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Change Theory and Change Models

Organizational change is a consistent part of an organization's culture for those that expect to retain or maintain a sustained competitive advantage. Understanding the theories of change is essential. Change helps organizations successfully navigate and facilitate growth. Selling change and its benefits to the organization begins at the top, and the learning organization is an essential component. Change agents operate at all levels of the organization. Listening to concerns is important, because organizational change is personal. Change agents help resolve objections to change and help encourage alignment. Effective project management skills are helpful when implementing change. This includes evaluating the success of the project against success measures and attaining key milestones.

Learning Objectives:

- ☑ Define the current state of an organization.
- ☑ Define the intended outcomes of a change initiative.
- ☑ Explain how to sell a change strategy.
- ☑ List and define the rules of planning for change.
- ☑ Describe the importance of analyzing stakeholders of a change initiative.
- ☑ Explain why it is important to consider cultural implications of change.
- ☑ Describe the significance of setting milestone evaluations.
- ☑ Explain how to introduce change in an organization.
- ☑ Describe best practices for overcoming resistance or complacency.
- ☑ Describe at least four reactions to change.
- ☑ List the activities involved in implementing change.
- ☑ Describe how to evaluate the effects of change.

Defining the Current State

As the marketplace becomes more sophisticated and demanding, organizations must constantly alter some aspect of their operation to remain competitive. But, before an organization can implement change, it must first identify its current state, what is lacking, and potential approaches for improvement. In 1958, psychologist Kurt Lewin classified change process into three stages: the present state, the transition state, and the desired state. The present state, or status quo, tends to continue for an indefinite period until disrupted by another force.

Usually, some pain point is the motivator for steering away from the status quo. Such factors include shrinking market share; increasing customer demands; or continuing inefficient, obsolete processes. Why would a person or group be willing to depart from the present state for a transition state of ambiguity and insecurity? Because the pain of maintaining the status quo is too great. A significant change will be accepted only if it is proven to those affected that the present way of doing things is more painful than the pain that accompanies transition. The pain of the present is the prime impetus for movement into the future.

Organizational change practitioners must conceive the broad, aerial strategy and break this strategy into specific actions that move the change forward. Although there is no magic elixir to ease organizational change, certain tactics can help manage the organization's change efforts.

Defining Intended Outcomes

The first step in implementing change is to establish specific, achievable outcomes, such as establishing performance metrics or targets. The ultimate success of this phase depends on the initial definition of the business or organizational need for change. A front-end analysis must be performed to identify business goals, determine what performance is critical to achieve those goals, determine which performance outcomes have significant gaps, and then determine the cause of those gaps.

Because it is important to start with determining the business goal, it's critical to establish organizational priorities. The business goal ideally should be quantitative and time bound, and it needs to be a legitimate focus of the business. Additionally, some may be convinced that something is the real business goal when they've really only stated a possible way to meet a goal. These are instances where the goal stated actually implies or assumes other targets.

One example is employee morale, a common issue for many organizations. Plenty of organizations do an organizational climate study, a culture audit, or an employee survey and discover that employee morale is low. Senior management is then mobilized to do something about the morale problem, and that's when someone usually gets called into the office of the vice president of HR to find out that the new high-priority assignment is to improve company morale.

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In most cases, organizations seeking to improve morale are usually trying to achieve something else. According to management's thinking, if morale improves, then maybe turnover will go down or perhaps a more positive atmosphere would improve customer service. In addition, seeking to improve morale is often an attempt to increase the quality and creativity of employees' work.

In short, many organizations may claim the goal is to improve morale but have other intentions and are guilty of assuming that morale is the key to that happening. However, what's tricky about these situations is that no one knows what the real goal is. Thus, an organization may pursue an improvement in morale without understanding that the real objective is something else. That is why so many organizations that get internal audits showing low morale are galvanized to do something; they assume that morale is responsible for producing some business result. Morale can play an important role in various business results, or it can prove to be mostly irrelevant in the outcomes the organization achieves. It's important not to confuse the means of achieving a goal (in this case, seeking to improve morale) with the goal itself (what management hopes to get as a result when morale improves).

Ideally, business goals are time bound and quantitative, but many legitimate organizational priorities fail that test. The key is not to only accept goals with numbers and dates, but to confirm that the goals as stated are truly goals of the business and that the organization is not deceiving itself about what the real objectives are.

Selling the Change Strategy

Working on the assumption that analyses and intervention selection have already occurred, practitioners can also assume that the need for the change has already been determined. It is up to the change manager to present the need for change in a persuasive and convincing way. As people are generally reluctant to change, organizations are not likely to embrace change for reasons they do not find convincing.

One way to make a convincing argument is to review what was discovered in the analysis. Explain where the company is, where it needs to go, and why. Be sure to identify how market forces and customer demands are affecting the organization. One piece of information that can prove a powerful influence is explaining the consequences for the company if nothing changes and these performance gaps are not filled.

Because doing nothing is always an option, it is important to enable a full understanding of what maintaining the status quo will mean. This may be known as ***pain management,*** which means information about the change must lead others to believe that the price for the status quo is significantly higher than the price of change.

When explaining the gaps between where the company is and where it needs to be, honesty about the challenges the employees and the company will face is imperative. It is also important to explain how the gaps will be closed, in what order, and by whom. This process of moving toward the desired state is known as ***remedy selling.*** Operational goals and how success in achieving those goals will be measured must be clearly defined.

The change manager is responsible for identifying and securing organizational sponsorship, and the sponsor supports the project by committing necessary resources. This is one risk factor in the successful implementation of the plan. Employees will assess the seriousness of the project based on a number of criteria, including the strength of the commitment among those sponsoring the change. Assigning the proper amount of people, time, and money communicates management's seriousness about the need to change.

Planning for Change

Plans for change need to be developed to define measurable goals, outline the strategic success factors, detail the steps for implementation, and outline how commitment will be obtained from key decision makers. Transition planning might also involve creating new processes, writing job descriptions, and establishing performance expectations. An OD practitioner must identify which cultural norms and patterns, decision-making processes, and political environments need to be changed. Transition planning may involve developing the ideal organizational design. This is a time of running interference with senior-level stakeholders, ensuring their commitment offline, and confirming that the resources are available. John Adams, an internal consultant, offers 12 rules for project management success (Scott 2005):

1. ***Gain consensus:*** Stakeholders and team members must agree to goals and expectations.
2. ***Build an excellence team:*** The team must get smart quickly and remain ambitious.
3. ***Develop a comprehensive and viable plan:*** Make sure changes get communicated to everyone.
4. ***Make sure resources are available:*** Line up the personnel, capital, and equipment to do the job and negotiate as needed.
5. ***Have a realistic schedule:*** The fastest way to lose credibility is to change the schedule without a good reason.
6. ***Do not try to do more than is possible:*** Scope is the depth and texture behind the goals.
7. ***Remember that people count:*** Projects are mostly about people.
8. ***Establish and maintain formal support from managers and stakeholders:*** Make the approval process a formal event.
9. ***Be ready to change:*** Be prepared to be surprised.
10. ***Keep people informed:*** Communicate, communicate, communicate!

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Implementing Change

In implementing any kind of change, remember Murphy's Law: Anything that can go wrong will go wrong at the worst possible moment. Flexibility in implementation is critical. Change managers must adapt to cues and suggestions from the people with whom they are working.

The first cycle of implementing a change program can take from one to five years, depending on the scope of the change and the strength of internal barriers. Changing an organization that is deeply and culturally set in its ways poses a challenge for a change leader. Redirecting such an organization can sometimes take years of concerted effort. However, most companies do not have the luxury of waiting several years before they see the results of change. In today's fast-paced global economy, five months is more in line with expectations. This short timeline poses significant challenges, which can be overcome if the change is designed well.

Any major change effort comprises

- defining the tasks that need to be done
- creating management systems that accomplish the tasks
- developing strategies for gaining commitment
- developing communication strategies
- assigning resources, experts, and consultants to manage the change.

During the implementation phase, management must define what is to be done, how it is to be done, and who should do it. Tasks of a fundamental change effort include

- studying present conditions
- collecting data on employee attitudes toward the change
- creating models of the end state
- identifying and planning for transitional management
- assigning functions to transitional management
- stating the goals of the transition and clearly describing the end state.

Establishing support for change can be tricky, especially if middle and lower management and employees feel threatened by it. From the outset, a communications plan must be put in place that details the overall plans and a feedback mechanism that allows managers to know what staff attitudes are. Many organizations involve just the critical mass—the smallest number of people or groups who must be committed to the change for it to occur. Management also needs to determine the minimum level of commitment from key players who will allow the change to happen. This means deciding whether those key players must make it happen, help it happen by providing resources, or let it happen by not blocking it.

Monitoring for Compliance

An important aspect of any change initiative is making sure that the implementation meets the established objectives. At the outset of the intervention, regular monitoring cycles of the intervention should be instituted to ensure that it remains on track and complies with the goals of the initiative and is driving change toward the end state. Oftentimes, the implementation phase gets bogged down in specifics and details; therefore, established monitoring points will maintain the strategic direction.

Providing Feedback

The last part of the planning process is the creation of a feedback system that provides information regarding the results of the change plan. The purpose of this system is to provide information regarding the success or failure of the plan. This is done to design future plans that are more focused and better targeted to accomplishing a desired result. An OD practitioner should consider the following important questions when developing a feedback system:

- What determines when the goals and objectives of the change initiative have been accomplished?
- Which type of early warning system can be created to inform stakeholders of impending problems?
- Which alternative plans can be created if the initial plan fails?
- How can practitioners avoid punishing people if the plan fails to accomplish the outcome?
- How will people be rewarded if goals and objectives are successfully achieved?
- How will the progress of the plan be monitored?
- Who will be in charge of periodically checking on the implementation?
- How will progress be measured?
- Is the feedback system comprehensive enough to successfully implement future change plans?
- Is the feedback system designed in such a way that it can be used in the design and development of future plans?

Coaching

Coaching is a powerful teaching and learning process that can enhance learning and effectiveness and help to achieve personal and organizational change. Coaching frequently is an integral part of the process of planning and implementing other interventions, such as team development, survey feedback, organization and process redesign, strategic leadership, and large-group development activities. Coaching is defined as helping someone else expand and apply his or her skills, knowledge, and attitudes. It generally takes place within a defined

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context, such as a specific task, skill, or responsibility. The role of a coach might involve being an SME in a particular discipline. Or it could mean being a motivator whose pep talks and words of encouragement inspire others to greatness. It can also mean helping others set goals or find a direction for their efforts. Coaching might also be developing and maintaining an ongoing developmental relationship with one or more of the organization's rising stars. In general, a successful coach helps others succeed through guiding, teaching, motivating, and mentoring.

Evaluating Effects of Change

Evaluating a change initiative is important to determine its effectiveness. The evaluation process provides an opportunity to benchmark measurable business results and compare them with goals and results, as well as to find out what is and is not working. But how do can practitioners arrive at useful measurements when evaluating the effects of a change initiative? One approach is to start at the end of the story, whether it is a certain job to be done or a corporate goal to be met, and work backward to develop performance criteria.

The most important thing is defining the key performance measures and identifying the right ones that are going to drive the organization to where it should be. To identify these elements, here are a few questions to be posed:

- What is the organization trying to accomplish?
- What does the organization want its employees to be able to do better?
- What are the baselines for measurement before and after the change initiative?
- What do employees need to know to fully implement the change?

Determining the right measures is difficult; however, it's a crucial first step in evaluating a change initiative. Once measures are identified, data can be collected and analyzed. When the analysis phase is complete, change agents can reevaluate the change initiative and make any needed adjustments for future efforts.

✓ Chapter 6 Knowledge Check

1. According to Lewin, what must an organization first identify before it can change?
   a. Current state
   b. Vision
   c. Mission
   d. Fiscal goals
2. The ideal reporting relationship of a change leader to top management of the organization is indirect but with access to top management for monthly status meetings.
   a. True
   b. False
3. Employees go through stages of readiness before they are ready to make a true commitment to change. Which of the following best describes the second stage of readiness?
   a. Employees recognize the need for change and create a specific, concrete plan.
   b. Employees participate in needs-analysis observations to identify the knowledge and skills required to support the change initiative.
   c. Employees deny the need for change.
   d. Employees see a need to change but only engage in contemplation and are willing to think about it but put off making a decision.
4. Which of the following analyses is used to identify driving and restraining forces and helps to overcome resistance and complacency in change initiatives?
   a. Forcefield analysis
   b. Needs analysis
   c. Cause-and-effect analysis
   d. Five whys analysis
5. When an organizational change is first introduced, which of the following response phases describes employees' initial reaction to the change?
   a. Problem
   b. Threat
   c. Habit
   d. Solution

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