

Although you and the change team may be jumping up and down with joy to see change happen, not everyone will feel the same way. If change is not handled correctly, negative reactions can get out of hand and potentially derail the entire project.

Keep in mind that the cycle of change is not just about how the change will happen and when the changes will be in place. Chapter 9 focuses on working through expected dips in productivity when working with potentially negative reactions to change, but we give you a preview here.

As change is introduced, most individuals have some apprehension about what is ahead of them. Change is by definition *different,* and doing things differently takes effort. Some individuals may be in denial about the need for change or even actively resist the change. Through an active and involving change plan, led by an exceptional change leader, employees begin to explore and eventually adopt the new way of doing business.

As you can probably guess, different employees move through this change cycle at different speeds, and some employees have greater productivity losses than others when working through each of the change stages. Many people have seen early adopters and innovators who change at the speed of light, and many leaders have had to deal with the laggards of change who only move kicking and screaming. Continuing to focus on the need for change and getting there by rewarding the right behaviors will be your golden key to move you and your employees through the cycle of change quickly and productively, so be sure to praise and reward the early adopters rather than punishing people who resist change.

Motivating to move forward

Substantial or transformational change in an organization is more involved than a simple improvement or flipping the switch on to a new technology solution. To go the extra mile, employees have to be motivated.

Motivating employees and the organization to move forward comes down to aligning people, financial resources, and time resources with an inspiring strategy. Many leaders are being asked to do more with less, and change often asks that as well. Align the action plans with sufficient resources to get the job done and make sure the plan is backed by a vision that people can rally behind. Energy, excitement, and motivation come quickly when the right resources, performance measures, and incentives are aligned to strategic change. (Conversely, burnout, false starts, and lack of motivation to change all come from *not* having the right alignment in the organization.)

Making the Change Durable

Choosing and using a consistent road map for change and aligning it with resources helps avoid bumps in the road and increases the likeliness of success in the future. Durable change comes from managing the process of change like a superstar and having the right content of change. The last ingredient to making change durable is building sustainability into it.

WARNING!

If the old way of doing business is still rewarded, the old way of business will quickly find a way back into the organization after the change team has moved on to other projects or promotions. For example, if the change involves improving product quality so that there are no customer complaints, but the only person being rewarded for customer satisfaction is the sales guy who goes out in the middle of the night to service a customer complaint, the change will not last. In this case, employees should be rewarded for improving product quality to prevent service calls in the first place. A good change

in rewards structure would be to reward the sales guy for pulling the manufacturing team together to find out what happened and make sure the product is fixed so it never happens again. It is human nature to do what you are rewarded for doing.

Is your change durable? Your durability checklist should include the following actions:

- ✔ Support employees as they understand how they are personally connected to the change.

- ✔ Hold leaders responsible and accountable for the ongoing success.

- ✔ Create the opportunity for everyone to learn, and provide feedback throughout the change, not just when it happens (but that needs to happen too).

- ✔ Link desired performance to how people, teams, and the organization will be measured.

- ✔ Keep it easy. If changes are seen as more difficult than the status quo, the status quo will return. Change may take time to adopt, but the new way of doing business must make a positive impact on how work is done if the change is to last.