

How can you manage change?

Managing change, as we have said previously, is part of any manager's role. Learning how to accept change and then manage it efficiently will undoubtedly improve a manager's performance in any organisation. Change will come whether or not we look for it and plan it, so being able to manage it is vital.

Communicating reasons for change

The single most important action a manager can take is to ensure that all members of the team fully understand, and are behind, any change programme that is implemented. If the team understands the thinking that is driving the change then they are far more likely to accept it and get on with its implementation. Resistance, as we will discuss in the next chapter, is born of fear and fear can be dispelled with knowledge and understanding. There are four main points that must be communicated to staff in the event of any change process:

1. Why? What will happen if we stay as we are?
2. The reasons behind the change. The drivers of the change need to be made clear. This may be a changing market that has caused a product change, falling profits, or a customer survey that highlighted problems in customer service for example.
3. What? Details of the change and how it will affect employees and their work roles must be communicated. Done properly, communicating this aspect of a change programme may help to allay the fears that some staff may have.
4. When? The reasons why the change must happen now must be communicated so that people do not think that the change is not urgent and that work on it could be delayed if necessary. People will always procrastinate if there is something to be done that is not entirely to their taste so the manager must make sure that all his team members understand the urgency and what will happen if the change is not made without delay.

Obviously, when communicating the need for change it is necessary for a manager to put a positive spin on it and to explain the advantages of the change and the disadvantages of not changing. This will need a confident delivery from the manager and an upbeat attitude to the changes, added to real commitment and enthusiasm.

A vision of the future can be created at this point. A manager should outline the objectives of the change and show team members, as comprehensively and convincingly as possible, the gains that could be made that will provide advantages for both the team and the organisation.

Having painted this picture of a positive future, the manager should then go on to explain exactly how the team can help. Members need to understand and accept the part they have to play in the success of the change programme and the work that they will have to take on.

After all this information has been communicated, team members should be given the opportunity to ask questions and to digest what they have been told. The manager will then need to check the team's understanding and commitment to what is planned and deal with any problems that may arise – whether these are from lack of understanding or lack of motivation.

Done well, communicating the reasons for change to a team embarking upon a change programme can make the chances of success much greater.

Setting objectives

It is essential to most people to understand what is expected of them in their work role. Similarly, any organisation needs to be clear where it is going if it is to be successful. In both these cases setting objectives provides the way forward. Objectives will help an organisation to:

- improve performance
- show staff where to focus their efforts
- illustrate the vision for the organisation
- provide direction
- motivate staff
- measure performance
- highlight priorities.

As always, for any objectives that are set in organisations, objectives related to innovation must be SMART – Specific, Measurable, Achievable, Realistic and Timely. In addition, if objectives are to encourage innovation and help to facilitate change they must look forward to the results of current work rather than relying on work that has been done previously. So, for example, when setting objectives based on sales of a product, it

must be possible to measure the extra sales that have resulted from current innovative efforts rather than confusing them with sales that have resulted from previous marketing.

The objectives that are set during an innovation process must be directly related to the results required from the innovation. This process is the move from where an organisation is today to where it wants to be at a specified future time. It will be useful at this stage to look at examples of objectives that can be set to specifically encourage innovation. Here are examples of such objectives that could be set to lead innovation:

- launch three new products in the next financial year
- find two new suppliers of the main production component
- gain entry to two new overseas markets
- implement an employee suggestion scheme and achieve at least two suggestions from each team member within three months.

As you can see, the idea is to encourage something new – new ideas, new customers, new markets, new suppliers and new ways of doing things – and objectives can be closely tailored to the vision of the organisation. The number of objectives set must be carefully controlled – too many will be unwieldy and confusing, too few will mean that innovation is not encouraged in all areas.

Dealing with expectations

Everyone connected with an organisation will have their own expectations – from customers and suppliers to stakeholders and staff. Let's look at what some of these expectations may be.

Customers will expect ...

... improved product ranges and better quality at lower prices in the quantities that they require, when they require them.

Shareholders will demand ...

... a better return on their investment, improved share values and increased dividend payments. If they don't get these it is likely that they will take their investments wherever more commitment to improvement is evident.

Staff will be looking for ...

... better pay and working environment, plus extra rewards and incentives as well as improved career paths. They will also be looking for loyalty and commitment from their employers.

In short, everyone will expect improvements. But not all these expectations will be met. If an organisation attempts to meet any, or all, of these expectations with short-term solutions this will usually only result in short-term satisfaction. For example, products can be re-branded or tweaked to offer customers something that appears different and improved but in the long term customers will reject the 'new' products and will take their custom to an organisation that has something genuinely innovative to offer.

However, there is still the problem of keeping everyone motivated while going through a change programme. Staff can quickly become de-motivated and start to slow down or even work against the changes if they believe that they are not going to be successful, and shareholders and backers will become wary if

changes do not happen as quickly as they had hoped and produce the benefits they had expected.

It is important here to be clear what expectations are. They are not just your customer's or your team member's requirements. They are not even the objectives of any change project. And usually they are not stated, but are held in the mind of the person with the expectation. They are a vision of the future built up in a number of ways.

Although it is usually important to manage expectations there is an alternative view that holds that modest expectations lead to modest results. If demanding targets are set, then this will bring about a different type of thinking compared with totally achievable targets. For example, given a modest target a marketing manager may simply tweak a product range, relaunch it and achieve the limited sales growth asked of her, whereas if she had been given a challenging target she may have had to think of something far more radical in order to achieve it and may have come up with a genuinely innovative product range. It is therefore probable that setting high expectations, but managing the situation well and keeping the workforce motivated will create an environment where people can think creatively and where innovation will flourish.

Managing risk

If you are a manager or team leader, or hoping to be one in the future, then there is one thing of which you can be sure of – things will go wrong on a regular basis. Managing risk is therefore an important aspect of managing change. Risk is taken on in business when not everything is known about a situation – the less that is known, the higher the risk. Whatever is known about a situation, or can be found out, gives information that can be used to eliminate or minimise risk. So, risk management involves identifying what could go wrong and putting in place strategies to deal with those

risks with the aim of minimising the effect on the business. It is far more cost effective to plan how to deal with something in advance of it happening than to do nothing and be unprepared. When an organisation is about to implement a change programme risk management becomes more important, so we will look at how this can be done.

As with all management processes, risk management is a series of actions that can be planned.

Identification

The organisation must first identify the risks that could affect the business. These risks may be financial, operational or market based. We will look in a bit more detail at the types of risk that can be managed later in this section.

Evaluation

Having identified the risks, an organisation must then assess the likelihood of the risk actually occurring and decide whether to accept the risk or plan action to minimise or eradicate it. The considerations here are:

1. What is the consequence of this risk?
2. What is the probability of this risk?

Having answered these two questions, managers can then go on to decide how the risk will be dealt with and whether the cost of eliminating or minimising the risk outweighs the cost of it being allowed to happen.

Developing systems

Having understood the risks, the organisation must then formulate plans to deal with the problems that would be caused.

Monitoring

As always, any systems must be monitored to check their effectiveness. This will ensure that the risks identified are still current and relevant, show that the plans to deal with specific risks work and that the risks are being effectively dealt with.

The types of risk that can be managed can be, as we said earlier, broken down into three broad groups:

1. Financial – this includes things such as the risk of a large customer going out of business while he owes money to the company or fraud by an employee. Of course, all organisations are subject to the risks of the general financial markets – after all, as the saying goes, investments can go down as well as up.
2. Operational – this includes types of risk that will affect an organisation's ability to produce the goods and services that are at the centre of its business. Examples of this type of risk include theft of equipment from the organisation or the breakdown of a vital piece of machinery, labour problems and so on.
3. Market-based – these are risks of things that happen in the market that the company operates in. An example of this type of risk would be if market demand changes substantially or if a new competitor comes into the market.

Case study

A small, independent supplier of office equipment to small businesses throughout the country decided to implement a risk management policy. They proceeded to list all the things that could possibly go wrong in the business and then set about creating a contingency plan and putting in place safeguards in each area.

During the assessment the supplier realised that its information technology was a particularly vulnerable area. After extensive research it put in place a number of regular back-ups for the systems that were in operation. There would have been serious problems for the business if the systems had malfunctioned for any reason and data were lost.

As part of its risk management strategy the supplier also assessed the insurance situation in each area and decided that it would be cost effective to cover its senior sales manager with a 'key man' policy so that the financial costs involved of losing this person could be recouped.

When the risk management strategy had been in place for a number of months, the managing director of the business reviewed it and stated that it had been a success in that it had taken some of the worry out of situations and had avoided the 'fire-fighting' approach that many of his fellow business managers took. The supplier has now scheduled twice yearly reviews of the risks faced by the business and how it would deal with problems if they arose.

Apart from implementing a risk management programme, an organisation can also insure against many of the risks that may affect its business and this will serve to lessen the financial impact. Risks that can be insured against by a business include:

- Fire – a serious fire in office or factory buildings can put a business out of operation for a long period, so this is essential. This would be part of a policy that covered the buildings.
- Theft – the cost of replacing large items of machinery, tools, stock and goods in transit could be prohibitive so this insurance cover is also vital.
- Public liability – this offers cover for events such as someone being injured while on your premises or any third party claim made against the organisation.
- Employer's liability – this is a legal requirement even if the organisation employs only one person. It covers the organisation for legal costs and for claims made by employees who are injured at work or who may have been made ill by their employment.
- Motor vehicles – again, this is compulsory if an organisation operates vehicles on the road and it will cover against damage to the vehicle itself or people hurt in an accident and against legal costs that may arise from use of the vehicle (not including, of course, speeding or parking fines).
- Interruption to business – this can usually be covered by a specially designed policy. It will cover, for example, losses incurred when machinery is damaged.
- Products liability – this covers an organisation against claims relating to the use of its products.
- Key personnel – if there are a limited number of people on whom the whole organisation's successful running depends, then losing them can be insured against.

Although the cost of some insurance policies can be very high, the cost of putting things right if the worst does happen can put an organisation out of business so insurance should be part of any risk management process.

Benefits of risk management

Risk management brings many benefits to an organisation by:

- improving the chances of a change programme succeeding
- reducing the amount of time spent on emergency action
- assisting in the efficient allocation of resources
- improving planning and decision making
- preventing serious loss.

However, not all risks can be predicted and managed so all organisations will, at some time, have to deal with unexpected problems. The next section deals with this aspect of change management.

Dealing with the unexpected

In any management situation the unexpected will happen. Change programmes can be derailed by a variety of events and it is a manager's job to deal with the disruption or problem and to ensure that the project remains on track. The unexpected situations could be put into five categories:

1. Mistakes in the original information

If the plans for change have been built on information that is incorrect there will be problems when the mistake is discovered. For example, if a new customer service system has been planned based on an estimated number of incoming calls, then the plans will have to be revised – changes made to the number of call

handlers or to the call handling system may be needed – if in reality there are many more or a lot fewer calls than had been estimated. This sort of unexpected situation requires immediate changes to the planned programme so that improvements can still be achieved.

2. Underestimations of how long things will take

Scheduling the tasks to be carried out in a change programme is something that must be done very carefully, with a realistic view of how long things will take. If there are serious underestimations then work will quickly fall behind and the programme will be in danger of not meeting its objectives.

3. Changes imposed by senior management

This is often the most difficult situation to deal with as it can cause confusion and be demoralising to those working on the changes. If employees feel that they have been asked to do one thing and then find that the direction of the project has been changed, they may feel that management is incompetent. Obviously, this will need careful handling. If senior managers have imposed a change that affects the work being done then it should be their responsibility to explain exactly why they have taken the action. However, it will sometimes happen that a team manager running a change programme will simply be told of a change to policy or finances, for example, and then expected to get on with it. In this case, the manager must make sure that as much detail as possible of the imposed changes to the programme is communicated to the team.

The team manager will need to explain the effect of the decision and, if possible, why it had to be made. It will then be necessary to revise the plans, taking into account the senior management's changes and make sure the team know exactly what its new duties, responsibilities and objectives are. It is important also at this stage to rebuild the team's confidence.

4. Problems in the team

The behaviour of just one team member can disrupt an entire change programme; or it may be that allegiances have been formed within the team that are cutting out some members and hampering progress. If the problem is limited to one disruptive team member then the team's manager will need to counsel that member and find out the reasons behind the problem behaviour. The manager's expectations must be made clear and a suitable solution arrived at, including an agreed action plan for the team member to follow. Unless the solution is complete removal of the problem member from the team, it will be necessary to follow up the discussion with that team member and to check periodically that the solution has proved successful. If the problem is that 'mini-teams' have been formed within the main team then the manager will need to make a judgement as to how disruptive this is. Some allegiances can be beneficial but many can cause problems if members of an allegiance, in effect, make their own rules.

It is a manager's job to ensure that all team or department members are working towards the joint goal that has been agreed. If it is found that some people are 'off message' then they will need to be brought into line before the whole team is badly affected. At this point it can be useful to increase the frequency of team meetings to restate the objectives and ensure that the change can go ahead as planned. It may also be useful to run team building exercises such as brainstorming sessions to deal with the

problems that have been encountered, or plan social events that will enhance the cohesiveness of the team.

5. Problems from other teams

Problems from within your own organisation but not from within your team could centre on a lack of cooperation with what is required to make your change programme a success. This may be a request for information that is not acted upon and may require the manager of a department handling a change programme to step in to avoid unnecessary delays. Sometimes the intervention of authority is enough, while at other times a new system for getting access to information may need to be set up or a conversation may need to be had further up the chain of command. After intervention of this sort, it is important that the manager monitors future communications between the two departments to ensure that the problem has been resolved completely.

Case study

An unusual mistake occurred when an airline decided to try to stop pilfering of spirits miniatures. It suspected that its onboard staff were taking the drinks for their own use so the airline set a trap to prove this. They rigged an alarm clock to the door of the locker where the bottles were kept with the idea that the clock would stop when the door was opened, thus proving the time when the theft took place. However, a member of staff heard the alarm clock ticking, thought there was a bomb on board and alerted other staff. The captain took the decision to make an emergency landing.

This cost the airline many thousands of pounds and the lesson that should be learned is to thoroughly assess all possible outcomes of any plans before putting them into operation.

Uncovering problems

Whatever unexpected situation crops up when trying to deal with change, it will need to be dealt with. The manager of the team or department will need to revise plans where necessary and do everything possible to keep the team on track. It is essential that problems are not ignored and, even if the manager has dealt with the issue, communication about it with the team is vital. Regular evaluation should always be part of any change programme (more about this in Chapter 8) and this should continue throughout the changes. This may be how the unexpected is discovered.

There are several questions that can be asked to ensure that any problems are uncovered:

- Are we on target with the plans?
- If not, why not?
- Where are we having problems?
- What, if anything, is hindering progress?
- Is everything happening as we expected and planned?

Where changes to the original plans have become necessary because of unexpected events, the manager and team will need to revise the plans to take account of the changes caused. This may include changes to resources such as the number of team members required to effect the change, the timescales, financial implications and any extra training that may be needed. In the case of the most severe changes to plans this may almost be like going back to the beginning and starting again. But, of course, it is a manager's job to deal with these problems as they arise.

It is clear that dealing with problems earlier is preferable to ignoring them (or being unaware of them) thereby letting the effects build up and the problems becoming embedded. The key to success in this area is to have systems set up so that managers get early warning of things going wrong. These should cover all important areas of the organisation including:

- Markets – data should be obtained on a regular basis regarding both customer and competitor activity. Data should be supplied internally in the form of sales reports, surveys and so on and also externally by way of media reports and updates from Chambers of Commerce and trade associations.
- Technology – all managers need to be aware of developments in technology that could change how they do things or that their competitors may use to gain an advantage.
- Costs – keeping control of costs is essential to any organisation's success and is easier if regular updates are available.
- Cashflow – careful examination of cash received and cash outstanding will enable managers to prevent this becoming a problem. Poor cashflow is a common cause of small or new businesses failing so keeping this under control is particularly important.
- Staff – details should be regularly examined regarding rates of absenteeism, staff retention and the number of disputes and grievances. On a less quantifiable level, managers need to be aware of discontent among staff and the reason for possible grievances.
- Suppliers – early warnings of delays in deliveries should be demanded from important suppliers and a check kept on price levels.
- Production – data supplied by production departments regarding machine output and output per man hour should be examined in detail on a regular basis to ensure that production problems can be resolved before they affect profitability.

The key to these early warning systems is obtaining the right data on a regular basis and, above all, understanding and using it. Spotting trends is a key management skill that can head off many potential problems.

Learning from mistakes

The best way to deal with mistakes is, of course, not to make them in the first place. Most problems can be foreseen so it is important not to skimp on the amount of time or other resources that are put into the planning of a change programme. Plenty of time spent before the start of a project can identify possible pitfalls and save time later down the line. Consider the following during the planning stage.

What could go wrong?

What is the worst that could go wrong? It may be that the programme's budget is particularly rigid and to go over that budget would be a major disaster so the answer is to double check all expenditure and make it clear to team members that any extra expenditure must be authorised by the team leader or senior manager. Alternatively, it may be that of several goals of the change programme, one is viewed as more important than the others – so give that goal extra attention and perhaps review progress towards it more frequently.

Are the goals achievable?

Are they too ambitious? Does achieving them require 100 per cent perfection? Although it is always best to aim for the best, it must be accepted that things will go wrong – a key team member could leave or be taken ill or changes outside the organisation may take place that have an effect on the change programme, for example. There must therefore be some leeway in the plans. If goals are completely unachievable, team members could easily be de-motivated and incorporating over-optimistic goals will not help anybody.

Check priorities

Decide what is important. If achieving the change in the shortest possible time is the most important constraint on the programme then urgency must be given extra attention. There will be other priorities such as cost or performance that constrain the programme and it is useful to decide the things that are not as important and then to establish a degree of flexibility in the less important areas.

If problems can be taken into account at the initial stages of the programme, then it is far more likely that goals will be achieved. However, there will rarely be a change programme that runs smoothly from start to finish and during which no mistakes at all are made so it is important to learn from them and to put them right as soon as they are spotted. They will not usually put themselves right and will often get worse if left. So, how can you put mistakes right and ensure that they are not repeated?

Mistakes during change programmes can fall into five broad categories:

1. Budgetary – not having allowed sufficient resources for all that it is planned to achieve can cause problems during the life of the programme. For example, if there is a lack of funds to buy the technology or machinery that is deemed necessary in order to effect the changes successfully, then there will be a dilemma to resolve: should the projected results be scaled back, the budget increased or savings made in other areas of the project? The team leader will need to understand fully the priorities of the stakeholders of the change programme. It may be that finishing on time is the most important thing to achieve or the budget could be extremely restricted with no chance of increasing the amount spent on the

changes. Only when these priorities have been assessed can a decision about what action to take be made.

2. Insufficient research or knowledge – during a change programme the unexpected will always happen and a competent team leader will always consider whether or not they should have been able to foresee the problem. In many situations where mistakes are made they could have been avoided if the team had had sufficient knowledge before the project started. Once the mistake has been made, however, it is vital that this problem is addressed. This may entail extra training or more market research.
3. Rigid plans – it is absolutely vital during any improvement programme to be flexible. Good planning is important, of course, but there should always be ‘room to manoeuvre’. Market conditions or internal priorities may change during the life of the change programme so any team leader or senior manager must be prepared to revise the plans to take into account the current situation. It is a mistake to stick rigidly to the original plans if they are no longer the best way forward. Continual adjustment will be necessary.
4. Attitudes – having members of the team who are against the change can quickly derail a programme. If a mistake occurs as a result of a poor attitude from a member of the team then that person will need to either leave the team or be brought fully into it. The decision for the team leader to make here is whether or not that team member can be replaced reasonably easily or whether it is feasible to change the attitude through communication and/or training.
5. Human error – these occur in all types of work. It is almost impossible to avoid them completely but close supervision where necessary and regular meetings to discuss progress will ensure that these errors are not allowed to seriously affect the outcome of the change programme.

Obviously, many of the errors that occur during a change programme could be avoided but the solutions when problems occur after the planning stage are usually fairly straightforward. Decisions will, however, have to be made without delay when problems are encountered. For example, if changes in the market occur then the team leader will have to assess how this will affect the planned changes and be prepared to make a change of direction if necessary or if underestimations are made regarding the amount of time required for parts of the programme, then either more staff will have to be brought on board or time saved in other areas to keep to the deadlines set. This type of assessment, decision making and re-planning is a fundamental part of a team leader's role when managing a change programme and learning from mistakes is essential if successful projects are to be managed in the future.

Giving useful feedback

Part of a manager's role is to give feedback to team members in order to enhance performance, reinforce productive behaviour and eliminate behaviour that is hampering the team or the individual's performance. This feedback should be frequent, relevant, constructive and timely. Team members should always appreciate the usefulness of the feedback although the parts of it that refer to negative behaviour or results will not usually be easy to take, and the best way of ensuring constructive and well-received feedback is to incorporate regular feedback sessions into your management style.

There are a few aspects of giving feedback that it is useful to remember:

- Give individual feedback face to face and one to one. Very few people feel comfortable receiving feedback in public and even if it is positive feedback the effect may be counterproductive. If you try to give feedback by telephone then you will not be able to judge the person's reactions as well as you would if you were face to face.

- Team feedback should be delivered to the team. If it is negative feedback then this will give the team the chance to come up with a solution to a problem or a way of improving its performance and if it is positive feedback then the team's achievement should be recognised collectively.
- Make it specific. Generalisations are never as effective as specific examples.
- Feedback must be sincere. Don't try to hoodwink your team with a bit of flattery. This will not have the motivating effect that you were perhaps hoping for.
- Make it comprehensive. If you have arranged a feedback session with a member of your team then you will need to cover all aspects of their work – how they have performed, how they have behaved, how they related to other team members and so on.
- Give both positive and negative feedback – not just one or the other.
- Make it regular and frequent. Team members should feel that they always know how they are doing. Also, they need to be able to make changes as necessary after each feedback session so that problems are not allowed to go unchecked.

Giving useful feedback is an important part of a manager's role that can be beneficial to both the team and to the individual if given correctly. It can provide many opportunities for a proactive manager to act as a team coach.

SUMMARY

In this chapter we discussed how to manage change and started with the most important aspect – communication. It is essential to let everyone involved know why the change is needed, what will happen and when. *(Continued)*

(Continued)

We then looked at setting objectives for innovation to encourage something new such as generating new ideas, gaining new customers or breaking into new markets.

Dealing with everyone's expectations is an essential element of managing change as is managing risk, which involves identifying and evaluating risks then developing plans to deal with possible problems. Monitoring these plans is, as always, necessary. The three types of risk were classified as financial, operational and market-based.

While contingency plans should always be in place, the unexpected can happen. The causes include mistakes made in the original information, underestimating the length of time needed, changes imposed, team difficulties and problems within the organisation.

Next, we looked at the effect of mistakes and problems that occur during a change process and how to avoid or resolve them. Finally, we dealt with how to give useful feedback by making it comprehensive, regular, sincere and specific, and delivering it one to one.

ACTION CHECKLIST

1. Why is communication the most important element in the change process?
2. What sort of objectives could you set to help your organisation break in to new markets?
3. Name three types of risk that you know your organisation is insured against.
4. Consider the members of a team of which you have been – or are – a member. Do any of them cause problems? What is their attitude to change?
5. Think about the last time you received feedback from your manager – was it positive or negative and how did it make you feel?