

Module: Change and Stability Management

Handout Five (2023)

Dr. LEUNG, Wing Chung Joe PhD(Warwick)

Dr. LEUNG, Wing Chung Joe PhD(Warwick)

M: (852) 9103 3586

E: drjoeleung@gmail.com

Dr. Joe Leung is the Sustainable Strategy Adviser of Organisational Learning Consultancy Limited. Dr. Leung's work begins with examining the company as a "Resilient Organization", in which case its survival relies on the management team's response to external opportunities/threats, that is its ability to adapt to change. Dr. Joe Leung has promoted corporate governance training and consulting services in Hong Kong, and participated in the government project: "Corporate Governance Toolkit-From Guidelines to Implementation". With the Corporate Governance Framework, Dr. Leung helps 50 clients overcome the growth and sustainability challenges and embark on the journey of corporate change. Dr. Leung works with his clients in four main areas:

- Corporate Leadership
- Corporate Sustainability
- Corporate Governance System
- Corporate Change

Under his coaching and consultancy practice, his clients won "The Directors of the Year Awards: ESG and Corporate Governance" in 2019, 2020 and 2022 organized by the Hong Kong Institute of Directors. In addition, Dr. Leung has also assisted his client to win the ESG Achievement Gold Award 2022 from The Institute of ESG & Benchmark.

In the past 19 years, more than 9,800 directors, executives and managers attended Dr. Leung's executive workshops that helped them broaden their strategic horizons and led them to the path of business growth and sustainability in the turbulent world.

5.1 Why Organizations Change

Organizations change for a number of different reasons, so they can either react to these reasons or be ahead of them. These reasons include:

- **Crisis:** Obviously September 11, 2001 is the most dramatic example of a crisis which caused countless organizations and even industries such as airlines and travel to change. The 2008 financial crisis obviously created many changes in the financial services industry as organizations attempted to survive. Now, the outbreak of COVID-19 is the most challenging to the organization.
- **Performance gaps:** This occurs when an organization's goals and objectives are not being met or other organizational needs are not being satisfied. Changes are required to close these gaps.
- **New technology:** The identification of new technology can lead to more efficient and economical methods to perform work.
- **Identification of opportunities:** Opportunities are identified in the market place that the organization needs to pursue in order to increase its competitiveness.

- **Reaction to internal and external pressure:** Management and employees, particularly those in organized unions often exert pressure for change. External pressures come from many areas, including customers, competition, changing government regulations, shareholders and financial markets in the organization's external environment.
- **Mergers and acquisitions:** Mergers and acquisitions create change in a number of areas often negatively impacting employees when two organizations are merged and employees in dual functions are made redundant.
- **Change for the sake of change:** Often an organization will appoint a new CEO. In order to prove to the board they are doing something, they will make changes just for their own sake.
- **Something sounds good:** Another reason organizations may institute certain changes is that other organizations are doing so, such as the old quality circles and reengineering fads. It sounds good, so the organization tries it.
- **Planned abandonment:** Changes as a result of abandoning declining products, markets, or subsidiaries and allocating resources to innovation and new opportunities.

5.2 What Organizations Can Change

What organizations can change fall into the following broad areas:

- **Mission, vision and strategy:** Organizations should continually ask themselves: "What is our business and what should it be?" Answers to these questions can lead to changes in the organization's mission (the purpose of its business), its vision for the future (what the organization should look like) and its competitive strategy.
- **Technology:** Organizations can change their technology, for example the way they produce whatever they sell, in order to increase efficiency and lower costs.
- **Human-behavioral changes:** Training can be provided to managers and employees to provide new knowledge and skills, or people can be replaced or downsized. As a result of the 2008 financial crisis, many organizations downsized, creating massive unemployment that continues to this day.

- **Task-job design:** The way work is performed in the organization can be changed with new procedures and methods for performing work.
- **Organizational structure:** Organizations can change the way they are structured in order to be more responsive to their external environment. Again to be more responsive to the marketplace, this also includes where decisions should be made in the organization, whether centralized or decentralized.
- **Organizational culture:** Entities can attempt to change their culture, including management and leadership styles, values and beliefs. Of all the things organizations can change, this is by far the most difficult to undertake.

These are the major elements that organizations can change. It is important to note that changes in one of these elements will usually have an impact on another element. As an example, changing technology may require changes in the human-behavioral area where new knowledge and skills on how to use the technology will be needed.

Question and Answer

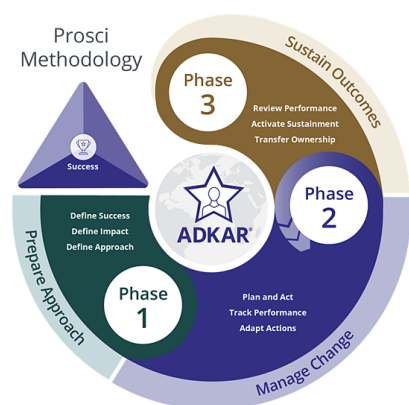


5.3 Prosci Methodology: 3-Phases Change Process

Originally introduced in 2002, the Prosci Methodology was refreshed in 2021 to enable greater success for change practitioners.

Today, practitioners around the globe agree that the refreshed methodology makes change management application even more effective, actionable and accessible. The Prosci Methodology is a structured, adaptable and repeatable approach to enable the people side of change and deliver organizational results.

According to change management leader Prosci's research, there are three phases of change management. Successfully managing each phase is what will help you implement changes and grow as an organization.



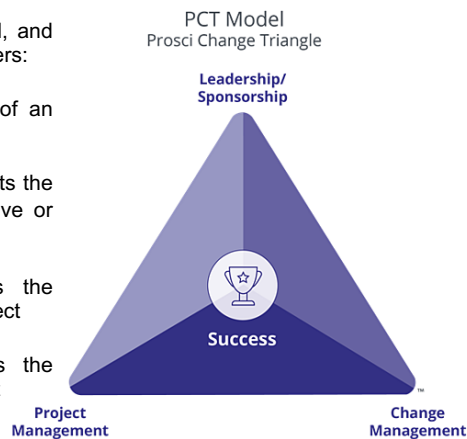
Prosci is consultancy firm focused exclusively on change management. It was founded in 1994 by former Bell Labs engineer and program manager, Jeff Hiatt.

Prosci Change Triangle (PCT) Model

We change for a reason. The PCT Model helps clarify the reason by establishing the critical elements for success and providing a way to assess project health throughout the project lifecycle. The PCT Model is a simple but powerful framework that shows the four critical aspects of any successful change effort

Success is at the center of the model, and the other three aspects are at the corners:

- **Success** represents the purpose of an initiative or project
- **Leadership/sponsorship** represents the strategy and direction of an initiative or project
- **Project management** represents the technical side of an initiative or project
- **Change management** represents the people side of an initiative or project



Prosci ADKAR Model

Organizations don't change, individuals do. No matter how large of a project you are taking on, the success of that project ultimately lies with each employee doing their work differently, multiplied across all employees impacted by the change. Effective change management requires an understanding and appreciation of how one person makes a change successfully. Without an individual perspective, we are left with activities but no idea of the goal or outcome that we are trying to achieve. Prosci's model of individual change is called the Prosci ADKAR Model. ADKAR is an acronym for Awareness, Desire, Knowledge, Ability and Reinforcement—the elements an individual needs to move through to achieve successful change:

A	Awareness – Of the need for change
D	Desire – To participate and support the change
K	Knowledge – On how to change
A	Ability – To implement desired skills & behaviors
R	Reinforcement – To sustain the change

The ADKAR Model describes successful change at the individual level. Because it outlines the goals or outcomes of successful change, The ADKAR Model is an effective framework for:

- Planning change management activities
- Diagnosing gaps
- Developing corrective actions
- Supporting managers and supervisors

Prosci 3-Phase Process



In the first phase of change management, you'll lay the groundwork for your entire change management plan. During this phase, you'll develop a situational awareness, identify potential challenges with leadership, and perform an impact assessment.

The purpose of **Phase 1 – Prepare Approach** is to position the change for success by developing a customized and scaled change management strategy with the necessary sponsorship and commitment. The deliverable is a Change Management Strategy.

During **Phase 1 – Prepare Approach**, change practitioners work through three stages:

- Define Success,
- Define Impact and
- Define Approach.

Their goal is to uncover answers to three important questions:

- What are we trying to achieve?
- Who has to do their jobs differently and how?
- What will it take to achieve success?



The purpose of **Phase 2 – Manage Change** is to achieve adoption and usage of the change by creating and implementing a plan or plans that will move individuals and the organization through ADKAR transitions. The deliverable is a Master Change Management Plan.

Phase 2 – Manage Change is the longest of the three phases because this is where practitioners spend the bulk of their time preparing, equipping and supporting people through their ADKAR journeys.

During this phase, change teams work through actions in three iterative stages:

- Plan and Act,
- Track Performance and
- Adapt Actions.

The goal is to understand the answers to these questions:

- What will we do to prepare, equip and support people?
- How are we doing?
- What adjustments do we need to make?

Once you have change management strategy, you can create and implement plans to support your overall strategy. Below are some common plans you'll want to develop during this phase.

Type of Plan	What to Include
Communications Plan	Identify what your main messages are, who needs to hear them, and who will deliver them.
Sponsor Guide	Outline expectations for sponsors and the specific details of what you'll need from them.
Training Plan	Change often requires us to change our behaviors, and usually this involves training. Identify what needs to be learned, who needs to learn it, and how the training will be delivered.
Resistance Handling Plan	With any change, there is bound to be some resistance. Be proactive and create a plan for how you'll manage it.



The final phase of change management takes place after you implement your changes. This phase ensures your organization maintains the changes and you get the results you expect. In this phase, you'll measure and reinforce behavior changes, correcting any gaps that arise.

The purpose of **Phase 3 – Sustain Outcomes** is to realize the value of the change by ensuring the change is adopted and the organization is committed and prepared to sustain the change. The deliverable is a Change Management Closeout.

During **Phase 3 – Sustain Outcomes**, change teams work through three stages:

- Review Performance,
- Activate Sustainment and
- Transfer Ownership.

Their goal is to answer these questions:

- Now, where are we?
- What is needed to ensure the change sticks?
- Who will assume ownership and sustain outcomes?

Question and Answer



5.4 Implementing Successful Change



1. Communicate and get everyone to understand and feel the pain

"The first thing you need to do is if you want people to change is to show them why what they're doing now isn't working." –Holmes

When you're just getting started with change management, you'll want to communicate with your employees from the get-go. They need to understand the problem and the pain it's causing to realize why change is necessary. This will help create buy in and support for the changes to come.

Before you explore solutions, focus on the problem and create a sense of urgency with pain. To do this, Holmes suggests starting the discussion by asking the question. Gather your employees and ask them to identify what their current challenges are. Let them complain and feel the pain as a group.

Once your staff have identified their current challenges and the negative impact of it, intensify the pain. Ask them to consider what the drawbacks are for not changing and solving this problem. You can guide the conversation; just make sure your employees are able to provide their honest opinions.

2. Seek employee feedback to assess the pain and generate solutions



"People liked to be asked their opinion. Then when they give it, they'll have a greater buy-in when you actually take advantage of the ideas they suggest." –Holmes

Once your employees understand the problem and feel the pain, let them be the ones to find the solution. To do this, Holmes recommends that you get your employees together and have them spend some time writing down their ideas to solve the problem. After the two minutes, ask your employees to share what they've written and capture each idea on a whiteboard.

Once all of the ideas are shared, work as a group to prioritize solutions. Start by having each individual rate their top three choices. After all of your employees are finished, tally the totals and pick the top five to focus on.

If you have a remote workforce, you can still benefit from Holmes' strategy. Instead of meeting in person, replicate the experience with video conferencing. As each individual shares their ideas, document them and use screensharing to display the list to the group and rank each solution. Tackling problems as a group will help generate better solutions and get your employees involved in the process. This involvement will help create support for the solutions you ultimately implement.

3. Turn it into an initiative and communicate



"Each solution or procedure is 'conceptual' until it is 'proven' by you and your staff." –Holmes

Once you've found your solutions, your next step in implementing change management is to turn each one into an initiative. To get started, you'll want to create your conceptual solutions. These will be a work in progress and you can expect to make several changes before you are ready to implement them.

These conceptual solutions can take a variety of forms. Often this includes scripts, job aids, procedures, and any other materials you will need when your solution rolls out. For example, if one of your solutions is that your employees will use a checklist to review applications received from customers, you will create the conceptual checklist and procedures for using it during this step.

When you have your conceptual solutions, make sure to communicate and share these with your change management team, subject matter experts, and sponsors. This will give them the opportunity to provide feedback and correct any major issues before you move into the next step.

4. Leadership or a small tiger team pilots the change



"Don't be tempted to have everyone in your organization test and perfect the procedure at the same time. Instead, have the higher-level talent perfect it." –Holmes

Once your conceptual solutions are ready, it's time to pilot the changes. The pilot group Holmes recommends is a little different than what most are familiar with but can be very effective nonetheless. Rather than large-scale pilots, he suggests having top leadership or a team of high-level talent test and perfect your solutions.

Leadership and top performers will be the ones to champion your change. Having them pilot it shows they support it and produces better results.

5. Set a deadline and communicate the results



Throughout your pilot testing, there will likely be challenges that arise and hurdles to overcome. That's the purpose of a pilot. But this can become problematic if there are so many changes that it becomes an endless pilot.

To avoid this, set a testing deadline from the outset and make sure your pilot team is aware of it. This is also a good time to communicate with your employees so they know the pilot is happening in the first place.

After the testing is over, share the results with your employees. It's important to keep the process as transparent as possible. Let your employees know the good and the bad—what worked, what didn't, and what you are doing differently because of your results.

6. Analyze and document the process



“You want this to be a repeatable process, so spell it out.” –Holmes

When pilot testing is over, you should have a streamlined, repeatable process all of your employees can follow. Your process should be detailed enough that it's clear to a brand-new employee.

Documenting your process ensures that your employees understand exactly what they need to do when your new process is rolled out. It keeps things consistent and helps your employees perform the process as efficiently as possible.

7. Show-and-tell the documented steps and train staff



Once you have a documented process, it's time to train your employees. One of the most effective ways to do this is through show-and-tell and role-playing. It's one thing to read a script. It's another to see it in action.

Show-and-tell and role-playing can be done in a variety of ways. The important thing is that your employees see the process and have the opportunity to practice it in a safe environment.

For example, you can record a telephone procedure and incorporate it into an eLearning module. You could then create an interactive scenario for your employees to complete. You could also use the same recording as part of an in-person training and follow up by having employees partner up to practice using the procedure. This type of hands-on learning will help your employees better apply the new process and retain information.



8. Seek employee feedback again to improve

With any good change management strategy, it's important to listen to your employees. Once they are trained on the new procedure, get them back together or send out a short survey.

Ask them how they would implement the procedure and how they would do it better. This step will help you refine and improve your process before you roll it out.

9. Monitor the procedure

When you implement a new procedure, there's always a learning curve. As such, it's important to monitor it and make sure your employees are properly implementing it.

Frequent monitoring like this creates accountability for your employees and makes them more likely to adopt the changes.



10. Regularly take a pulse to measure how effective the change is

"You must measure your results intently. People respect what you inspect." –Holmes

Measuring the effectiveness of your change will reinforce it and ensure it is working as intended. Regular pulse surveys can help you do this.

By sending a quick survey to your employees, they can provide instant feedback that will help you continuously improve the process and gauge their comfort level. These surveys also help your employees continue to feel involved and a part of the process.

The anonymous nature of pulse surveys means your employees will be more likely to respond and provide honest feedback. This gives you better insight into how well your changes are working.

Question and Answer



5.5 Who is a Change Agent in OCM?

A change agent is a person from inside or outside an organization who helps an organization, or part of an organization, to transform how it operates.

They can be thought of as a catalyst for change, a person who can make changes happen by inspiring and influencing others. A change agent will promote, champion, enable, and support changes to be made in an organization. They focus on people and the interactions between them. A change agent inspires and influences key individuals to make the changes necessary for the transformation, including changes to their desires, attitudes and behaviors. Change agents fulfil one of the critical roles in the discipline of organizational change management (OCM), which is important to ensure the success of any business change.

The terms 'agent of change' and 'change advocate' are synonymous with the term 'change agent'. A 'change champion' has a similar role to a change agent. However, a change champion can be just a figurehead whereas a change agent often works 'behind the scenes' to achieve success.

What activities does a change agent perform?

- Visibly and actively communicating why the transformation is a good idea for both the organization and individuals
- Actively engaging with individuals
- Listening to others, gaining and acting on feedback
- Understanding how different people may react and developing appropriate approaches
- Dealing with specific individuals who don't seem supportive
- Encouraging and supporting others
- Identifying and leading other change agents
- Providing feedback and reporting issues to the Overall Change Management lead

Typical responsibilities of a change agent include the following:

- Understanding the needs of the staff in their scope of responsibility
- Understanding the aims of the transformation
- Understanding how their area of the business operates and contributes to the overall organization
- Explaining the reason for the transformation and the expected benefits
- Visibly advocating the changes required for the transformation
- Determining appropriate influencing strategies
- Disseminating information
- Influencing and persuading staff in the change agents' scope of responsibility
- Identifying and coaching new change agents
- Liaising with other change agents
- Anticipating and dealing with areas of potential dispute or disruption
- Obtaining feedback to share with leadership and management
- Advising stakeholders and impacted individuals
- Acting as a mediator
- Reporting on progress and issues

How do you identify someone that could make a good change agent?

In some organizations, senior managers are expected to be change agents but, unless they have the appropriate personal qualities required of a change agent, they are unlikely to be effective. Senior managers can also struggle to relinquish the command and control nature of their management role and instead use the influence and persuasion approaches associated with good change agents. The activities to implement any transformation will take place at a local level, hence success is more likely if there are change agents at every level. Staff should be identified in each area who have the right mix of skills, knowledge, and respect from their colleagues to be used as change agents in their area of the organization.

Stakeholder analysis can be useful to help with this identification. It is good practice to use a network of change agents, identifying one or more in each area of the business. Change agents in the network should come from various positions within the organization, their precise role in the organization's management hierarchy is not important provided that each change agent is well-respected by the individuals in the area of the organization that they are expected to influence. Each change agent should also understand their area of the business and where it fits in the organization, and have strong working relationships with their colleagues.

Which is better – an internal or an external change agent?

Change agents can be existing staff in an organization (internal), or brought in from outside (external). In organizations that have no staff with the skills and experience required to be a change agent, then using an external change agent is often the only option. If this approach is used, it is important to assign someone internal to learn from the external change agent so that they themselves can become a change agent.

For the long term, it is more beneficial for change agents to be internal as they will have in-depth knowledge about the organization and its people, and have the time to build long lasting and trusted relationships with staff. Internal change agents are also always available for use within the organization, whereas with external change agents there is always a lead time to procure and onboard them. There is a risk when using external change agents that the organization's own staff will see the change agents as a threat and unconnected with the organization.

External change agents are unlikely to be there to deal with any issues that arise after the transformation has completed. Many transformations take a year or more to complete, the costs of employing external change agents for long periods can be quite expensive.

Various Roles in Organisational Change Management (OCM)

There are many roles involved in making changes within an organization, a change agent is just one of the required roles. Here are some contrasts with other key roles in OCM:

Thought Leader

Thought leaders portray a vision of what the future could look like, which is also an activity undertaken by change agents. The principle difference between a thought leader and a change agent, is that a thought leader will inspire others with their ideas but not necessarily follow through with actions to turn the ideas into reality. A change agent also has a role to play in inspiring others, but then will continually influence and persuade others to take the ideas forward. If necessary, they will change their approach, even modifying the idea to overcome resistance and maintain progress towards the transformational goal.

Line manager

A line manager has direct control over the individuals who work for them. Whilst they have an important role to play in acting as agents to make changes happen, they typically achieve this using command and control approaches such as assigning tasks to their staff and setting targets for achievement. Change agents typically do not have line management authority over individuals, and use persuasive techniques to influence the required changes in attitudes, behavior, and culture. These techniques used by change agents are often more successful in transformational changes than the command and control techniques typically used by line management, as they change the hearts and minds of individuals to support the change.

OCM lead

The OCM lead role is responsible for the success of the full Organizational Change Management process. This is a management role, with ownership of the OCM process, and other OCM roles reporting into them. The change agents for the transformation will report into the OCM lead. The OCM lead will set the strategy for organizational change management, which the change agents would then follow. Change agents can exist in isolation in an organization without a formal OCM approach and hence without any OCM lead.

OCM practitioner

OCM practitioners execute the OCM strategy as set by the OCM lead. A change agent can also be an OCM practitioner, working principally on change agent activities. Other OCM practitioners may act as supporting agents of change, but their activities are likely to be primarily focused in other areas such as education and stakeholder management.

OCM sponsor

Having an OCM sponsor is key to successful change. This role should be actively involved with the transformation, regularly communicating positive messages about it, gaining feedback, and ensuring understanding. This is also true of a change agent, and in some ways, an OCM sponsor is also acting as one of the agents of change. The roles can sometimes be combined, however, an OCM sponsor is often held by a senior figure in the affected organization, whereas a change agent does not require that level of authority. Combining the roles of change agent and OCM sponsor can be problematic, as individuals might to the outside world seem compliant to the changes because of the level of authority of the change agent/OCM sponsor, whilst in reality, they are resistant to the changes.

Question and Answer