Module: Change and Stability Management

Handout Four: Organisational Change and Implementing Change

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- Dr. Joe Leung has offered training and consulting services in corporate growth strategy, corporate changes, and ESG for projects in China and Hong Kong.
- As a Certified ESG Strategist, Dr. Leung won the "Director of the Year Awards" from the "Hong Kong Institute of Directors" in 2019, 2020, and 2022, respectively, demonstrating that his clients had achieved "corporate governance" in high-level performance. Dr. Leung also helps businesses create "Environmental, Social, and Governance (ESG)" sustainable development plans. In 2022, he helped his clients win the "Special Environment, Social, and Corporate Governance Awards" from the Institute of ESG and Benchmark, and in 2023, he helped his client win the "Grand Award of HKIE BSD Excellent Building Award 2023" to confirm the attainment of sustainability.
- Over the past 19 years, more than 9,800 managers, executives, and business owners have participated in Dr. Leung's executive/director training and UK MBA programs to enhance their strategic thinking and insight and seize opportunities in the highly competitive market environment.

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/challenge:** 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 duel 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.

Question and Answer

"I don't want to change. I want all of you to change!"

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.

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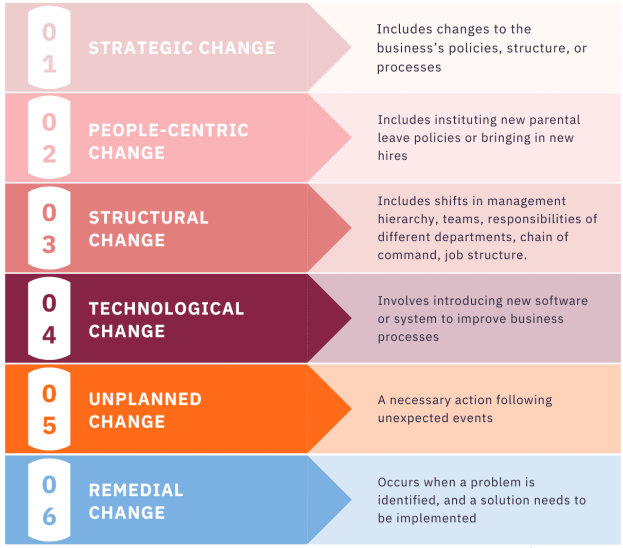
Question and Answer

3. Six Types of Organisational Change



Strategic change

Organizations implement strategic changes to their business to achieve goals, boost competitive advantage in the market, or respond to market opportunities or threats. A strategic change includes making changes to the business's policies, structure, or processes. The upper management and the Chief Executive Officer often bear the responsibility for strategic change. Here are three examples of strategic change in an organization:

Updating your mission as you grow

When companies first launch, the initial focus is often on lead generation and client aquisition. However, once the company has an established customer base, the focus could shift to upselling. When the main mission changes, the company's mission also needs to evolve.

Innovation

Strategic change through digital innovation refers to using skills and resources to develop new ideas or improve existing offerings in order to meet customers' new and changing demands. Focusing on innovation often requires investing heavily in research and development activities and the latest technology.

Restructuring

Restructuring leads organizations to reorganizing aspects of their company to survive a massive blow or to maximize their already profitable business. Restructuring can result in downsizing or upsizing the workforce. For example, during COVID-19, the tourism and hospitality sectors were the two of the worst-hit industries in terms of employee lay-offs and losses.

People-centric organizational change change

While all changes affect people, people-centric types of organizational change include instituting new parental leave policies or bringing in new hires. When implementing a people-centric change, the leadership must bear in mind that employees will naturally resist change. A people-centric change requires transparency, communication, effective leadership, and an empathetic approach. Here are three examples of strategic change in an organization:

New hire onboarding
Bringing on new team members requires effective onboarding and training, which affect both the new hires and the established employees. You need to start with communicating the reason for hiring new people to the team.

Changes to roles and responsibilities
Job descriptions can evolve over time. Changes to an employee's responsibilities may require additional training or upskilling and restructuring of teams. Of course, shaking up routines is a delicate process. It's essential to have a strategy for change implementation and communication.

Layoffs
If your company undergoes mass hiring or layoffs, forcing you to change your internal operations and processes, the situation has to be dealt with by keeping in mind its impact on both the laid-off and the remaining employees' morale.

Structural change

Structural changes are changes made to the organization's structure that might stem from internal or external factors and typically affect how the company is run. Structural changes include major shifts in the management hierarchy, team organization, the responsibilities attributed to different departments, the chain of command, job structure, and administrative procedures. Here are three examples of strategic change in an organization:

Mergers and acquisitions
Mergers and acquisitions are the most common cause of structural change. Eliminating role redundancies, redefining goals, clearly defining new roles and responsibilities, and training on technology are all important parts of managing change during mergers and acquisitions.

The creation of new teams or departments:
Structural change can also apply to smaller adjustments, such as creating a new team. If you notice that a group of employees have a knack for analytics, you might decide to create a separate team dedicated to reporting.

Changes to the company organizational chart
Promotions and new roles call for updates to the organizational chart. When moving people around, be sure to celebrate wins, like promotions, and explain adjustments such as merged departments.

Technology change

The increasing market competition and constantly evolving technology lead to technological change within organizations. Technology change often involves introducing new software or system to improve business processes. Technology change management is all about identifying new technology and implementing a digital strategy for improved productivity and profitability. Here are two examples of strategic change in an organization:

Digital transformation
Digital transformation is defined as the integration of digital technology across all business domains, resulting in fundamental changes to how a business operates and delivers value to its customers. While technology is the cornerstone of digital transformation, there is a human component of change management that evolves along with your technology. This is why change management must be the center of your digital transformation vision.

Introduction of a new technology
Technology is designed to make our lives easier, but learning curves can make technology-related changes tricky to implement. People generally prefer to stick with what they know. When introducing new technology, you must have a solid transition plan. People want to know why the technology is necessary, what makes it better than previous solutions, and how you will support them during the transition.

Unplanned change

Unplanned change is defined as a necessary action following unexpected events. An unplanned change cannot be predicted but can be dealt with by effective change management. Here are two examples of remedial change:

Shift to remote work
Situations such as the unexpected mass shift of employees to remote work due to the outbreak of COVID-19 requires efficient organizational change management skills. Draft a well-defined change management strategy that specifies the aim, goal, purpose, and direction you want the change to follow. The strategy defines the features and characteristics of the change, the timeframe, risks, limitations, and potential employee resistance.

Loss of critical personnel
An unplanned change can also take place if another company or a competitor wooes away one of your most valued team members with an exciting promotion, or higher salary. In the event of employee turnover in critical roles, succession planning is the most effective way to minimize the affect of such change. A succession plan identifies critical positions, future staffing needs, documenting and transferring key knowledge, and the people that could fill these future roles within an organization – and helps develop action plans accordingly.

Remedial change

Remedial changes are reactionary. This type of change occurs when a problem is identified, and a solution needs to be implemented. As these changes are designed to address an issue; they call for immediate action. Reactionary change may not be ideal, but it's inevitable. The benefit of the remedial change is that judging its success is quick and simple with just one question – was the problem solved or not?
Here are two examples of remedial change:

Addressing customer communication issues
There is a huge difference between simply handling communication with customers and having an effective communication strategy. If what you're doing isn't working, you need to adapt quickly.

Providing more training for new hires
Highly inefficient processes often lead to remedial changes. You might notice that new employees are struggling to learn internal tools and software. As a result, they are running to established employees with questions. Time is wasted, and everyone ends up frustrated.

Question and Answer

4. Implementing Successful Change

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.

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.

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.

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.

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.

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.

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.

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.

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.

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. 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