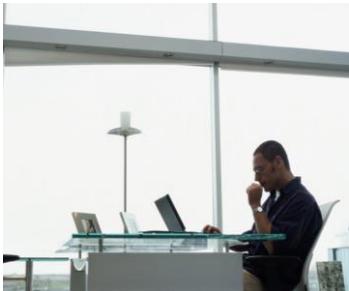




A Case for Change Management

Change Management Introduction
A Highlands Group White Paper Series



By R. Kendall Lyman, Shane R. Cragun, and Jim Dowling

A Case for Change Management

The past decade has been one of mergers, acquisitions, downsizing, and “right sizing”—in short, change. Workers have altered the social contract with employers, competition has become even more global, and emerging and evolving markets are demanding continual adaptation and renewal. We have heard many from the sidelines celebrate the change and growth required to continually evolve, but those in the midst of it often bemoan change as demanding or painful. Change creates stress and anxiety when we find ourselves caught between the *comfort of the present* (where we want to savor the rewards of our latest success) and the *pull of the future* (which requires us to rethink how we approach the marketplace; how we do business differently; and how we maintain loyal customers, employees, and leaders).

A metaphor that describes this juxtaposition is *crossing the chasm*. Geoffrey Moore used this metaphor to describe distinct marketplaces for technology products. We feel that it also aptly describes the gulf between two distinct phases of an organization’s history—the success of the past or present and the challenge of the future. At times, crossing this chasm can be as emotional and drastic as Cortez burning the boats on the shores of the New World. While Cortez’s actions were more dramatic than is usually required in organizations, it serves as a reminder that sometimes we can face the new realities of our environment only when we cut the ties to our past. The challenge then becomes how leaders and change agents build on the successes and abilities of the past to chart a new course to the future.

Crossing the chasm is not for the faint of heart. One statistic (cited in *Sacred Cows Make the Best Burgers*, by Robert Kriegel and David Brandt) claims that 7 out of 10 change initiatives fail. A similar study, conducted by consulting giant McKinsey, found that the majority of the companies it researched achieved less than a 5 percent change from reengineering. Whatever industry or organization you are in, and whatever type of change you have experienced, far too many initiatives die attempting to make it across the chasm.

So what makes the difference between success and failure? What can leaders do to avoid the common pitfalls of change? Crossing the chasm is the premise of our white paper series on change management. We define change management as the art and science of reducing an organization’s resistance to change and securing the ownership, commitment, and buy-in of employees to the new changes.

In a 1993 issue of *Fortune*, change practitioner Michael Hammer said, “Coming up with the ideas [for change] is the easy part, but getting things done is the tough part. The place where these reforms die is ... down in the trenches.” Our experience has been that unless leaders can engage the hearts, heads, and hands of employees, their brilliant strategies, new structures, or updated mission statement will fail to produce the desired results “down in the trenches.”



As front-line leaders and consultants with organizations, we have found the key ingredients to implementing change are getting commitment, ownership, and buy-in from all stakeholders involved and creating structured communication, education, involvement, and a “felt need” for the new change. This change management series focuses on tools and approaches to involve employees in the change process, engage stakeholders and solicit their ideas, and clarify the roles of leaders and change champions in the process.

This series includes the following white papers:

- **Change Readiness Assessment:** The Change Readiness Assessment provides leaders with information about employee commitment and ownership to change. It's a change readiness check-up that extracts data from the organization generally through surveys, focus groups, or interviews. This data helps leaders put their fingers on the pulse of the organization and take appropriate steps to plan for and successfully implement changes.
- **Change Management Team Chartering:** Establishing a trusted and respected Change Management Team enables organizational leaders to be actively involved in change. The team's main responsibilities include creating a detailed implementation and change plan, overseeing the day-to-day tasks of managing change, following through and ensuring accountability, and removing barriers that get in the way of the team.
- **Stakeholder Assessment and Commitment:** Part of change management focuses on getting the commitment, ownership, and buy-in of all stakeholders, including employees, owners, funders, leaders, suppliers, and customers. All of these individuals have a “stake” in the success or failure of a change initiative, and have the potential to disrupt the effort in some way. It is not unusual for an organization to invest time and energy in a major initiative, only to have someone derail it during implementation. Self interest (e.g., ego, political advantage, turf protection, financial gain, etc.) is a challenge that cannot be ignored. When initiatives get derailed, most of the time it can be traced to a key stakeholder who was not committed early on. The focus of this work is to identify key stakeholders, find ways to increase their commitment to change, and integrate their input into the change plans.
- **Business Case for Change:** By creating a clear and dynamic business case for change, leaders establish a strong sense of urgency that generates enthusiasm and willingness to change among employees. As leaders communicate with stakeholders throughout the life of the change effort, they should leverage the case for change repeatedly to sustain momentum and focus. A well-leveraged case for change can prevent barriers from appearing and can remind everyone during the process why the change was started in the first place. A case for change helps leaders establish and communicate the “why” and “how” of change.



- **Communication Strategy and Plan:** Early in the process of implementing change, it is important for change leaders to craft a communication strategy and plan to keep employees and other stakeholders informed of and energized about the initiative. Employees want to know why they should change (business case), what the end result looks like (future vision), and how the change will affect their roles and responsibilities. They not only want to receive information, but they want to engage in dialogue and provide input. A communication plan provides a forum for two-way communication throughout the organization.
- **Risk Assessment and Management:** Risk assessment and management helps change leaders ensure that all elements of the new organization are aligned. The risk assessment and management tool is used prior to implementation to identify and manage risks associated with the proposed changes. A risk is defined as anything in the design of the new organization that could potentially derail implementation and prevent the desired results. Risk assessment and management allows change leaders to define appropriate action steps to minimize or eliminate the risks that could threaten the success of the change effort.
- **Personal Impact of Change:** People adapt to change differently and at different speeds. Just because leaders announce change, doesn't mean everyone will get aboard at the same time. Change leaders can help employees understand and cope with the personal impact of change using various mechanisms. Step by step, leaders must coax individuals through change so old habits are replaced with new ones and the organization can move toward the desired future state.
- **Post-Implementation Audit:** The purpose of a post-implementation audit is to evaluate the success of the change implementation and to determine if the organization has achieved the results defined in the business case for change. During the audit, change leaders will find many things that are going well. Leaders will also find implementation plans that have not worked as designed and have not met expectations. Inevitably, many day-to-day adjustments will need to be made. But if change leaders assess current results, determine the root causes of problems, make appropriate changes, and continually communicate, the organization will soon reap the rewards of the change effort.

Whether you are a leader trying to figure out how to engage stakeholders, a practitioner leading a change effort, or an employee wanting to be more involved, we think this series on change management will help you through the turbulent “white water” of change.



About the Authors

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Kendall is a principal of The Highlands Group—a consulting firm known for strategy, leadership development, organizational design, and execution to produce long-term, sustainable results. He has held executive line management responsibilities and is a faculty member of Duke Corporate Education and The University of North Carolina Executive Education. Kendall's innovative work with clients has been recognized nationally. The Navy Postal Group in Washington, D.C., won the Federal Mail Center Excellence Award, and Kendall's participation in the work to split InterContinental Hotels Group from its parent received the *ASTD Excellence in Practice Award*. He has worked with numerous clients, including Suncor, Merck, Sun Life Financial, Lowes, AutoTrader, Kelloggs, Eli Lilly, Norfolk Naval Shipyard, Carlson Companies, Mobil Chalmette Refinery, United States Army Reserve Command, Bethlehem Steel, and Amoco Oil. Kendall is co-author of *The Business Strategy Audit: A Company Self-Assessment and Successful Reengineering: Involving Employees in a Structured Way, and The Employee Engagement Mindset: How to Get and Stay Engaged as an Employee in the 21st Century*, published by McGraw-Hill.

Shane R. Cragun

Shane is a principal of The Cornerstone Group—a consulting firm known for strategy, leadership development, organizational design, and execution to produce long-term, sustainable results. He has worked as an internal change agent and managed large business units with P&L responsibility. He has consulting expertise working with executives and line leaders to improve results through strategy clarification and execution, business process redesign, culture changes, leadership development, and executive coaching. Recent clients include Merck, Citigroup, NASA's Kennedy Space Center, Shea Homes, Lucent, EDS, and the U.S. Naval Shipyard Repair Center in Japan. Shane consulted internally at National Semiconductor when it was named *Turnaround Company of the Year* in 1993. In addition, his work has been featured in *Open Computing Magazine* and a client project received the *2000 Computerworld Smithsonian Award*. He is currently a faculty member of the Duke University Corporate Education network.

Jim Dowling

Jim is a principal of The RBL Group—a consulting firm of thought leaders, educators, consultants, and former executives who collaborate with clients to build organizations that measurably increase stakeholder confidence today and in the future. He is a recognized expert on aligning people, process, and technology systems to business needs and strategy execution. Jim has held multinational corporate executive positions, founded a successful Internet site, and coached many emerging information technology leaders. He is co-author of *The Capable Company: Building the Capabilities that Make Strategy Work*, and author of more than 100 articles published in journals such as *Strategic Finance*, *Professional Consultant*, *Tech Web*, and TechnologyEvaluation.com.



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