

Effective Change Management: The Simple Truth

In a previous life I remember walking into my new boss's office for my induction talk – it was my first day of my first people management job and I was full of excitement and anticipation. Then he sat me down and said: "Your job is to get the unwilling to do the impossible for the ungrateful."

I nearly turned around and walked back out the door! If we put our hands on our hearts how many of us would admit that change management sometimes feels like this? A recent change management study by Towers Watson surveyed over 600 organisations that have recently gone through significant change and unearthed the practices that are at the heart of effective change management. They are simple truths and can make the difference between success and failure in many cases, but evidence suggests that they are often forgotten when in the midst of a challenging change project.

It is a fact that change is a constant reality for any organisation looking to survive and thrive in these turbulent and uncertain times. When you boil it up, change is about doing things differently or doing different things. Whether you have to change, help others change or define what the change is, we all have a vested interest in getting it right. Our recently published research shines a light on what those organisations that are effective at change

management have in common when it comes to managing change. So bearing this in mind, the first issue to put to bed is what do we mean here when we say 'effective change management'? In a nutshell, if change programmes achieve their stated goals on time and within budget and deliver sustainable benefit then that would fit most people's definition. We used this definition to classify organisations that are really good at change management and then looked at what they did well in comparison with their peers.

Significantly and perhaps not surprisingly, we also found that those businesses that plan and execute change well are also the ones that are outperforming their peers when it comes to bottom line performance. Companies highly effective at both communication and other change management activities are 2.5 times as likely to outperform their peers that are not highly effective in either area.

So considering the prevalence of change – and the effect of change management on bottom-line performance – there are plenty of reasons to take a hard look at how those organisations are approaching change management and to learn the lessons.

From our research we found that the following are self-evidently true

Effective change management

is a little bit art and a little bit science. The best change practitioners balance rational, data driven approaches with a deep understanding of emotional drivers. It's about understanding the unique needs of the business and its people and then applying insight and the right tools to deliver the change. It is most definitely about robust leadership, and aligning and sustaining activities to support the change. Effective change management also requires thoughtful, strategic measurement so an organisation can course-correct along the way.

There are six activities that really count. These are the 'Big Six' that really influence overall change success:

1. Leading
2. Communicating
3. Learning
4. Measuring
5. Involving
6. Sustaining

It doesn't matter what type of change a company is going through or where that company's operations are located. From highly complex mergers and acquisitions to more straightforward types of change, focusing on the right activities – the Big Six can help companies outperform their peers in any industry or geography worldwide. But what does this mean in practice?

Leading

The overwhelming majority

of companies that were most effective at change management had clear vision on the intents and purposes of change with sponsorship from the top. The best organisations also said their leaders inspired confidence in the change, creating clarity among employees and fostering a sense of community. And leadership isn't just confined to the C-Suite, with communication and change management professionals being fully involved from the start.

Communicating

Good communication during change fosters understanding, aligns the organisation from top to bottom and guides and motivates employees. So we should pay particular attention to getting it right in change management. We found that the organisations that are good at change management are the ones who do a good job in communicating the rationale for change. Interestingly, even these businesses had room for improvement when it comes to helping individuals make sense of the change from their position and encouraging their input. That being said it was also clear from our research that the organisations that don't do change well are lagging way behind on all the critical indices.

We should pause at this point and ask how the leading organisations achieve better results when it comes to communication and change.

There are two significant factors here:

- They involve communication and change expertise right up front which means these aspects are properly considered in the overall approach to the change and wired into the plan.
- Their managers are better at making change real for their people. The best invest in their managers and give them effective training and support in managing through change, making the changes real and engaging for their teams. We found that the majority (82%) do actually provide training for their managers to help them manage through change. Whilst those organisations who were effective at change management felt they got the best return from their training investment (64%), there appears to be considerable room for improvement in this area, with the majority feeling the training had no great value in helping managers manage change

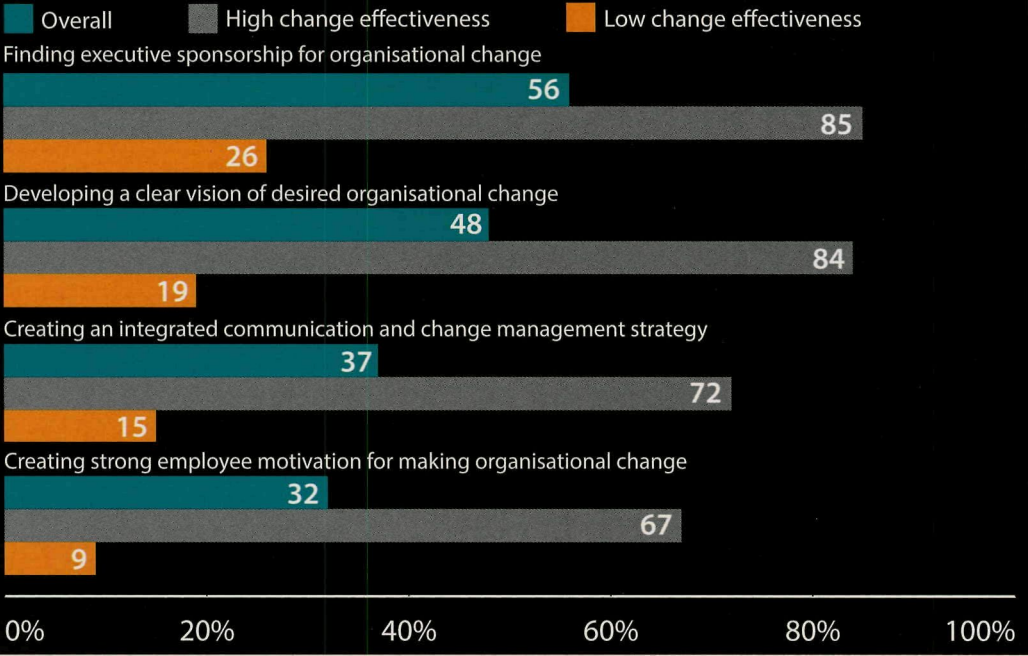
Learning

Learning activities can help push a change initiative along, and they're worth attention. Why? Because employees need to have the knowledge and skills necessary to adapt to change. Not rocket science but we found that, whilst there is clear water between organisations that are good at change and those that are not, even the best in class have significant room for improvement when it comes to nailing down new accountabilities and encouraging feedback on the new skills, processes and behaviours required.

Measuring

Using a balanced set of metrics to define success

Figure 1. Effective change leaders provide direction and get the right stakeholders involved at the right time



Those businesses that plan and execute change well are also the ones that are outperforming their peers when it comes to bottom line performance

and support continuous improvement was typical of highly effective organisations in our study. Setting clear, measurable goals up front will help an organisation head in the right direction, use resources efficiently, make corrections along the way and assess whether the change programme achieved what it set out to do. In short, it's essential to keeping the change on target, on time and within budget. The thing about measurement in change programmes is that it is no good starting it halfway through. A full suite of change measures relies on the identification of clear measurable goals and, of course, the measurement of those goals. There is a

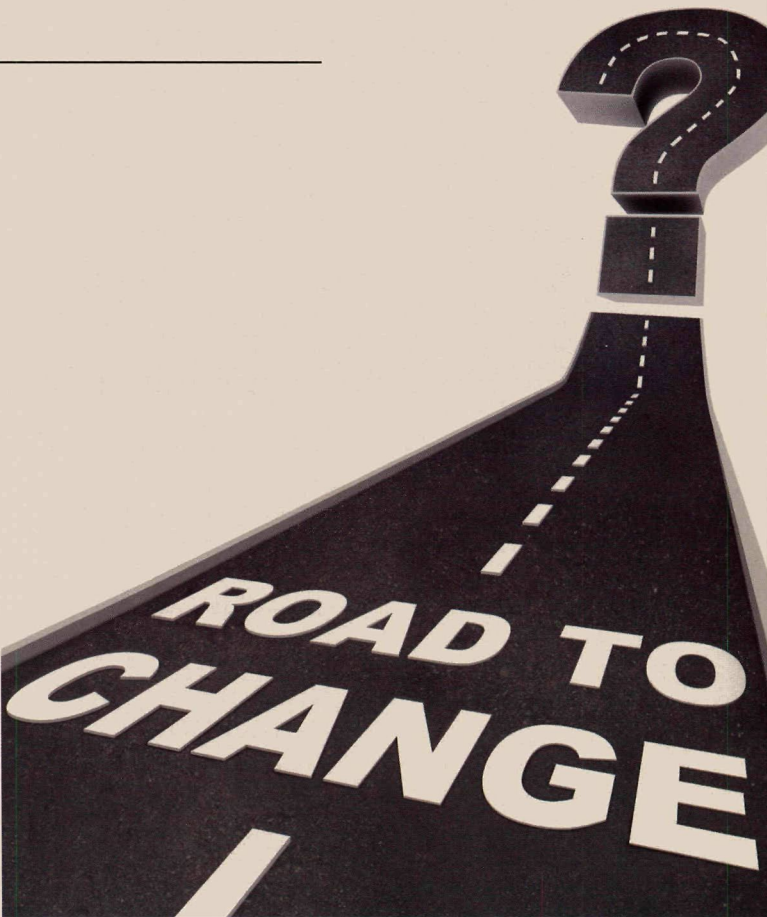
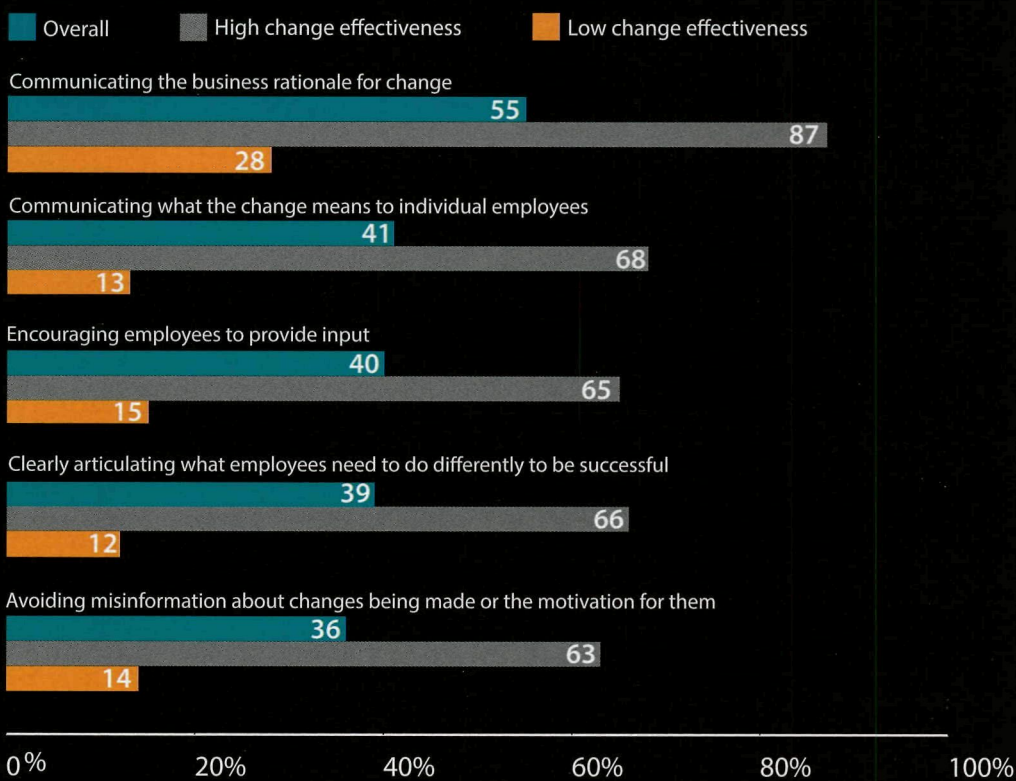
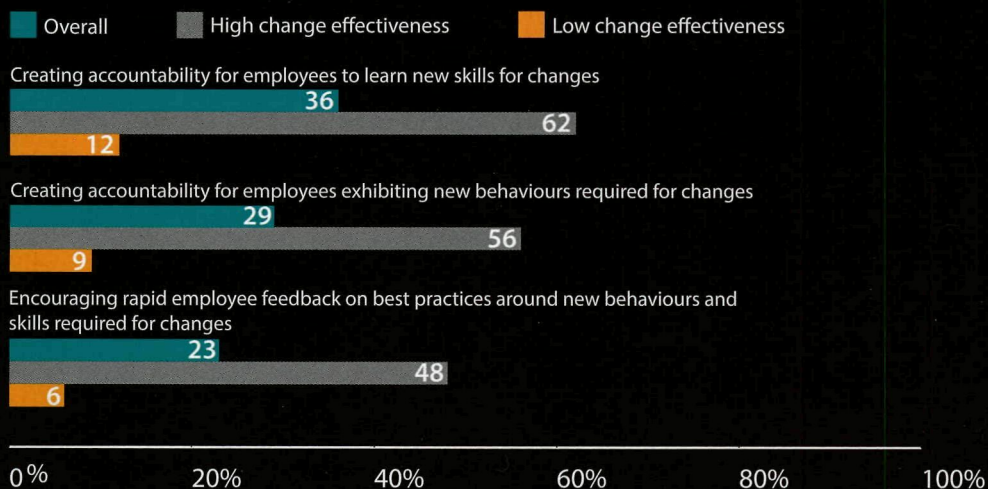


Figure 2. Effective companies align communication to guide and motivate employees**Figure 3.** How effective is your organisation at the following?

standout difference when it comes to measuring change between change effective organisations and their not so successful counterparts.

Involving

"The best decisions I ever made were those where I asked the people who were going to be affected by them, be they customers or staff, what they thought before I made them. Not only

were they better informed decisions, they were also easier to implement!" These words are from the (now retired) CEO of a large public sector organisation and our research backs him up. When organisations involve their employees in the design and implementation of change they are more likely to be effective at change management and less likely to face employee resistance

to change. Companies that are effective at change management are nearly seven times as likely as low-change effectiveness organisations to create a sense of co-ownership about organisational change initiatives – a corporate sense among employees and leaders that they are all "in it together."

Sustaining

When it comes to change

management, in some ways, organisations are never done. One of the biggest mistakes any change manager can make is assuming the finish line is at the end of the project. It is vital that organisations put in place all the capabilities needed to ensure change sticks – this often means taking a 'whole system' view and taking into account the processes, policies, technology and structures necessary to support and sustain the post-change world. This is particularly important where that change requires new skills, behaviours and ways of working. Leaders are also fundamentally important once the change project is done, their continued role modelling and advocacy of the new world nourishes and sustains it. Our research shows there is room for improvement across the board although it is clear that, when it comes to change management, best in class organisations place a good deal of emphasis on ensuring change sticks.

Our latest research shows that the link between effective change management practices and financial performance is strong and regardless of the type of change organisations experience, the important change activities – the Big Six – remain constant. Doing the right things at the right times is crucial. How and when an organisation integrates the six activities during each change phase will impact outcomes and at Towers Watson we have recognised this and built it into our core change methodology which addresses the 3 strategic phases of a change programme:

- **Understand and Segment:** Understand the environment, including what's changing, the underlying business needs, impacts by audience and how key stakeholders define success

Figure 4. Across the globe, there is room for improvement in effectively measuring change impacts

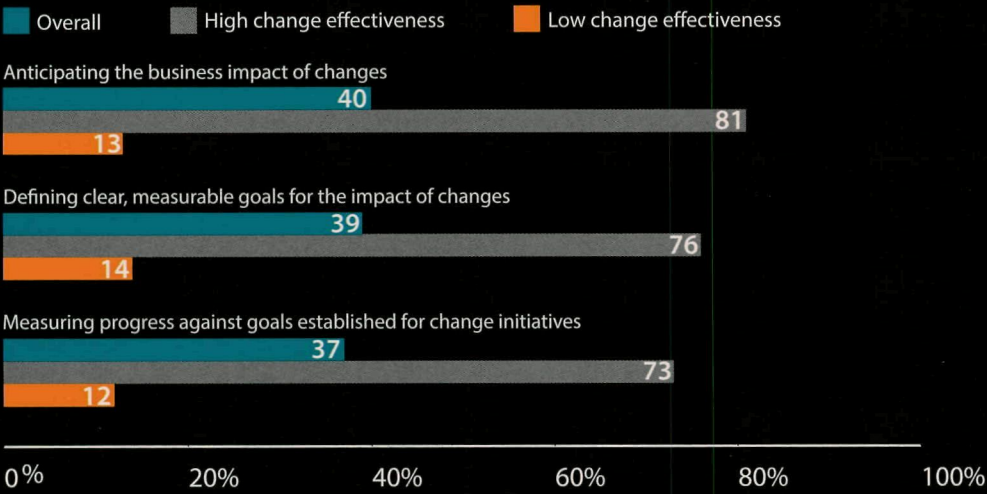
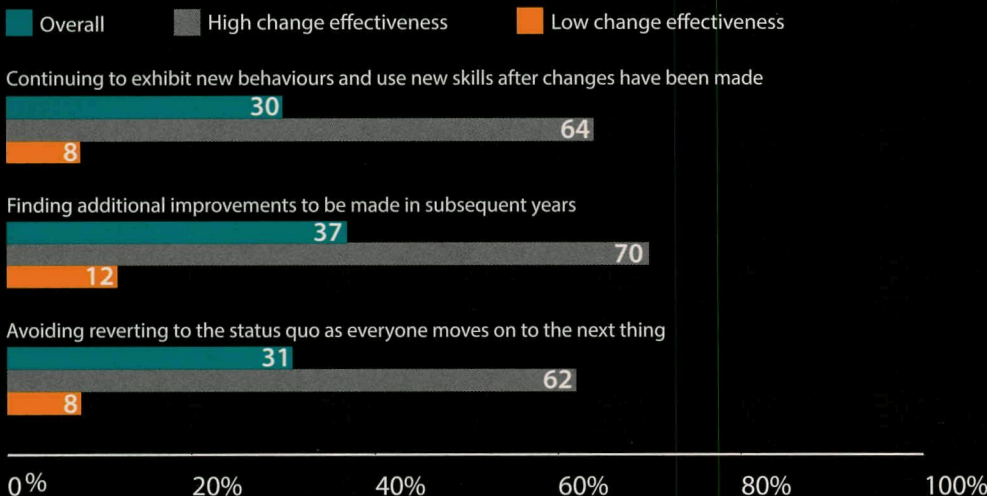


Figure 5. Effective companies involve employees in the change



Figure 6. Effective companies sustain the positive effects of change over time



- Design and Build: Develop tailored plans and recommendations – including tools, tactics, timing and owners to build awareness and drive behaviour change
 - Implement and Improve: Execute the change
- management plan, measure its effectiveness (both perceived and real), celebrate successes and make improvements along the way
- Each of these phases requires its own set of change activities to ensure a successful overall outcome.
- At the start of this article I said that change management is part science and part art and I would not want to lose sight of the art aspect. Organisations are complex

things and that always makes change management challenging. If you wind up a clock the moving parts within it respond and the hands move. Whilst organisations are complicated (full of interrelated moving parts) they are also complex and to understand the complexity of an organisation is to understand that there are no simple cause and effect mechanisms we can rely on when we plan for change.

The good news for organisations who want to manage change well is that, regardless of the type of change, if they do the important change activities well – the Big Six – they are likely to be successful.

About the Author

Phil Merrell is head of Towers Watson’s UK change management practice, focusing on M&A, business transformation and performance improvement. Phil has over 25 years industry experience at organisations including the NHS, BBC and Penna and firmly believes in the power of effective change management to improve business performance.

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