A Sustainable, Staged Approach to Major Organizational Change

Roelf Woldring
Transformation Partners

 Version 2.1
WCI (Workplace Competence International Limited)
Elora, Ontario, Canada N0B 1S0
www.wciltd.com
888-928-0230
416-427-1567

Contents

1.0 Succeeding at Organizational Change 3
2.0 The Staged Approach 5
  Step One – Diagnosis 5
  Step Two – Dialogue – Scope and Objective Setting 5
  Step Three- Assessment: Is It Possible? 6
  Step Four – Starting Up 7
  Step Five – Deepening the Change / Building the Team 8

1.0 Succeeding at Organizational Change

Substantial Organizational Change, especially when driven by an interim executive, an internal change leader supported by a "trusted" outside strategic change consultant, or by a newly-hired executive change leader, works best if the change is implemented through a staged approach.

Regardless of **who leads the change**, the steps in the process are much the same. There are variations in the detail depending on who is in the role of "**change leader", "change sponsor", or "change consultant"**. However, the main underlying things that need to be done, and the sequence in which they need to occur, stay much the same.

Regardless of whether he change is directed at the whole organization or at part of the organization, e.g. a business unit, or a major operating division or group, the steps in the process are much the same. The "change leader" may be an executive assigned to lead the unit. The "change sponsor" may be a corporate officer leader. Once again, with suitable variations, the steps in the process remain much the same.

What follows is the result of practice, of more than 15 years experience in the role of change leader or change consultant. This practice has been bounced against the insights gained from the solid practice-based writings of widely respected organizational change leadership authors such as:

1. Jim Collins (http://www.jimcollins.com/)
2. John Gabarro (http://dor.hbs.edu/fi_redirect.jhtml?facInfo=bio&facEmId=jgabarro)
3. Ronald Heifetz (http://ksgfaculty.harvard.edu/ronald_heifetz)
4. John Kotter (http://www.johnkotter.com/bio.html)
5. Robert Kegan (http://www.harvardmacy.org/pdf/kegan.pdf)
6. Michael Lombardo (http://www.lominger.com/60_64.htm and http://www.ccl.org/leadership/forms/publications/publicationProductDetail.aspx?pageId=1263&productId=0-669-18095-5)

(and others ….).

The result is a "**script**" for major organizational change that combines long personal experience and serious reflection on that experience, mediated through the insight and thoughtfulness of experienced change theorists.

The following version of this “script” makes the following assumptions:

1. The **organization** is an operating unit, which functions as an independent entity (as opposed to an operating division or a business unit of a larger organization).

2. The **change leader** is an external individual brought in to act as change leader for an interim period, with a responsibility to hire or to develop and leave in place an operating executive team who will then carry the organization forward.

3. The **change sponsor** is a small group of external stakeholders who have a major financial interest in the “organization” (as opposed to a more senior member of a larger organization or a holding company).

With appropriate variation in the details, the same main steps are required to make substantial organizational change sustainable beyond the tenure of the change leader in any organizational configuration.

Organizational change, which is personality driven and dependent, may be appropriate as long as the change leader becomes the long-term operational leader of the organization. **But it is often not sustainable beyond the tenure of the “personality”.** To make it sustainable, the change must be embedded in the **processes**, the **people** (particularly their skills and motivations), and the **tools** (particularly the information models that make up the suite of computer-based business applications – but often also the physical make up of the working premises) that are the organization over time. Without this, change, which is driven by the personality strength of a change leader, often reverts as soon as that person is no longer there.

An equally important reality is that "change" and "operations" are two very different organizational environments. The people who are good at implementing change are often not as effective at maximizing operations (and vice versa). That is one of the reasons why we see such a concern about both effective change and operational leadership in both the research and business press.

Interpersonal skill, industry experience, personal “smarts”, and deep, growing trust between the change leader and the change sponsor are also essential components of a successful organization change action. (See "Reflections on the Realities of Organizational Change", also by Roelf Woldring, for some insight into these dynamics.) A shared “script” or framework such as the one that follows helps create the environment that enables these factors to contribute to success.

What follows is structured as a process guide. Like all such guides, it is a framework for setting?? - need a different word here the action in particular situations, not a cut and dried recipe to be followed without careful thought.

2.0 The Staged Approach

Step One – Diagnosis

Done by the Potential Change Leader on a "consulting basis"

(Takes from 1 to 4 weeks)

An in-depth look at the existing situation – meaning;

- A review of the books and the records, including any key contracts, patents, copyrights, etc.
- A review of any strategic or operating plans that exist;
- A walk around the facilities;
- One-on-one meetings with the key internal players (technical and management); and
- One-on-one meetings with the key "financial" stakeholders and decision makers (i.e. the change sponsors).

Step Two – Dialogue – Scope and Objective Setting

Led by the Change Leader on a "consulting basis"

(Takes from 1 to 2 weeks)

A few (1 to 3) sessions, intense but significant, (lasting as long as a half-a-day each) sessions with the key financial stakeholders and decision makers (change sponsors, change leader, and, potentially, a change consultant)

Purpose: to vet the findings from above, and to start the process of building the needed relationships among the key financial stakeholders and decision makers (the change sponsor), and the potential change leader in the context of **this** situation.

(Usually no more than a day in elapsed time, held in the space of a calendar week.)

Step Three- Assessment: Is It Possible?

Completed by the Potential Change Leader, possibly with the involvement of a change consultant

(Takes 1 to 2 weeks of calendar time)

Delivery of a plan (10 to 25 pages) done in a “dense” presentation format, with supporting material as required.

Once circulated, a significant face-to-face review of that document with the key financial stakeholders and decision makers occurs (change sponsors and change leader). A go/no go decision comes shortly thereafter.

This document contains:

- An statement of what is;
- An assessment of what’s possible – what could be;
- An outline of an approach – a way of closing the gap between what is and what could be -
    - a high level plan with more detail closer in, and less detail farther into the future;
- A statement of the potential change leader’s commitment –
    - “Yes, I am willing to take it on … … “; or
    - “No, I am not, and here is what I think that you should do … … “; or
    - “Yes, it can be turned around but I am not the one to do it - … you need to look for someone like this and here is how I suggest you find this person and how I can help”;
- What you – the change sponsors - (the key financial stakeholders and decision makers) need to commit to:
    - What resources it will take (dollars, knowledge, and personal time);
    - What the change leader’s time will cost you, in the short term and the long run.

Step Four – Starting Up

Led by the Change Leader
With Regular Meetings (at least every 2 weeks) with Change Sponsors

(3 to 6 Months)

1. Get change leader (or another person) in place.

2. Implement the short-term action plan.

    a. Stop the bleeding (if any);

    b. Make sure any disruptive "people" issues which support the bleeding are addressed quickly;

    c. Meet any key "external" stakeholders who could "negate" the change and explain what will happen (as appropriate) –

        - customers,
        - suppliers,
        - partners,
        - investors,
        - lenders,
        - … … ;

    d. Start building the first key (but small) short-term successes that are the beginning of needed confidence that the future can be different; and

    e. Start constant, visible, progress process - something is always getting better.

3. Get to know the "key internal organizational players" and assess how they respond to the change:

    a. Keepers with potential to grow;

    b. Keepers who are good contributors but have no potential to grow;

    c. "Hidden" possible contributors;

    d. Lost "sheep" who will not keep up with the change;

e. Resistors who will do whatever they can to undermine the change; and

f. The "Holes" – key, needed functional skills where none exist internally, which could damage the forward movement of the change.

4. Bring in the key "short term" outsiders to do specific things:

    a. Specific functional skill sets and experience;

    b. Measurable results;

    c. Fill in the "critical holes" short term while working out the longer term way to fill them; and

    d. Sunrise and sunset contracting for these individuals – force the longer "people" term fix.

    Note: sunrise and sunset simply means that they have a defined calendar start and finish date.

5. Regular reviews with the "other" key financial stakeholders and decisions makers (outside change sponsors) – as required and contracted with them.

Step Five – Deepening the Change / Building the Team

Led by the Change Leader
With Regular Meetings with the Change Sponsor (probably every month, not less than every quarter)

(4 to 36 months)

1. Create and broadcast the vision for the future – the "believe-able myth" and the yard stick by which people can measure progress.

2. Make the key short-term people changes – define the time period in which they will be made – anxiety for so long, and then let's move forward.

3. Clean up the functional areas that need clean up on both process and tooling levels – take a time box approach: what needs to be done in the next 30 to 60 days, then in the next 30 to 60 days and so on … …).

4. Improve the functional areas that need improvement (on both processes and tooling levels – take a time box approach: what needs to be done in the next 30 to 60 days, then in the next 30 to 60 days and so on … …).

5. Build, build, build the management team (use both personal and team compensation and bonus schemes).

6. Do whatever it takes to make sure that there is constant visible progress.

7. Deal with the inevitable hiccups and mistakes – limit their impact.

8. Create a culture of thoughtful performance.

    a. Set long-term financial incentives for everyone from top to bottom (give each of them a reason to benefit from the change).

    b. Reward results (against plans).

    c. Reward initiative (that is communicated and planned).

    d. Reward "thoughtful" risk-taking (carefully weighted and communicated beforehand).

    e. Reward team playing (particularly when people contribute to the success of others at the expense of their own).

    f. Negatively re-enforce:

        i. non-performance;
        ii. lack of initiative;
        iii. reckless risk taking;
        iv. promotion of self at the expense of the team;
        v. non-communicators - blind-siders; and
        vi. malicious or political communication: that is calculated game playing by "gamesmen" and "gameswomen".

9. Message the long-term change cycle:

    a. Change now,

    b. Then growing stability,

    c. Then reap the rewards.

10. Build the operating team that will take over the stability and deliver the long-term results. The change leader leads by doing the following.

    a. Leading the change effort in a way that is not personality based – focusing on **substantial and coordinated process, people, and tooling changes** that everyone comes to understand and to support.

    Process – the procedures and the business rules that define how the organization must do its work.

    People - the folks who are members, the skills they bring or have an opportunity to develop, and the personal motivations and values that allow them to persevere through the change period and become effective contributors to the new culture of the changed organization.

    Tools - the **physical plant** – buildings and their fixtures and furniture;

    the **computer technology platform** – the hardware and software used to do the organization's work – much of the detailed "know how" that make up the procedures and the business rules of the organization are embedded in these tools and require "change" if the organization is to change;

    the **communication platform** – the telecommunications tools - these days inevitably tied to the technology platform that allows people to work together in ways that often eliminate the constraints of physical space and shared time.

    b. Managing conflict among key players – turning it creative or effectively suppressing it when it is destructive without also being creative.

    c. Taking responsibility for the inevitable mistakes – helping the organization and the people in it to "recover gracefully", and treat them as "learnings" rather than failures.

    d. Growing key individuals (the future leaders) to the limit of their potential possible in this time frame through mentoring and coaching, always remembering people in the organization interpret the messages inherent in **who gets hired, fired, and promoted as the "real truth" about what change is really wanted here**.

11. Articulate a "believe-able" myth or story about the future that allows people lower down in the organization (and partners outside the organization) to align their efforts, resolve their differences, and take pride in their contribution to the change that will define the organization in the future.

12. Hold regular reviews on progress, setbacks, and recoveries with the other key financial stakeholders and decision makers (other than change sponsors), probably every quarter.