



west

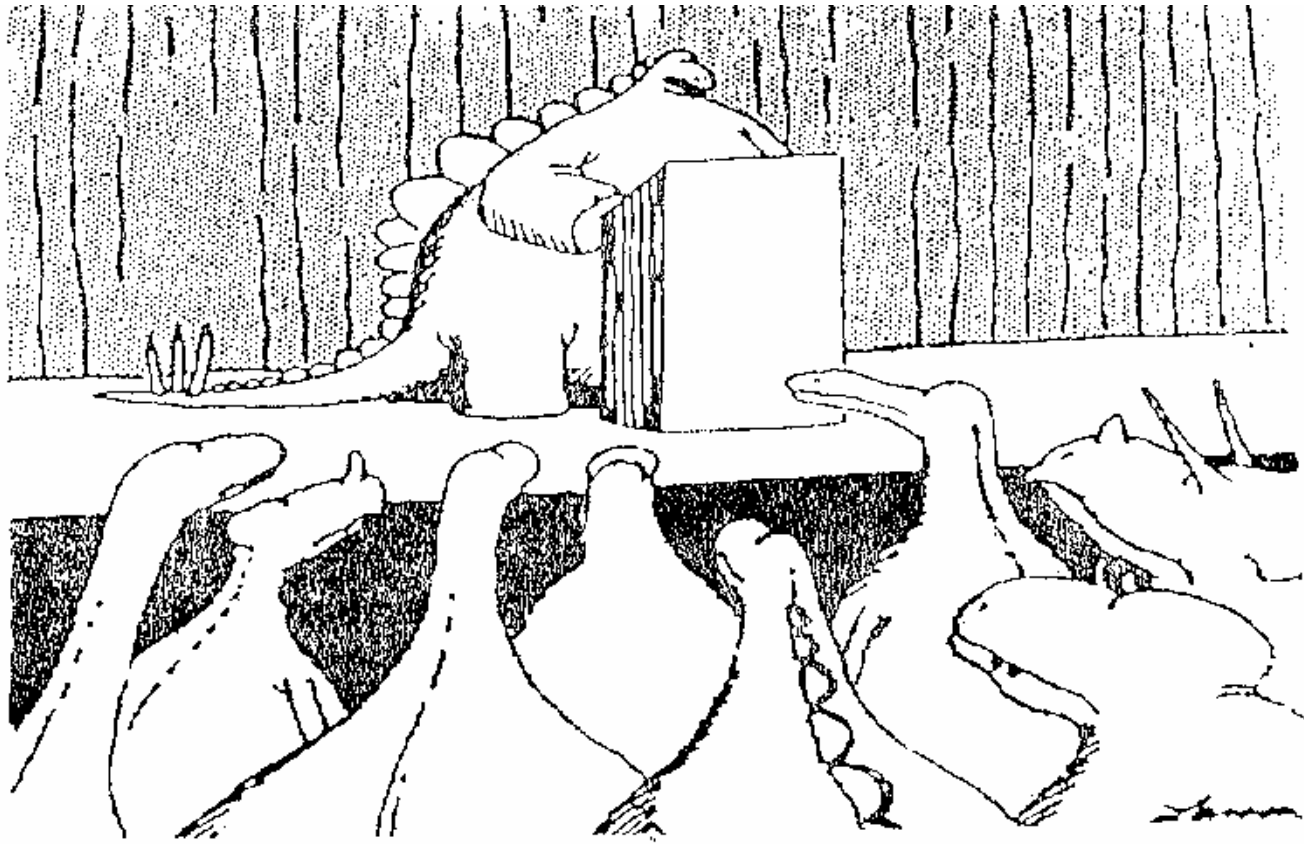
# Change

Kevin Ball – March 2008

**west** people performance. delivered

# Agenda

- Change as a strategic issue
- People and change
- HR and change
- What a change engagement looks like



“The picture is pretty bleak gentlemen... The worlds climates are changing, the mammals are taking over, and we all have a brain about the size of a walnut.”

*“It is not the strongest of the species that survives, nor the most intelligent, but the one most responsive to change”*

Charles Darwin

*“Organisations have to realise that what made them successful in the past may well stand in the way of their success in the future.”*

Charles Handy

*“A simple, yet oft-neglected, truth is that the only meaningful job of the manager is the management of change”*

Colin Marshall

*“The role of management is not about the preservation of the status quo; it is about maintaining the highest rate of change that the organisation and the people within it can stand”*

Sir John Harvey Jones (1999)

# External Drivers of Change

- The emergence of new technologies
- Swings in the economic cycle
- The rapid movement to a global economy and the resulting heavy foreign competition
- A dramatic increase in the number and quality of new competitors and shifts in behaviour of existing competitors
- Changing behaviour and demands of your key customers
- Entering new markets / new products
- New competition in your own market
- Investor need for growth and return
- Investor pressure for a change of management
- Changing staffing patterns and trends
- Differing workforce requirements
- Legislative change
- Environmental needs
- War
- Famine, flood, earthquake
- 'Events'

# Internal Drivers of Change

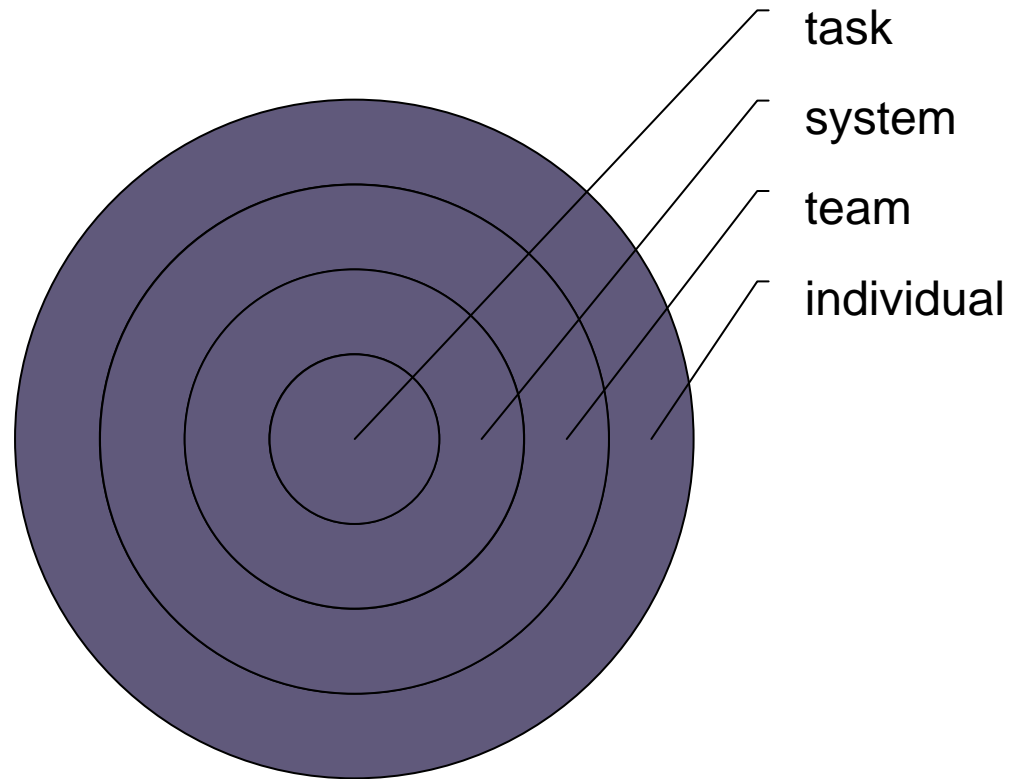
- Reduce costs
- Increase market share
- Improve cycle time
- Boost quality
- Reduce inventory
- Reduce set up times
- Sharpen customer focus
- Gain flexibility
- Improve return on investment
- Restructure the organisation
- Empower employees
- Improve stock turns
- Introduce new products and services
- Enhance productivity
- Apply emerging technology
- Redesign information flows
- Enter new markets
- Convert to team-based organisation
- Develop a shared vision
- Achieve employee diversity
- Strengthen communications capability
- Develop your people
- Redesign processes
- Cut work force

- Of the 20 largest companies on the American stock market in 1965, only 6 were still in the top twenty 25 years later.
- Four of today's top twenty companies did not exist in 1965 and the founder of today's second largest company was still in elementary school.

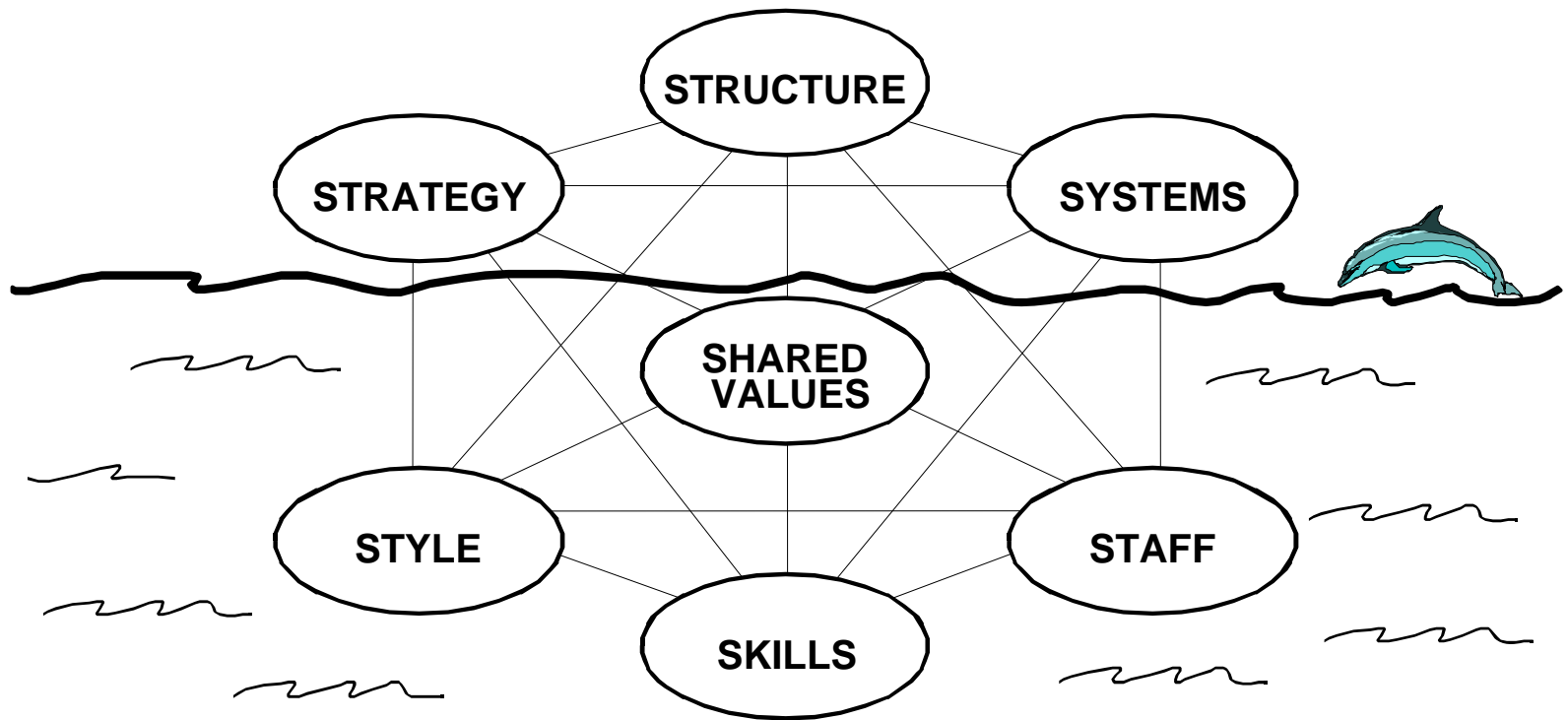
# People and Change - Reasons for Change Failure

- Misunderstanding of what change is
- Lack of planning and preparation
- Change programme has no clear vision
- Goals are set, but too far in the future
- The quick fix option
- Poor communication
- The legacy of previous change
- Change overload
- “the way we do things around here”
- Fear of failure
- Employee resistance
- Ill-prepared employees
- Top Managers don’t walk the talk and lack commitment
- Lack of leadership/championing

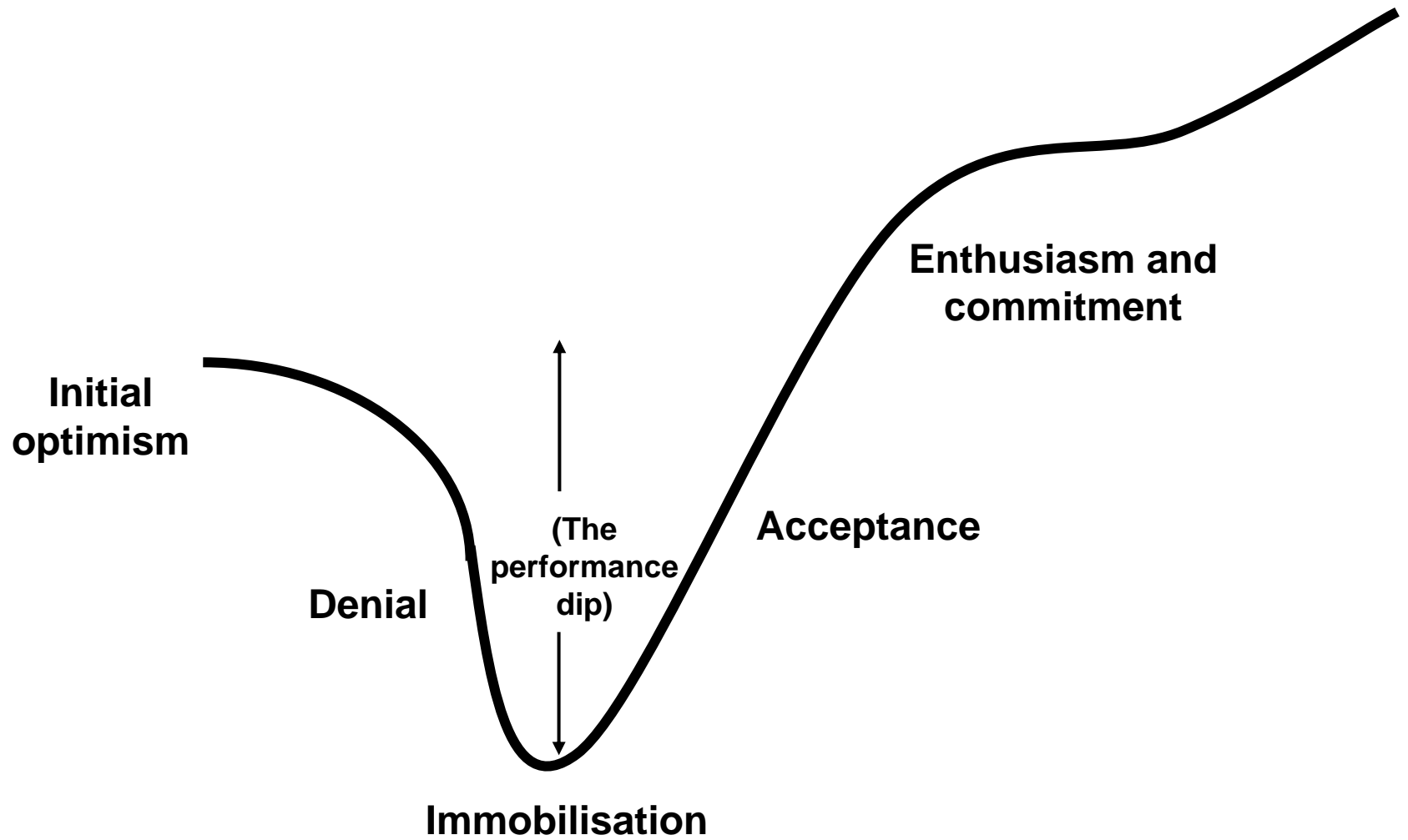
# People and Change - Reasons for Change Failure



# People and Change



# People and Change



# People and Change

## Initial optimism

I can see the vision, and it sounds good - but I've no idea whether or how it impacts me, and it seems a long way off. Let's wait and see ...

## Enthusiasm and commitment

Isn't life getting better, this is really working. How can we work together to make this happen? Why stop here, there's so much more we could do ...

## Denial

I am starting to hear about the detail of what's proposed. I am not at all sure about it - and am doubtful that it will work - they don't understand the real world! Why do we need to change anyway? It won't affect me. If I ignore it it will go away. They'll never make it work....

## The Performance dip

I can see what it may mean, and am very worried . I could lose my job - or may not be able to cope with the new world. But I don't know enough about what's actually going on and spend all my time trying to find out and stop it from happening ...

I understand and believe its going to happen - but I'm not exactly happy about it. Good people seem to have lost their jobs. I'll go along - reluctantly, if I must, but if I see its not working - I may revert and say I told you so....

## Acceptance

**Immobilisation**

most people perform e. delivered

High



Players



Spectators

Motivation



Cynics



Living Dead

Low

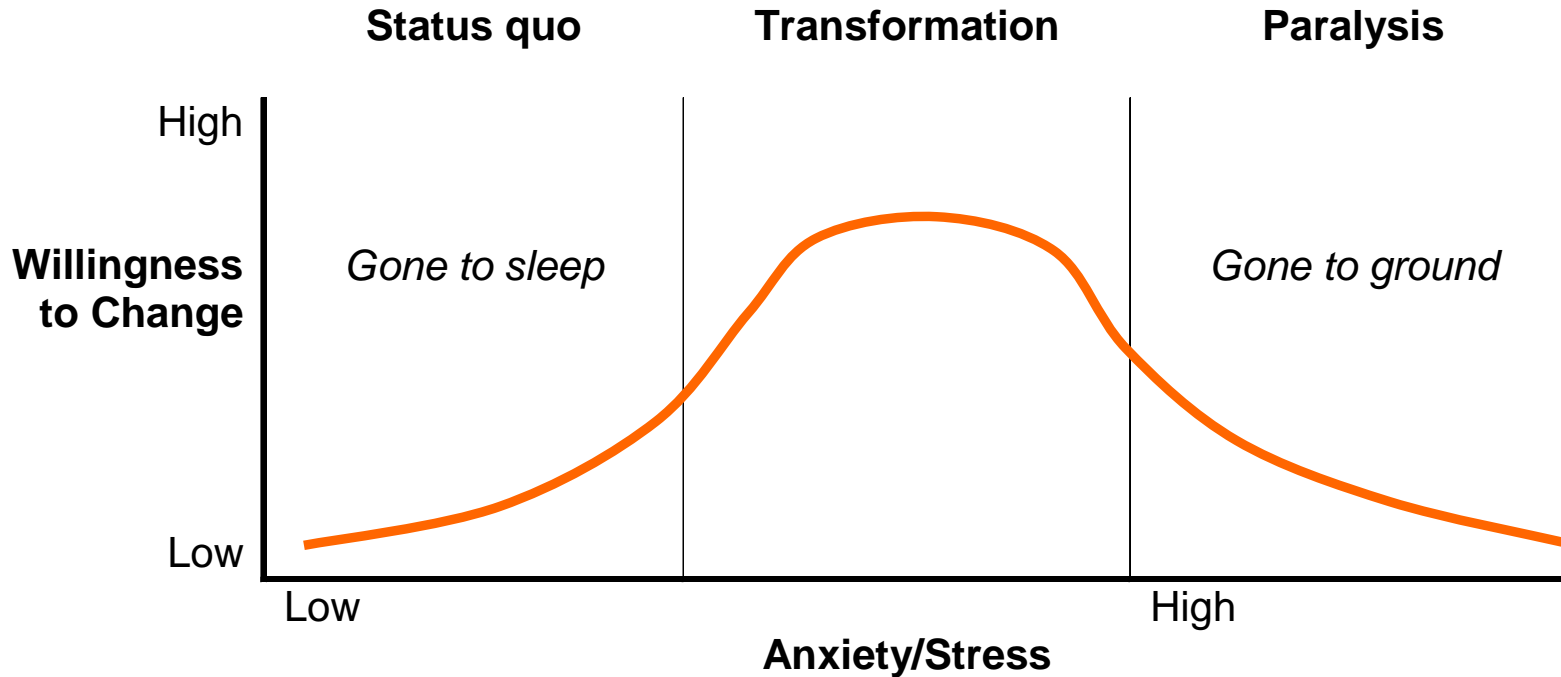
High

Energy

Low

west people performance. delivered

# Leading People through Change



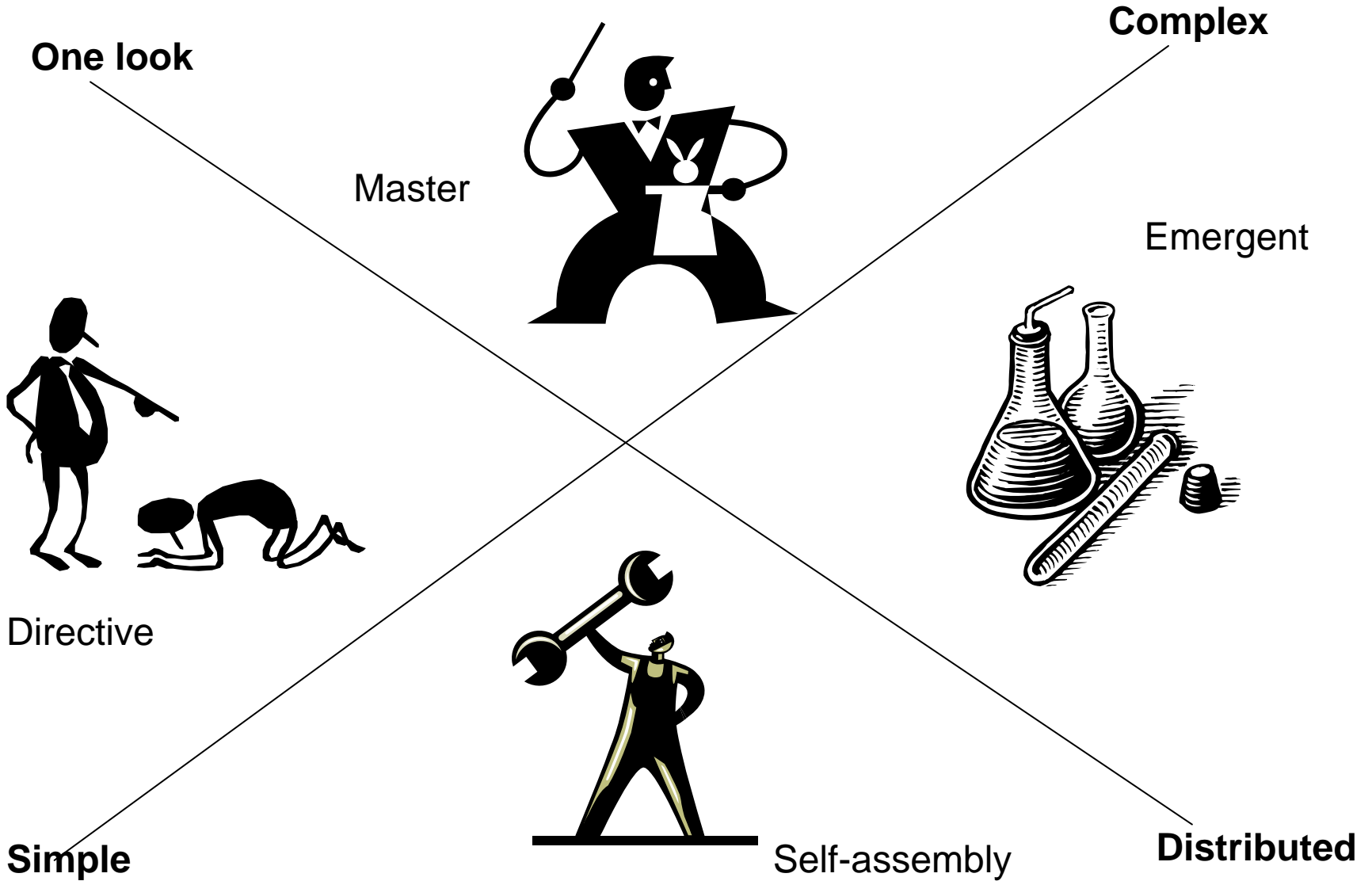
No sense of urgency  
Lack of creativity  
Suppression of controversy  
Free-loading

Mutual understanding  
Enhanced creativity  
Better integration of opposing interests  
Better problem solving

Mistrust  
Hostility  
Entrenchment  
Short-termism  
Distortion of information

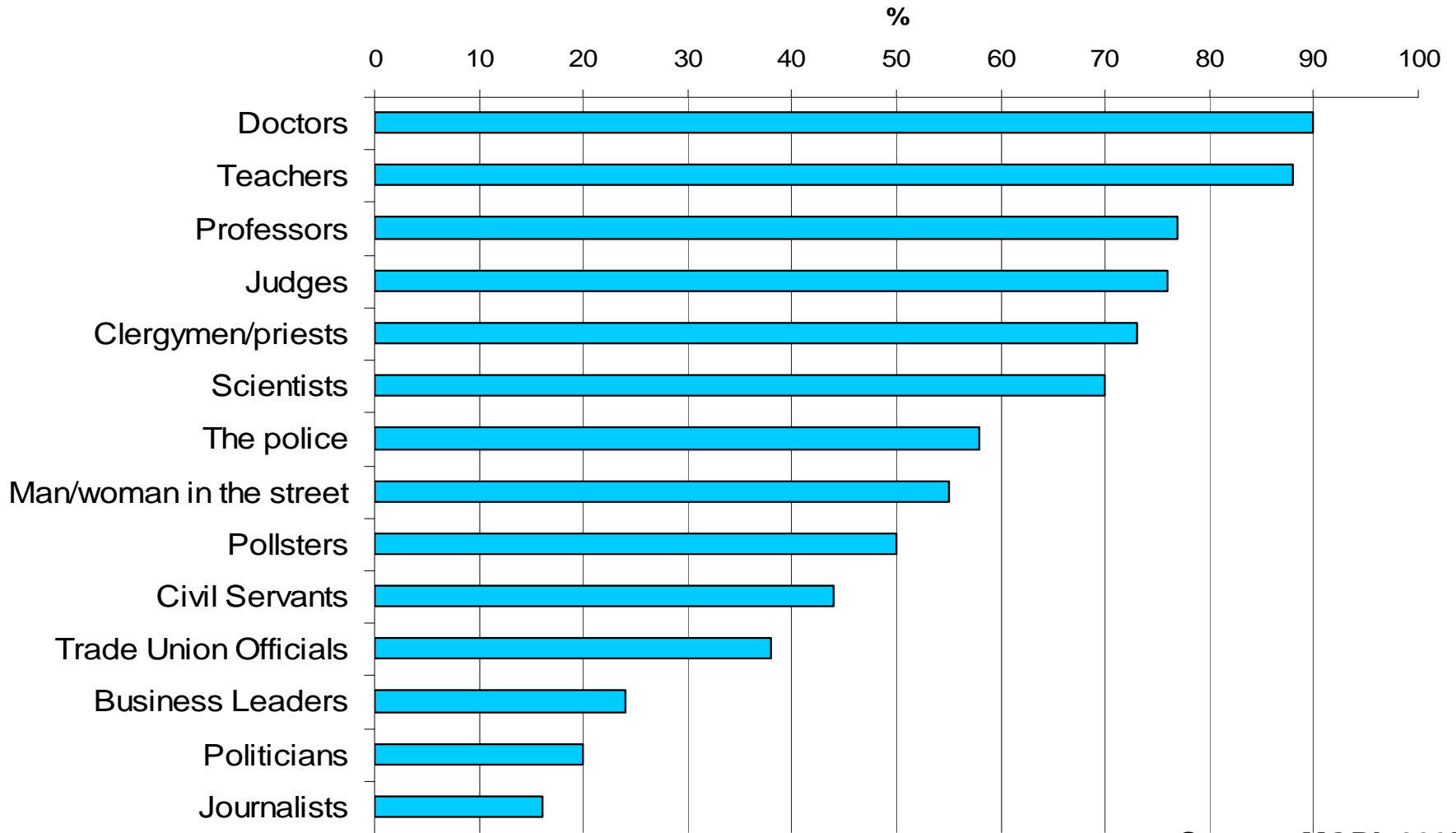
# Leadership Strategies

Incremental Change	Step Change
Evolutionary	Revolutionary
Continuous, Incremental	Discontinuous, Radical
Slow	Fast
Local	Widespread
Reactive	Proactive
Follows competitors	Leads competitors
Responds to internal and external pressures	Anticipates and intercepts external and internal pressures
Opinions and beliefs unchanged or adapted	Paradigm shift – new opinions and beliefs
Needs good management	Needs great leadership
Preserves culture	Changes culture
Good chance of success	Great challenge to avoid failure
Takes the organisation further along the track	Takes the organisation off onto a new track



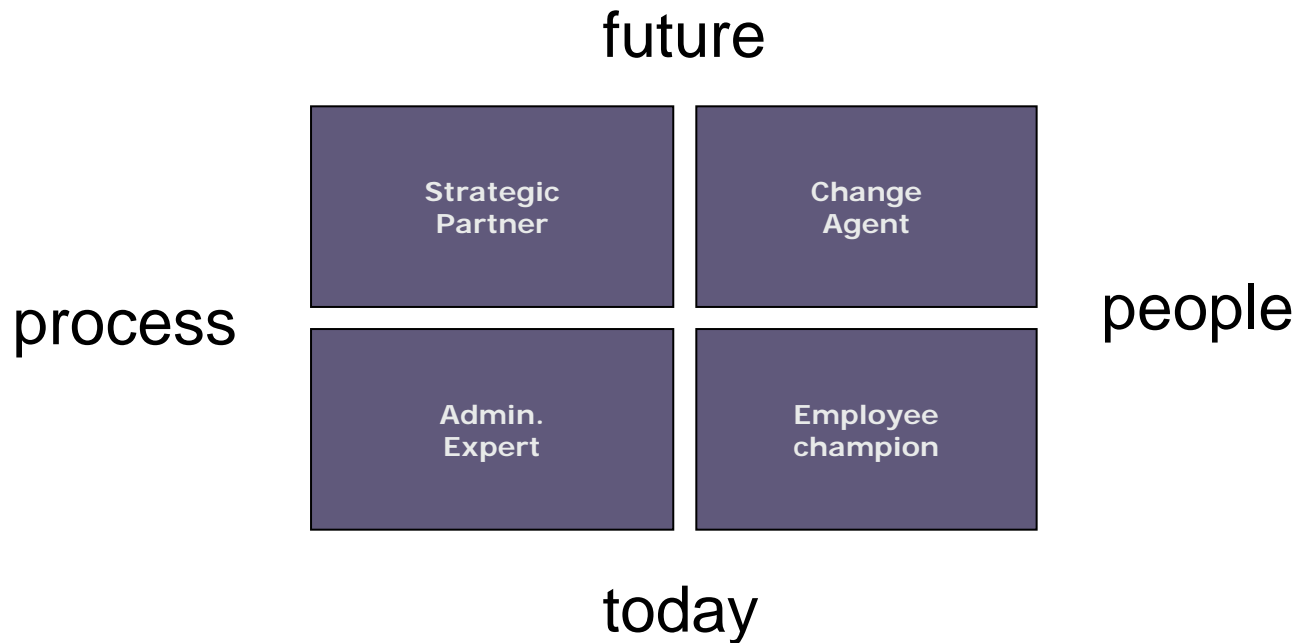
**west** people performance. delivered

# Who do we trust to tell the truth?



Source: MORI, 2005

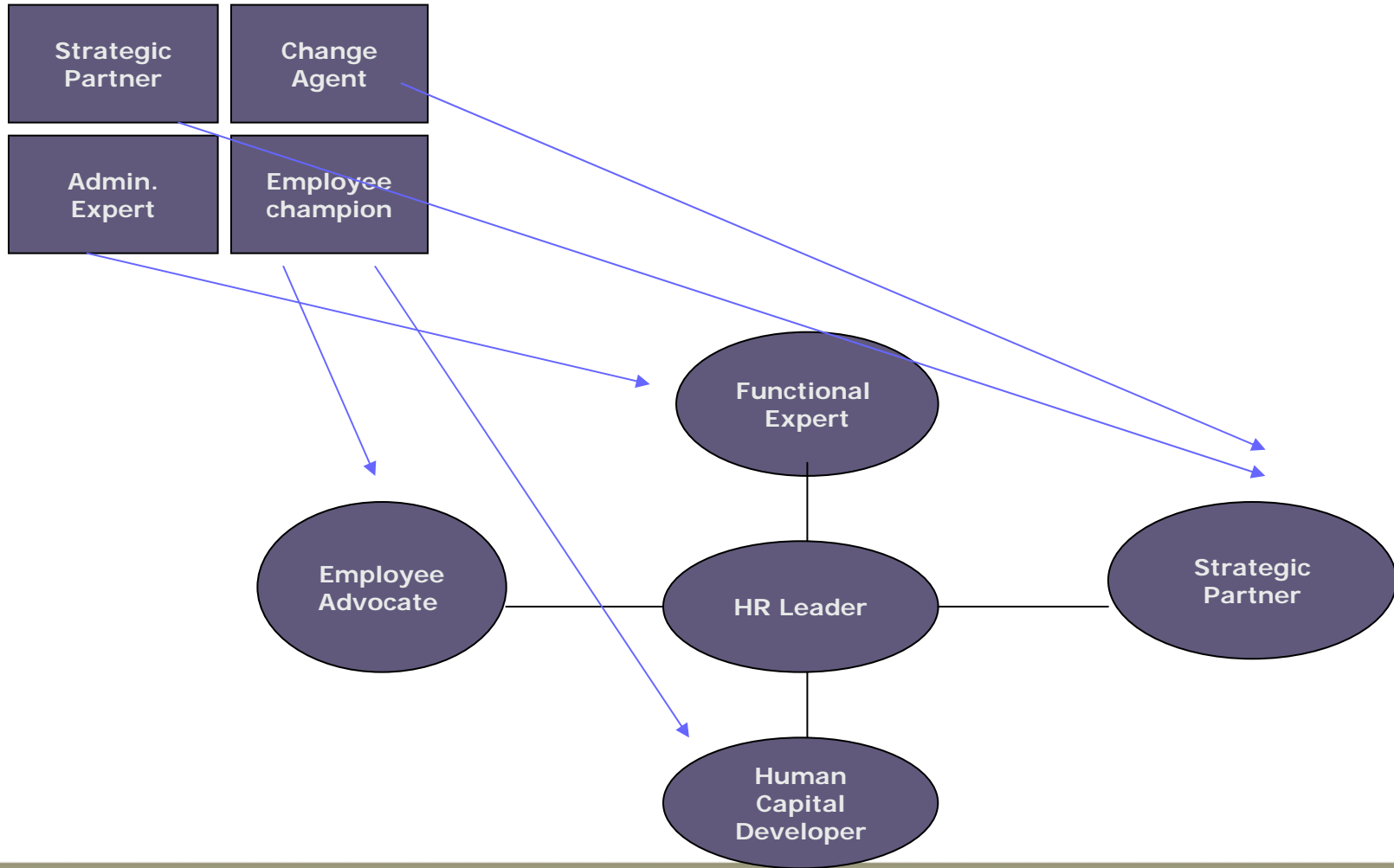
# Ulrich's 'HR Champions' Vision



## Ten years on – where is Ulrich’s vision in practice ?

- Shared service and outsource of basic function has meant line control of ‘admin. expert’ passing to ‘operations’ and away from HR
- HR has maintained a focus on ‘process and procedure’ to the detriment of business change and vertical alignment with organisational strategy
- HR’s ability to carry credibility with the line remains weak – many CEO offices now house ‘Leadership’ and ‘OD’ functions rather than the HR department
- Business change has become faster, deeper and constant
- In general, HR strategy continues to lag behind the business
- HR remains semi-detached from the ‘real’ issues in the business.

# Ulrich's four turns into five



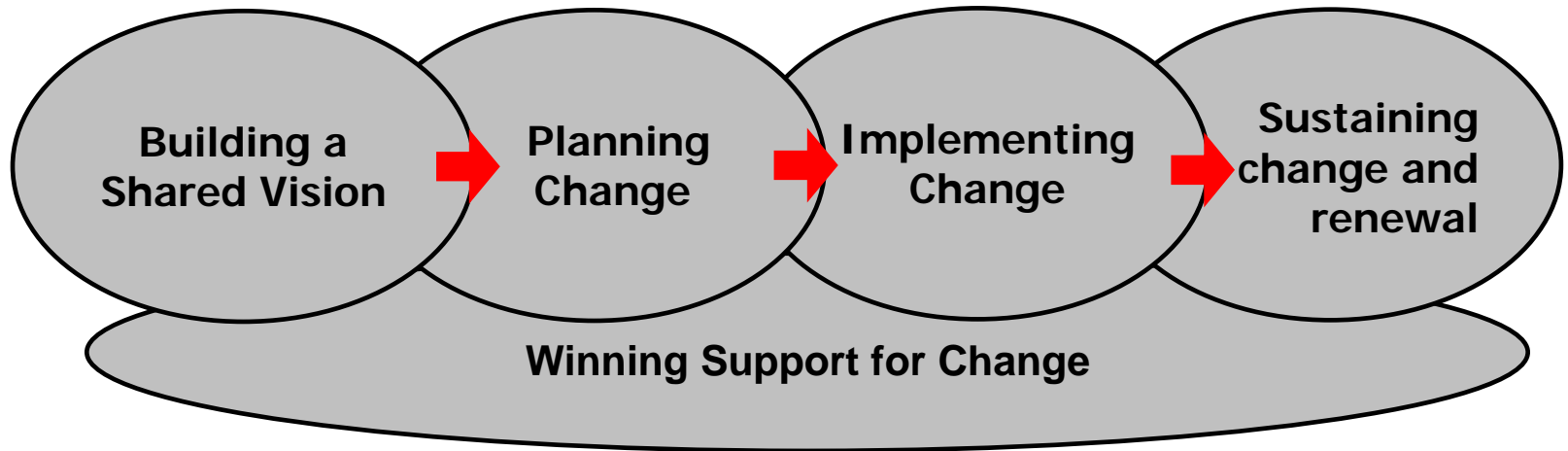
## Admin. expert become functional expert

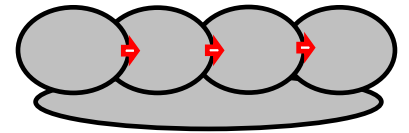
- Tier one – being effective on e.g. joiners, leavers, pay.
- Tier two – understanding best practice in employment policy on e.g. recruitment, succession planning, reward
- Tier three – adapting best practice to the business and to teams
- Tier four - interpreting business strategy needs into HR actions from tier three down to tier one
- Specific work:
  - Administrating, record-keeping, keeping abreast of the profession and thinking, developing models that fit the business, networking in the firm, work process design, internal comms, executive leadership development.

# Strategic Partner subsumes change agent

- Change is strategy; strategy is change
- Bring specialist knowledge on change implementation, consulting, learning and people perspective of the business to the top table
- Partner the business and demonstrate the means by which ends will be achieved
- Facilitate getting things done in the business through particular knowledge and skill of people issues
- Specific work:
  - Challenge idealised goals from above; build strategies with others on known needs of customers and firm's capability; raise standards in strategic thinking; align HR systems and process with strategy; diagnose problems in the firm; create plans to get things done; being good at doing.

# Framework for Change





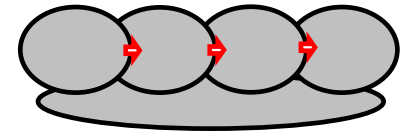
# Building a Shared Vision

- Create a compelling vision of the future
- Be creative, bring the vision alive
- Include the human outcomes
- Be directional, not precise
- Involve key people in visioning, share and ask for support
- Display the vision publicly and constantly reiterate

From	To
<b>1. Confused strategy</b>	<b>Focused actions</b>
<b>2. Unclear structure</b>	<b>Clear roles and responsibilities</b>
<b>3. Growing overheads</b>	<b>Lean and efficient operation</b>
<b>4. Limited career management</b>	<b>Clear career pathways</b>
<b>5. ‘Comfortable’ performance management</b>	<b>Challenged, motivated and passionate people</b>
<b>6. Lack of involvement and empowerment</b>	<b>High levels of engagement</b>
<b>7. Poor clarity of objectives</b>	<b>Clear deliverables and expectations</b>
<b>8. Ineffective communication</b>	<b>Accelerated decision making</b>
<b>9. Underinvestment in management development</b>	<b>Leading management team</b>
<b>10. Lack of new talent attraction</b>	<b>Employer of choice</b>
<b>11. Values not lived</b>	<b>Values widely demonstrated</b>
<b>12. Challenges in Reemtsma integration</b>	<b>One combined group</b>
<b>13. Management style</b>	<b>Leadership style</b>
<b>14. Silo mentality</b>	<b>Teamwork and shared ideas</b>
<b>15. Reactive change management</b>	<b>Proactive change management</b>
<b>16. Dark market awareness</b>	<b>Dark market expertise</b>

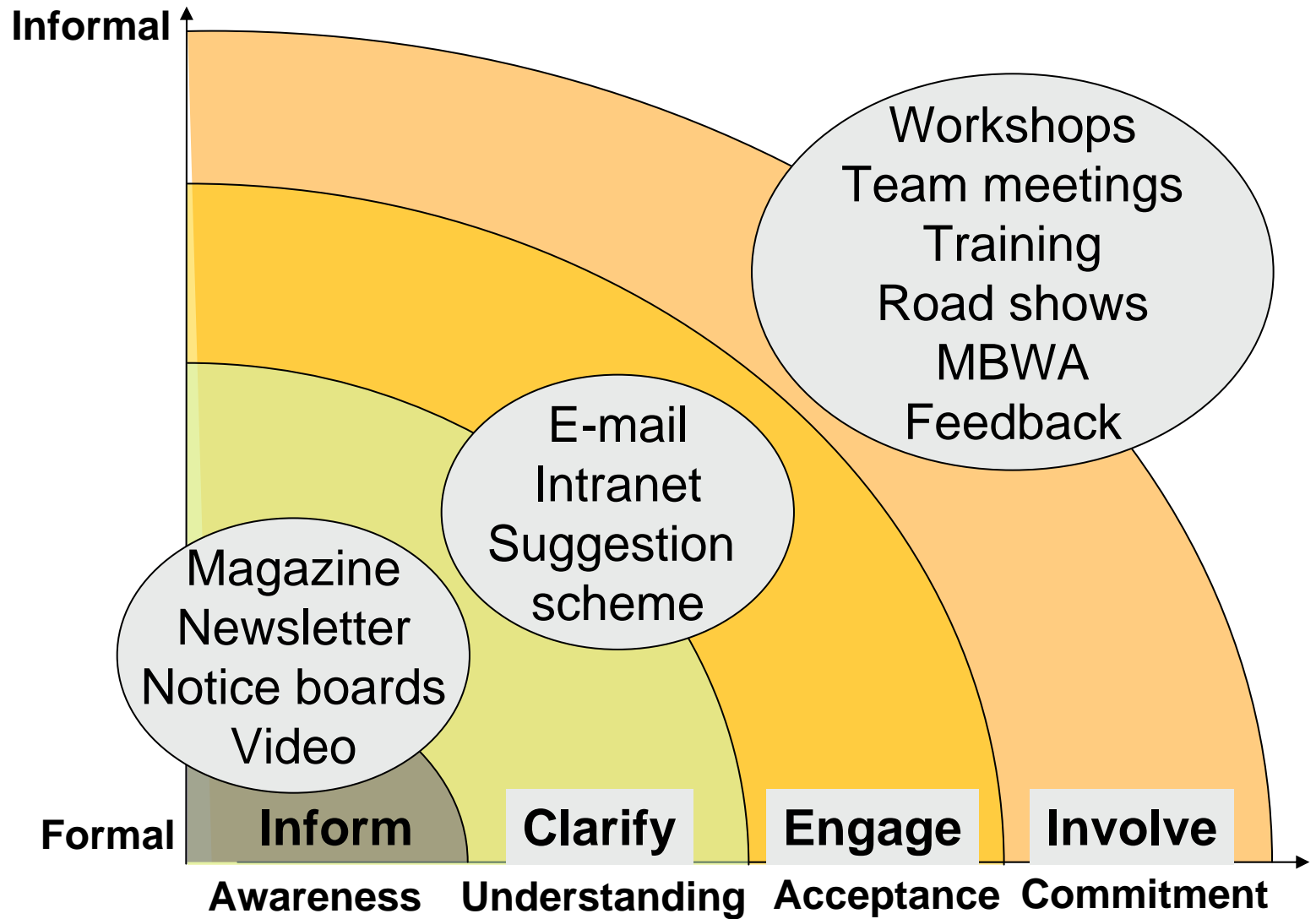
# Achieving Clarity through 'Alignment'

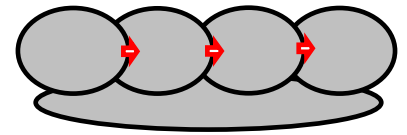




# Winning Support for Change

- Sensitise people to the need for change
- Share the problem and generate ownership
- Educate and Communicate
- Involve people in key activities and decisions
- Identify resistance through people
- Acknowledge people's feelings
- Facilitate and support people
- Negotiate and Offer Incentives
- Co-opt, coerce or remove





# Planning Change

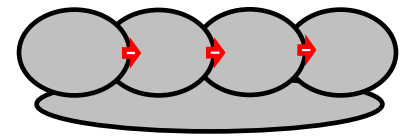
- Be clear about what kind of change is required
- Assess the readiness for change
- Understand the barriers to change
- Conduct an initiative audit and cull projects not on the critical path
- Prioritise your goals and plan, plan, plan
- Identifying key stakeholders and assess their influence
- Set clear roles and responsibilities
- Set your communication strategy
- Prepare for the unpredictable

“You must be the change you wish to see in the world.”—Gandhi

“If things seem under control, you’re just not going fast enough.”—Mario Andretti

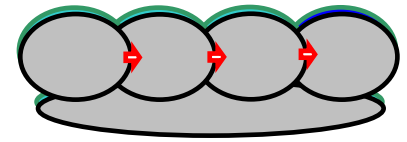
“You can’t behave in a calm, rational manner. You’ve got to be out there on the lunatic fringe.”—Jack Welch, retired CEO, GE

“We have a ‘strategic’ plan. It’s called doing things.”—Herb Kelleher, founder, Southwest Airlines



# Implementing Change

- Place change at the top of management's agenda
- Set short term goals
- Say goodbye to the past
- Put a clear change architecture in place
- Avoid complacency, engineer crisis points
- Actively manage risks and issues
- Reward desired behaviour and address undesired behaviour
- Bring the performance management system into line
- Put feedback mechanisms in place
- Learn from mistakes along the way



# Sustaining Change and Renewal

- Live the vision
- Put resources behind change
- Stay the course
- Build new leadership skills and behaviours
- Reward and celebrate success
- Foster continuous debate and challenge
- Focus the benefits
- Prepare for the next change