

Change Management During Enterprise Development

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Agenda

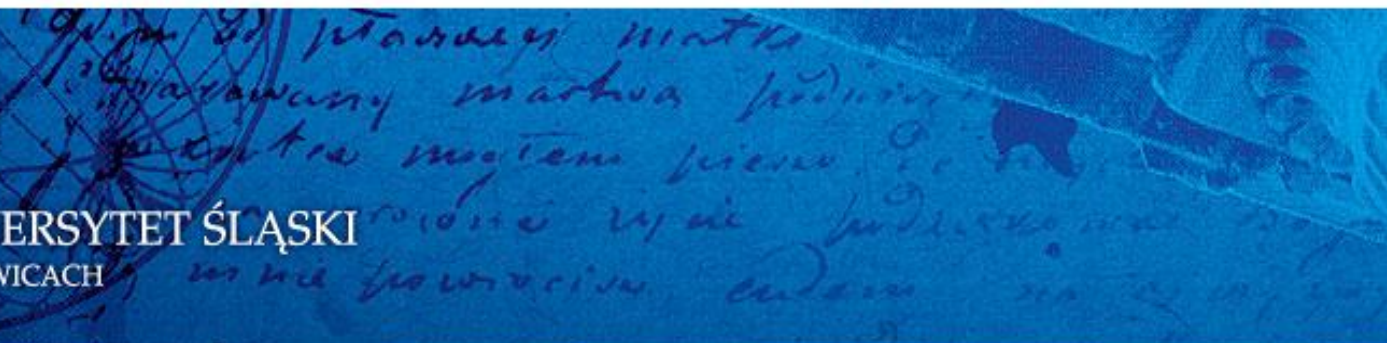
- Nature of change
- Change management – what and how
- Change management in the context of SMEs
- Response to change management
- Summary



Nature of change



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Nature of change

- Planned versus emergent
- Remedial versus developmental
- Episodic versus continuous change
- Transformational versus incremental change
- Organization-wide versus subsystem change

4 Levels of Change in Organization

- Individual change
- Team change
- Organizational change
- Leading change

(Cameron & Green, 2004)

Three Types of Change

Developmental change - enhances or corrects existing aspects of an organisation, often focusing on the improvement of a skill or process. Maybe either planned or emergent. It is first order or incremental.

Transitional change - seeks to achieve a known desired state that is different from the existing one. It is episodic, planned and second order, or radical.

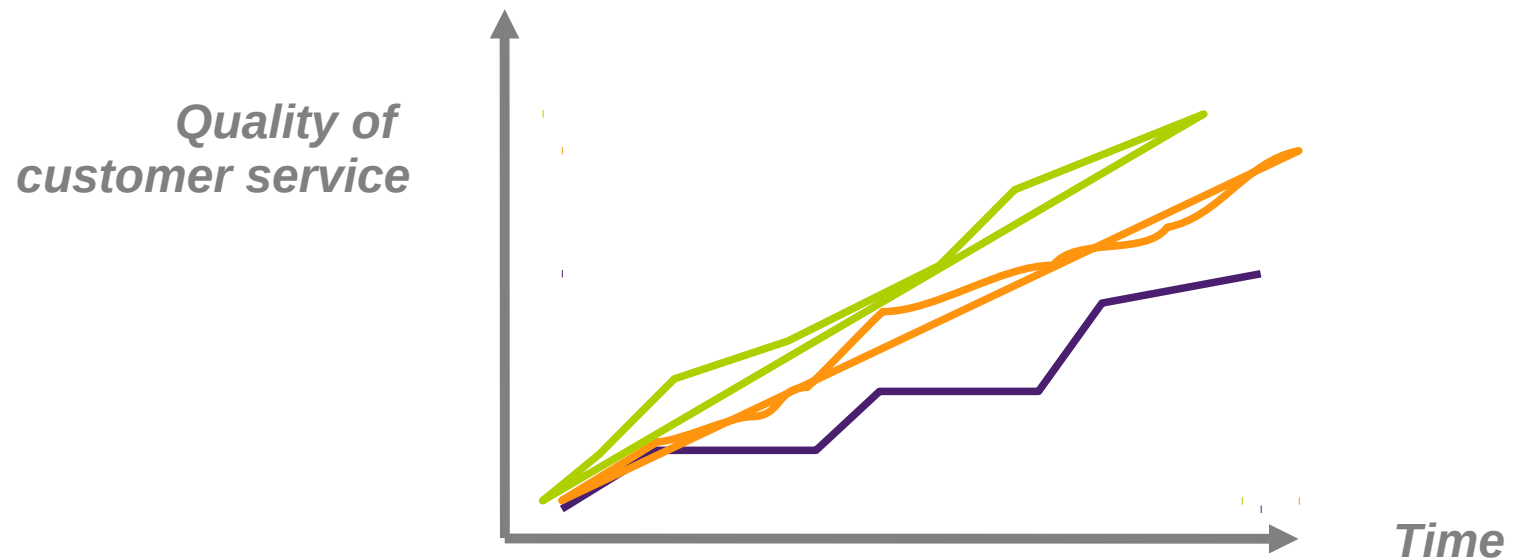
Transformational change - requires a shift in assumptions made by the organisation and its members. It is radical or second order in nature.

(Ackerman, 1997)

Developmental change

New state is an enhancement of the old state.

Example: improvement of the methods, processes, or performance standards



Diagnosing developmental change

1. Does your change effort require primarily an improvement of your existing way of operating without radically changing it?

Yes _____ No _____

2. Will skill or knowledge training, performance improvement strategies and communications suffice as approaches to carrying out this change?

Yes _____ No _____

3. Will your current culture and mindset produce the outcomes needed from this change?

Yes _____ No _____

Source: www.changeleadersroadmap.com

Transitional change

Design and implementation of a new state; requires dismantling of the old state and management of the transition process.

Examples: reorganization, merger, acquisition, new products or services introduction, or implementing new technology are examples of transitional change.



Transitional change

- Lewin's (1951) three-stages unfreeze-transition-refreeze model explains the process of transitional change
- Schein (1987) further explored three states and accompanying psychological phenomena

Three-stages model

UNFREEZING

Planning
Breaking down the system

Leaving the comfort zone:

- ✓ disconfirmation of expectations;
- ✓ creation of fear of not meeting standards or anxiety

Provision of psychological safety that converts anxiety into motivation to change

TRANSITION

Implementing new system
Performing changes

Cognitive restructuring through:

- ✓ identifying with a new role model or mentor
- ✓ scanning the environment for new relevant information

REFREEZING

Making change permanent
Stabilizing new system

New point of view is integrated into:

- ✓ the total personality and concept of self
- ✓ significant relationships

Diagnosing transitional change

1. Does your change effort require you to dismantle your old/existing way of operating and replace it with something known but different?

Yes _____ No _____

2. Are you currently able to design a definitive picture of the new state as your goal for implementation?

Yes _____ No _____

3. Is this change realistically able to occur within a pre-determined timetable?

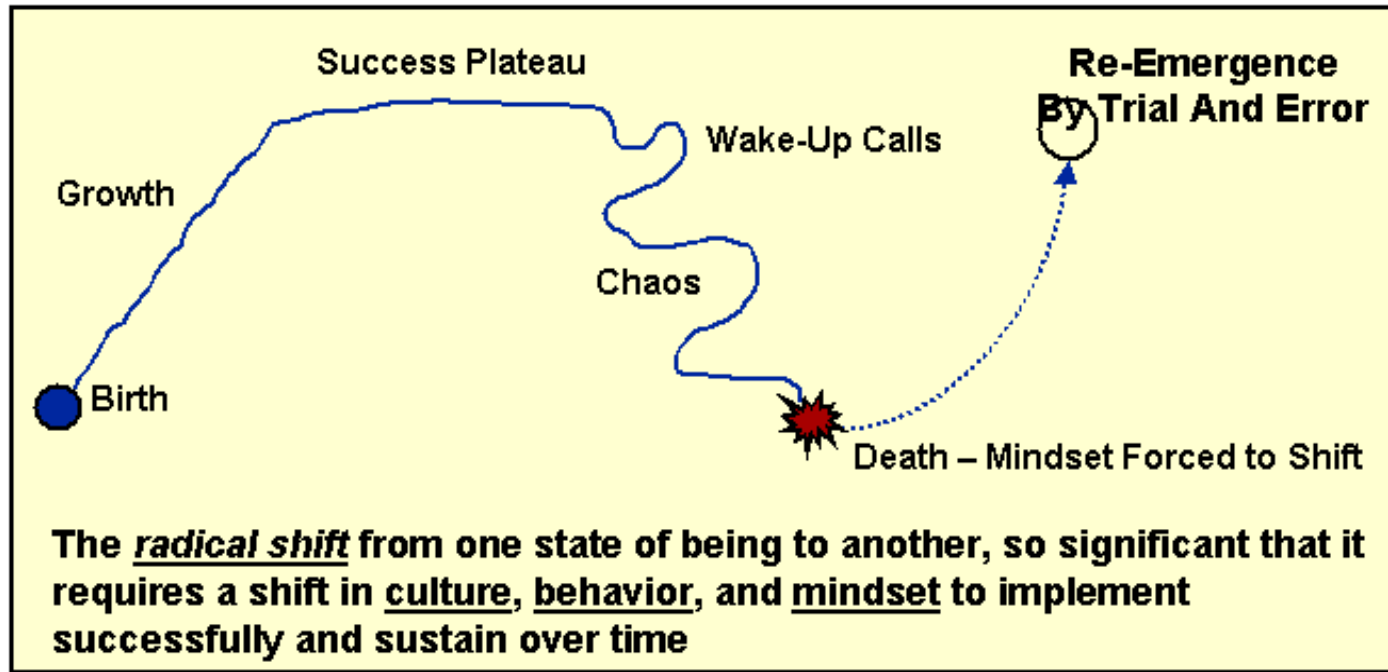
Yes _____ No _____

Source: www.changeleadersroadmap.com

Transformational change

Change that is not merely an extension or improvement over the past, but a *state change*.

It requires altering and expanding the limiting mindset in which the individual/the organization operates.



Source: http://www.catalystconsultingpartners.com/image-files/change_transformation1.gif

Diagnosing transformational change

1. Does your organization/program/service need to begin its change process before its destination is fully understood and defined?

Yes _____ No _____

2. Is the scope of this change so significant that it requires the organization's culture and people's behaviour and mindsets to fundamentally shift in order to successfully implement the changes and achieve the new state?

Yes _____ No _____

3. Does the change require the organization's/program/service structure, operations, products, services or technology to change radically to meet the new needs of customers?

Yes _____ No _____

Source: www.changeleadersroadmap.com

Change management



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*Współczesny marketing ma
za zadanie wypracowanie
skutecznego systemu
promocji w celu
maksymalizacji
wzrostu powrocie*

What is change management?

- Four perspectives:
 - task of managing change
 - area of professional practice
 - body of knowledge
 - control mechanism

(Nickols, 2010)

Definitons

- „the process by which an organization reaches its future state - the vision”

(Lorenzi, 2005)

- „the approach to plan, design, implement, manage, measure and sustain changes in business process and work”

(Lientz and Rea, 2004, p. 9)

Selected models/tools/frameworks

Lewin (1951) - three-step model and force field analysis

Bullock and Batten (1985) - planned change

Kotter (1985) – eight steps toward change

Beckhard and Harris (1987) – change formula

Hiatt (2006) - ADKAR

Phases of planned change

Bullock and Batten's (1985) phases of planned change:

- exploration
- planning
- action
- integration

"Kotters Eight Steps of Change"



■ Kotter, John P. and Cohen, Dan S. The Heart of Change. Boston: Harvard Business School Press

Source: www.bcwinstitute.com/img/products/kotters.png

1. Establishing a Sense of Urgency:

- a) Examining market and competitive realities
- b) Identifying and discussing crises, potential crises, and opportunities

2. Forming a Powerful Guiding Coalition:

- a) Assembling a group with enough power to lead the change effort
- b) Encouraging the group to work together as a team

3. Creating a Vision:

- a) Creating a vision to help direct the change effort
- b) Developing strategies to achieve that vision

4. Communicating the Vision:

- a) Using every vehicle possible to communicate the vision and strategies
- b) Teaching the new behaviors by the example of the guiding coalition

(Kotter, 1998)

5. Empowering Others to Act on the Vision:

- a) Getting rid of obstacles to change
- b) Changing systems and structures that seriously undermine the vision
- c) Encouraging risk-taking and non-traditional ideas, activities, actions

6. Planning for and Create Short-term Wins:

- a) Planning for visible performance improvements
- b) Creating those improvements
- c) Recognizing and rewarding employees involved in improvements

7. Consolidating Improvements and Produce More Change:

- a) Using increased credibility to change systems, policies that don't fit the version
- b) Hiring, promoting, and developing employees who can support vision
- c) Reinvigorating the process with new projects, and change agents

8. Institutionalizing New Approaches:

- a) Articulating the connections between new behaviors & corporate succes
- b) Developing the means to ensure leadership development and successio

(Kotter, 1998)

Change formula

$$C = [ABD] > X$$

C = Change

A = Level of dissatisfaction with the status quo

B = Desirability of the proposed change or end state

D = Practicality of the change (minimal risk and disruption)

X = 'Cost' of changing

(Beckard and Harris, 1987)

ADKAR

A

D

K

A

R

AWARENESS

DESIRE

KNOWLEDGE

ABILITY

REINFORCEMENT

(Hiatt, 2006)

ADKAR

Awareness – of why the change is needed

Desire – to support and participate in the change

Knowledge – of how to change

Ability – to implement new skills and behaviors

Reinforcement – to sustain the change

(Hiatt, 2006)

ADKAR

- (1) It is people who change, not organisations
- (2) Successful change occurs when individual change matches the stages of organisational change
- (3) ADKAR can be used as:
 - Tool of individual diagnosis
 - Communication framework
 - Group process diagnostic tool
 - Training tool

(Hiatt, 2006)

ADKAR

The goal of ADKAR is to give each individual the knowledge and tools to be successful in change.

ADKAR worksheet will help you understand and apply ADKAR.

ADKAR worksheet can be find at:

http://www.aascf.com/component/option,com_docman/Itemid,115/gid,4667/task,doc_download/

SMEs - context of change



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Handwritten text in Polish, likely a quote or note related to the theme of change and SMEs.

SMEs – Examples of Changes

- structural changes (i.e. restructuring)
- merger and acquisition
- internationalization
- IT based process of change (i.e. technology upgrade, e-procurement, ERPs)
- cultural change
- growth

(Cameron & Green, 2004)

Evolution-Revolution

Stages of growth

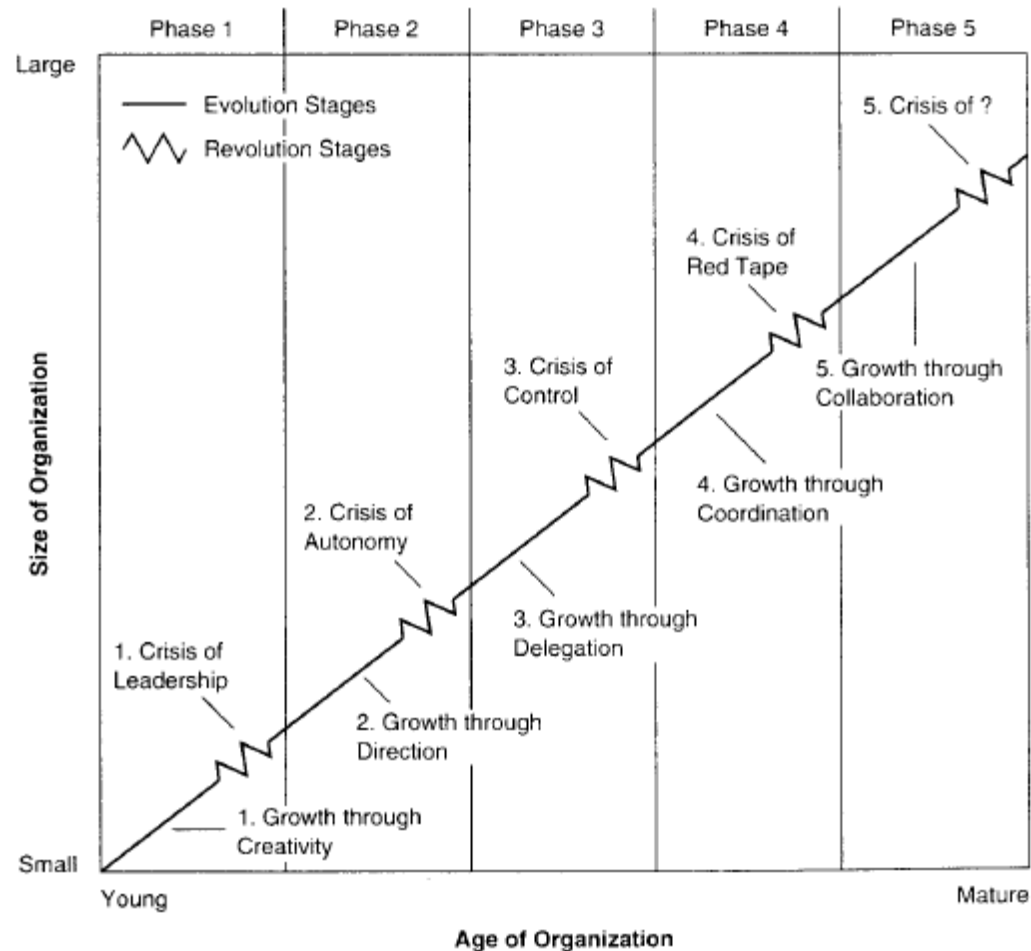
Firm growth as a serie of developmental phases

Each phase starts with a period of **evolution**, characterised by steady growth and stability

Each phase ends with crisis where **revolution** and change are needed

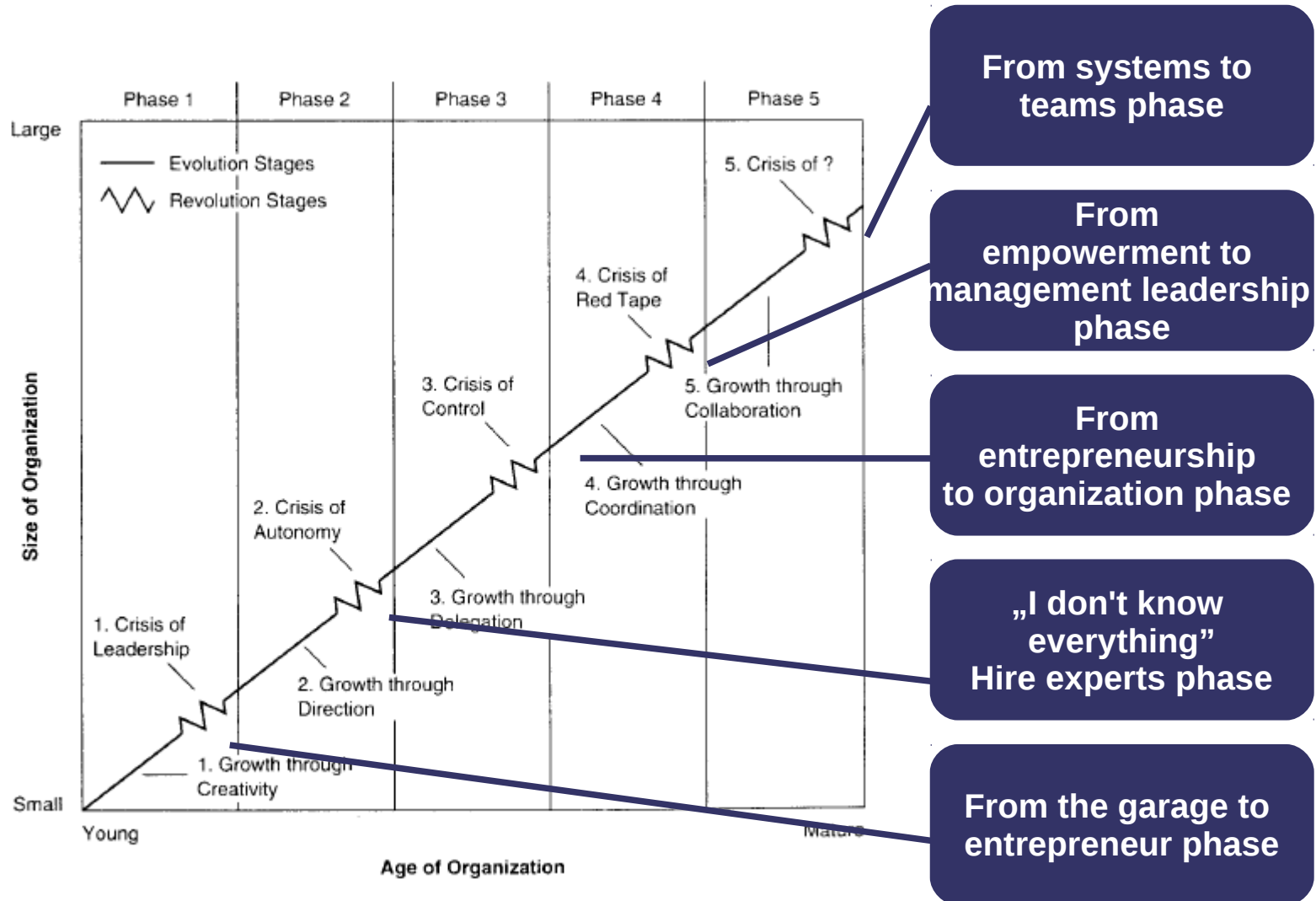
(Greiner, 1972)

The five phases of growth



Source: Greiner, 1972

Greiner remixed



Source: [://web.archive.org/web/20040630010107/http://www.mardon-y2k.com/in_1972.htm](http://web.archive.org/web/20040630010107/http://www.mardon-y2k.com/in_1972.htm)

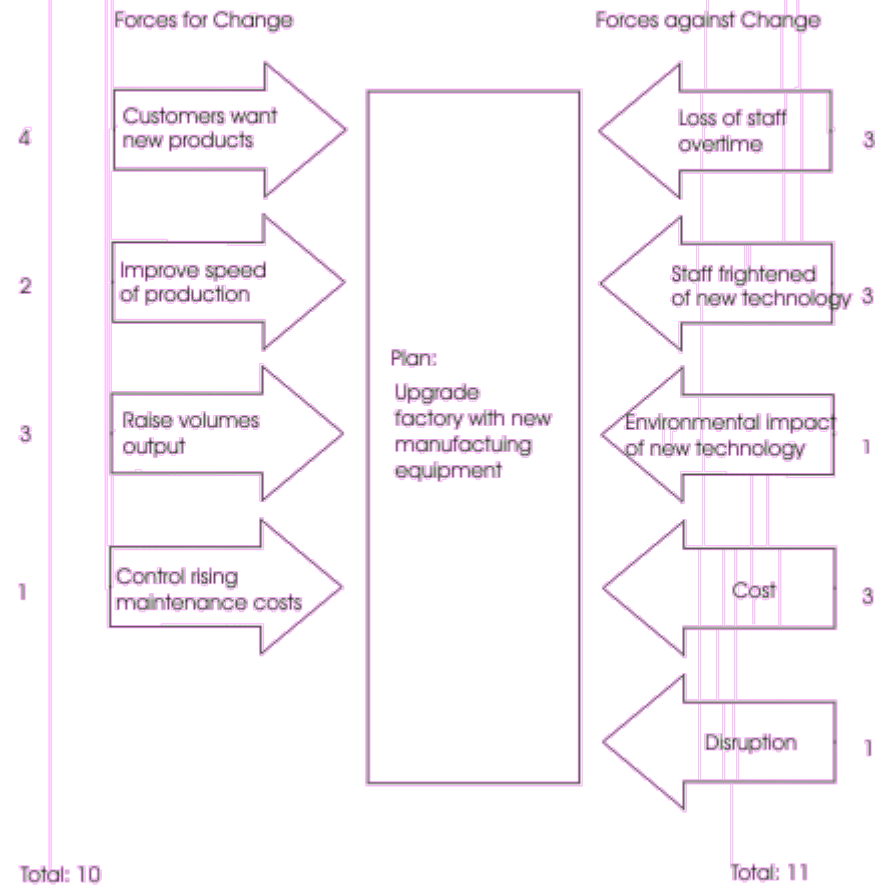
Change Management in SME – force field analysis

Lewin's framework for looking at the factors (forces) that influence a situation. Technique for looking at all the forces for and against a decision and weighing pros and cons.

Procedure:

1. Describe your goal, i.e. change of something
2. List all forces for change in one column, and all forces against change in another column.
3. Assign a score to each force, from 1 (weak) to 5 (strong).

Figure 1
Force Field Analysis Example



Source: http://www.mindtools.com/media/Diagrams/Ted6_1.gif

Change Management in SME – force field analysis

(1) Discuss factors influencing changes in small enterprises

Think about typical as well as not so typical businesses – we are interesting in general diagnosis of change conditions (5 minutes)

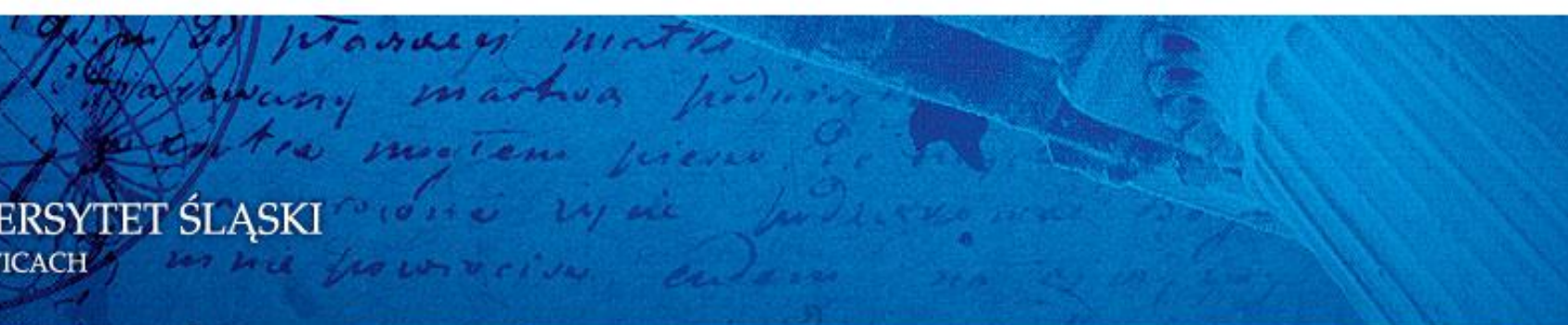
(1) List all factors against change in one column and factors for change in the other one and weight them (10 minutes)

(2) Compare your work with results of other groups (5 minutes)

Response to change



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www.glasbergen.com



“I want you to find a bold and innovative way to do everything exactly the same way it’s been done for 25 years.”

Response to change



(Cameron & Green, 2004)

Change Readiness

Individual diagnosis using Change Readiness
Questionnaire (Kriegel & Brandt, 1996)

People Response - Key aspects

Different people react differently to change

Everyone has fundamental needs that have to be met

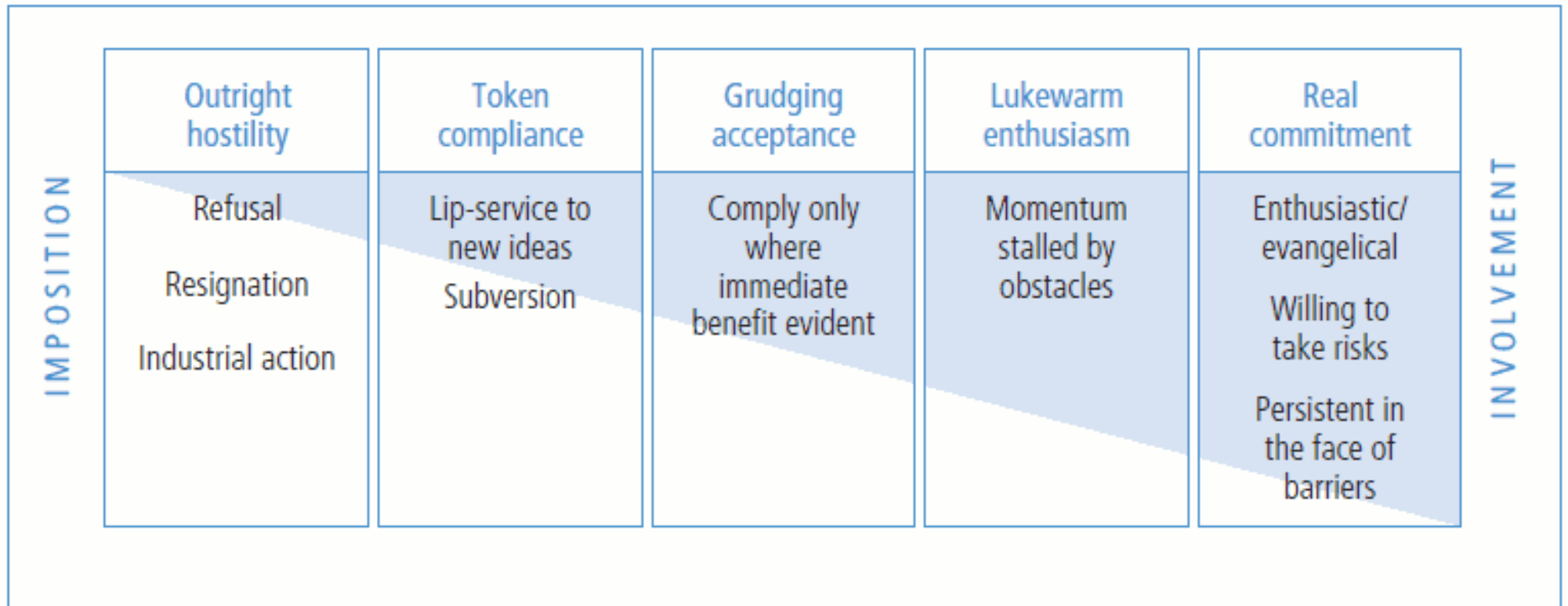
Change often involves a loss, and people go through the "loss curve"

Communication has to be established and maintained

Expectations need to be managed realistically

Emotions have to be dealt with

Responses toward change

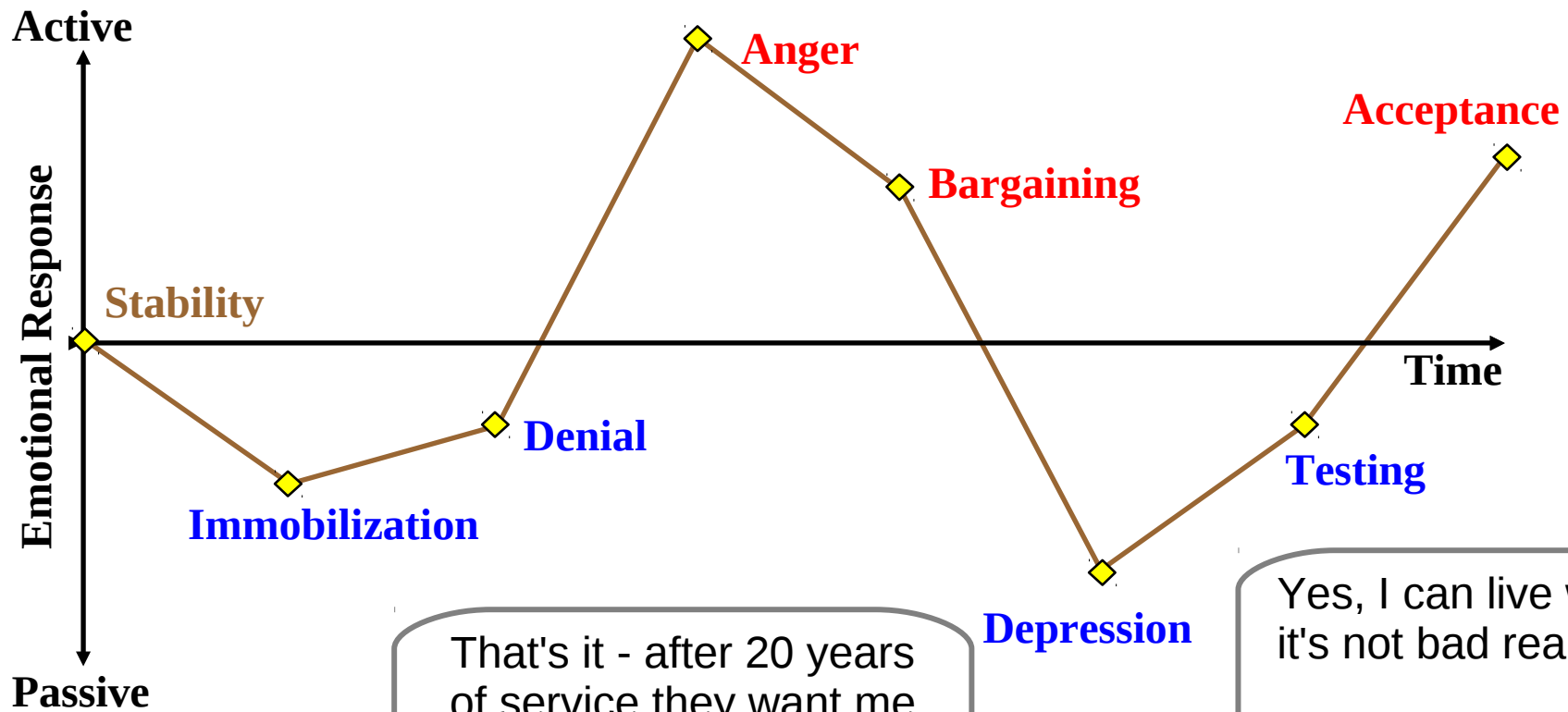


Depth and durability of change achieved



(Source: Change Here!, 2001)

Change curve - "bad news"



Oh no!
It can't be true!

You cannot be serious!...

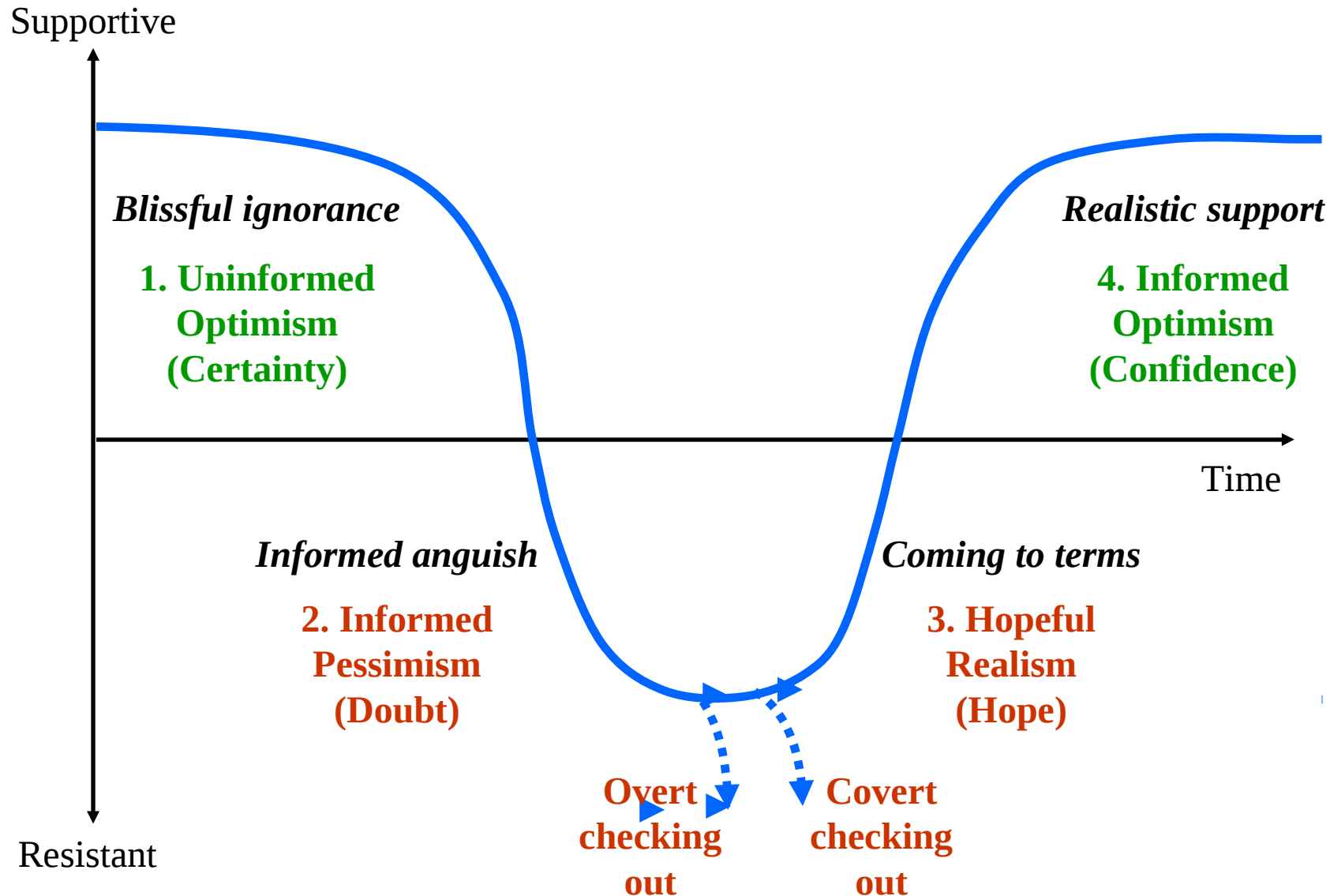
That's it - after 20 years of service they want me to...

Can we sort this out some other way?

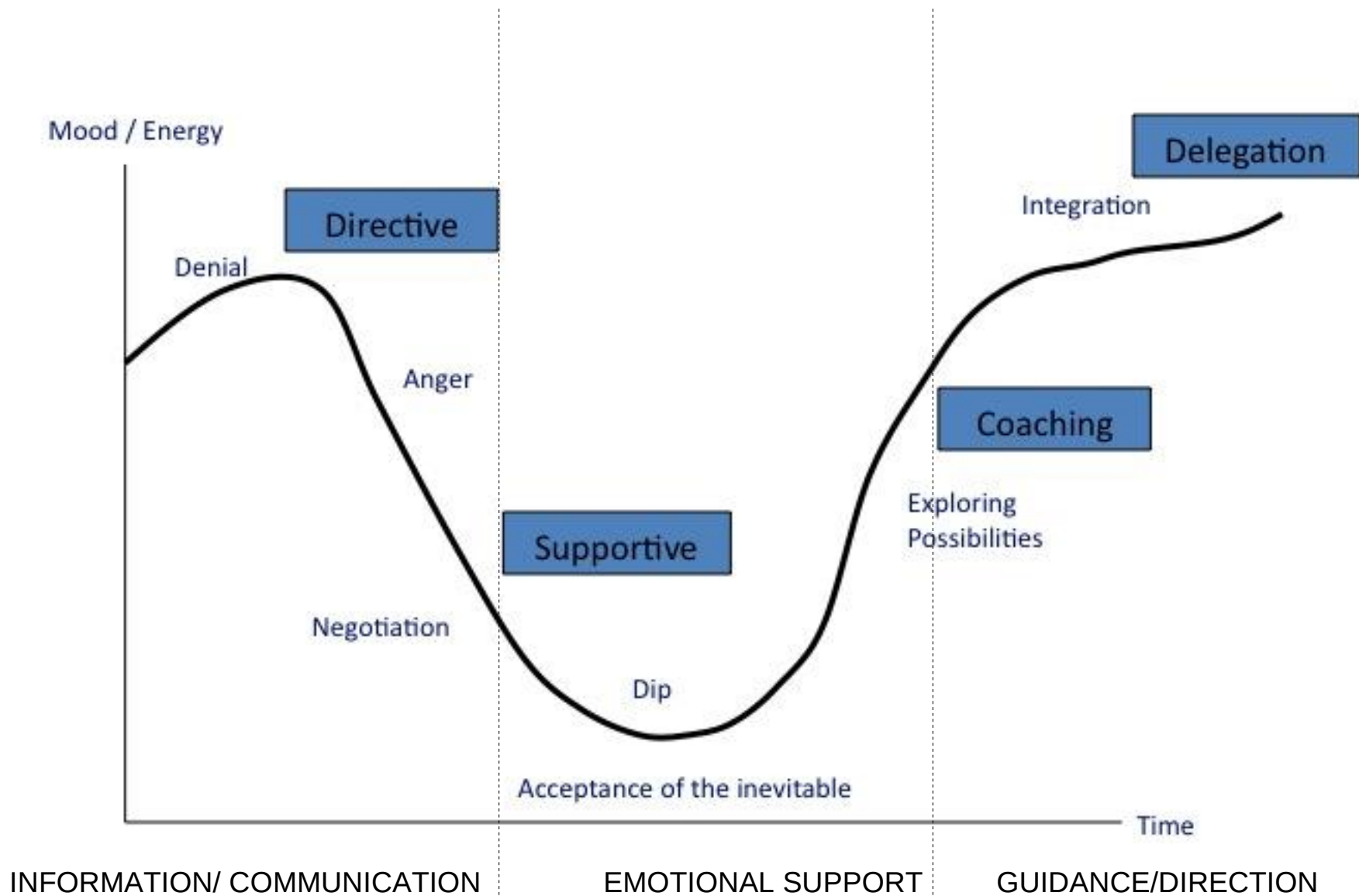
Yes, I can live with this - it's not bad really.

Source: <http://www.epmbook.com/orgchange.htm>

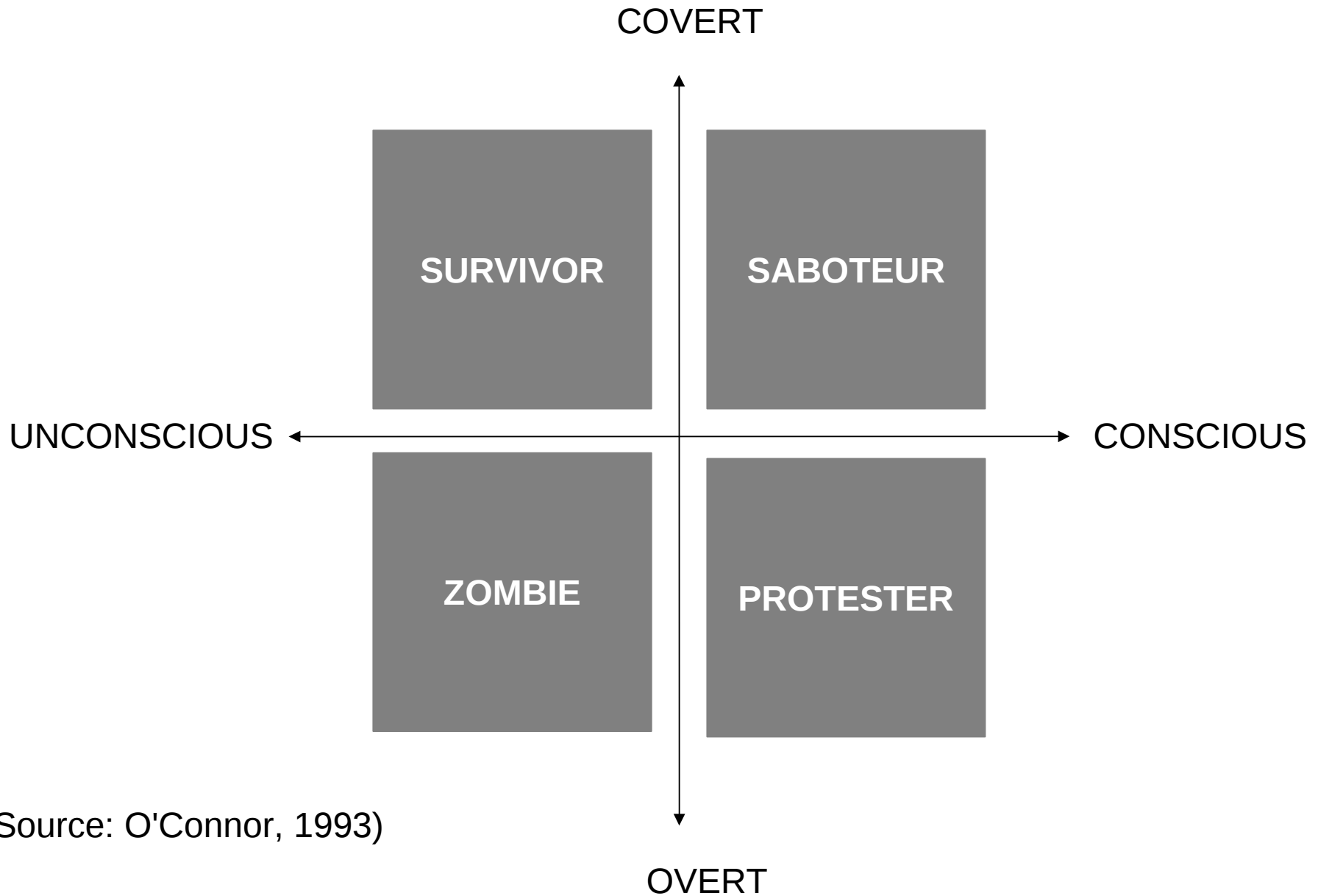
Change curve - "good news"



Change process and leadership



Resistance Quadrants

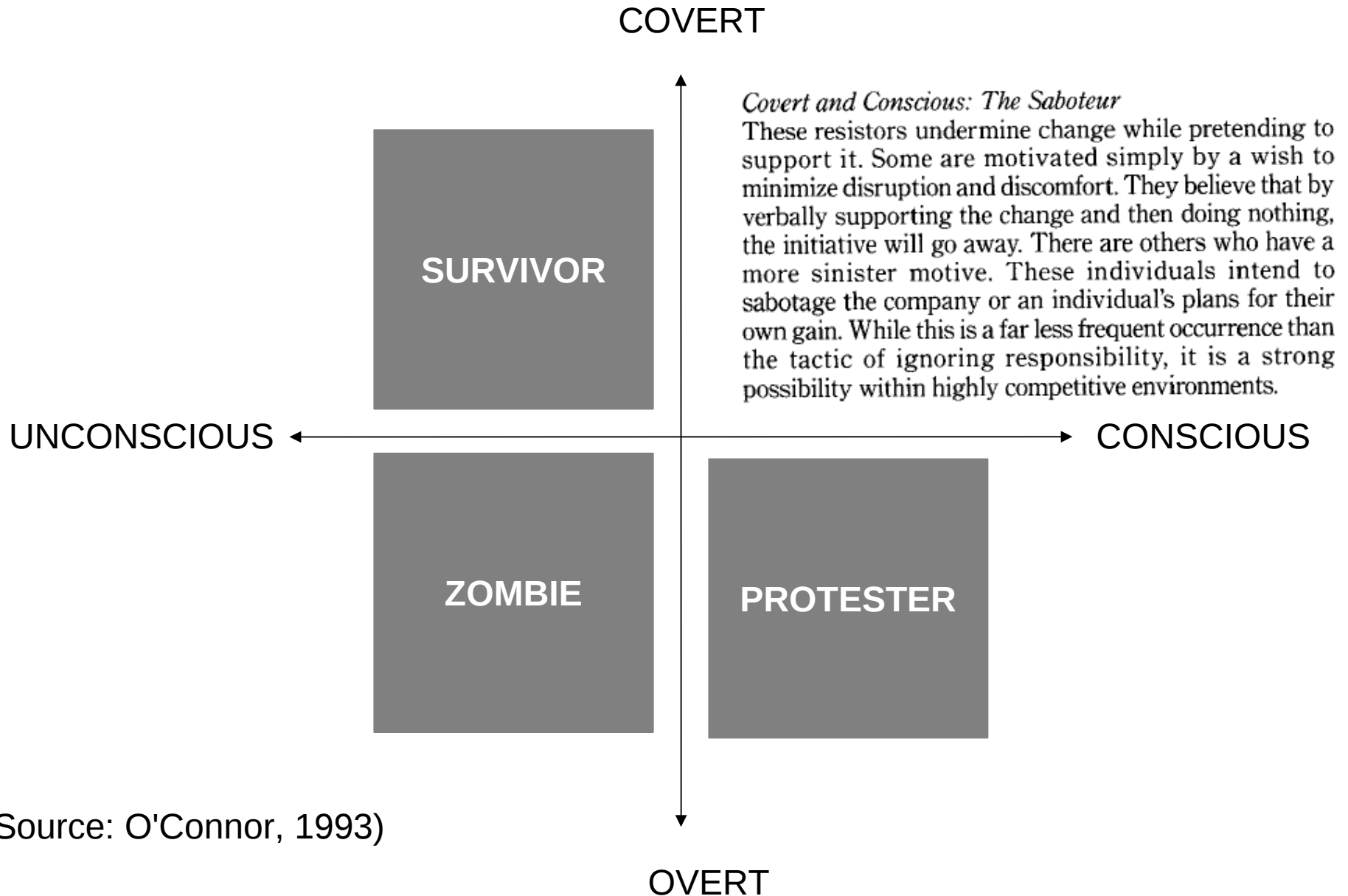


Causes of Resistance

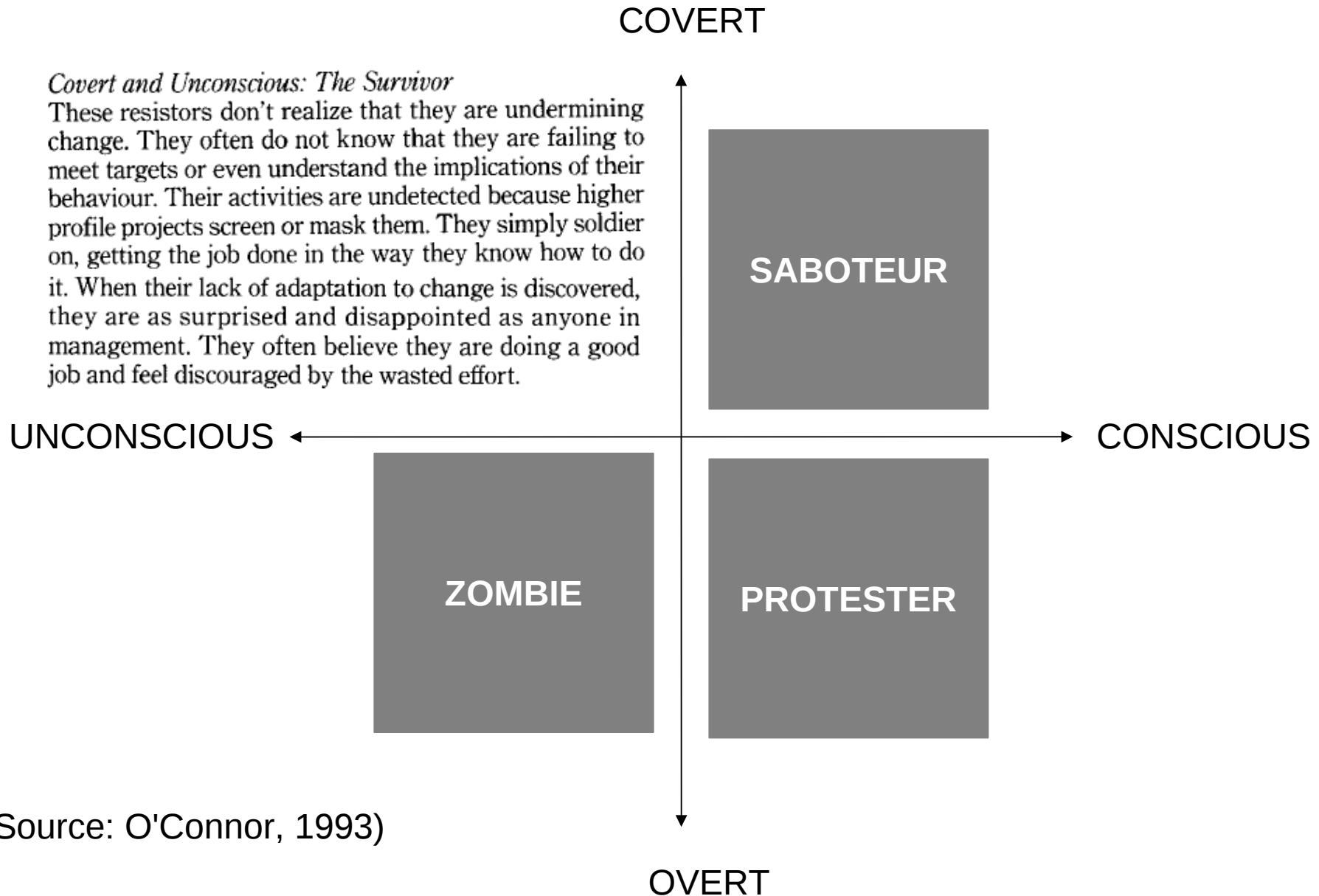
- (1) Lack of belief that there is a serious need for change
- (2) Different descriptions of the need for change
- (3) No agreement about goals of change
- (4) Lack of belief that the goal is attainable
- (5) No confidence in the manager of change

(O'Connor, 1993)

Resistance Quadrants

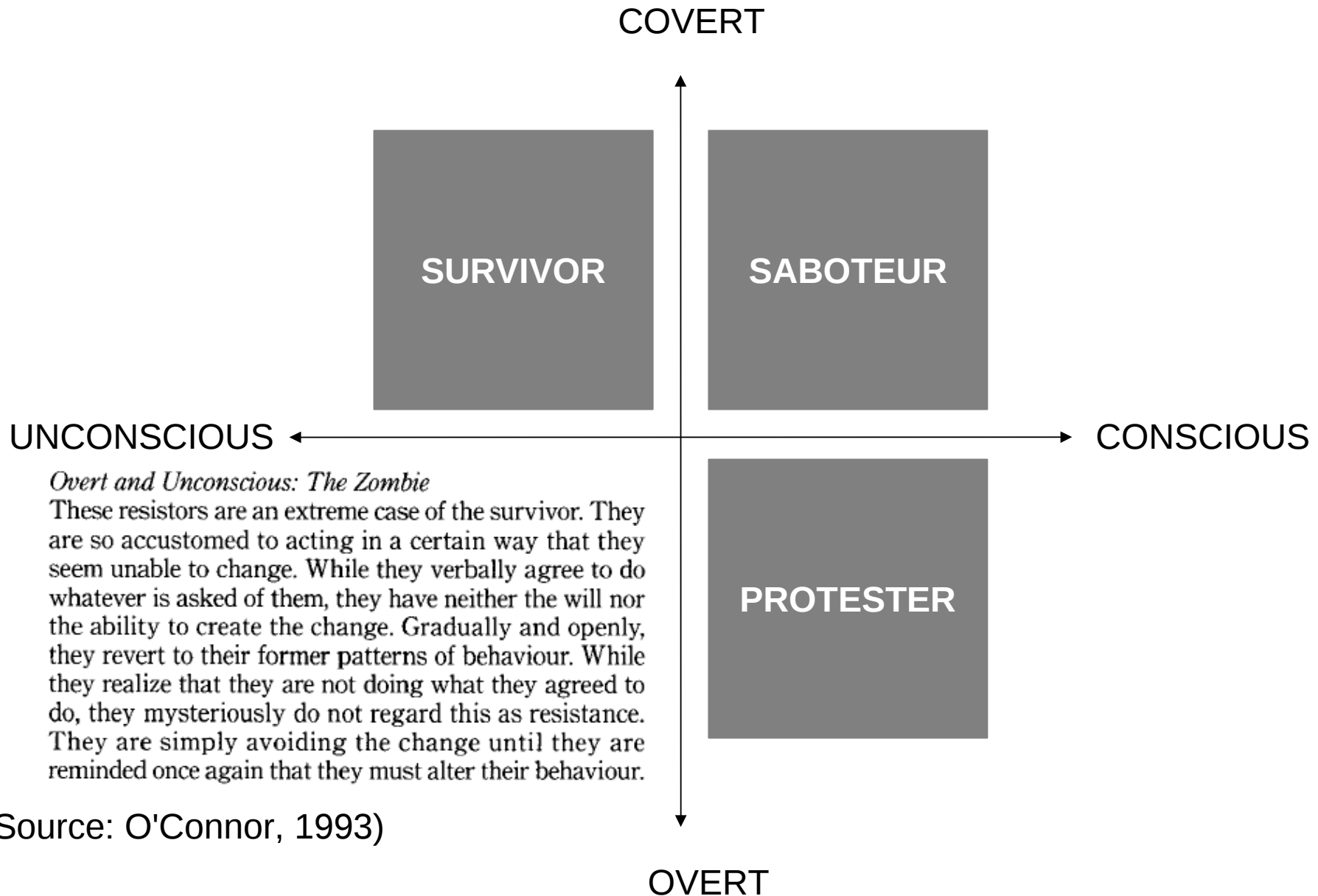


Resistance Quadrants

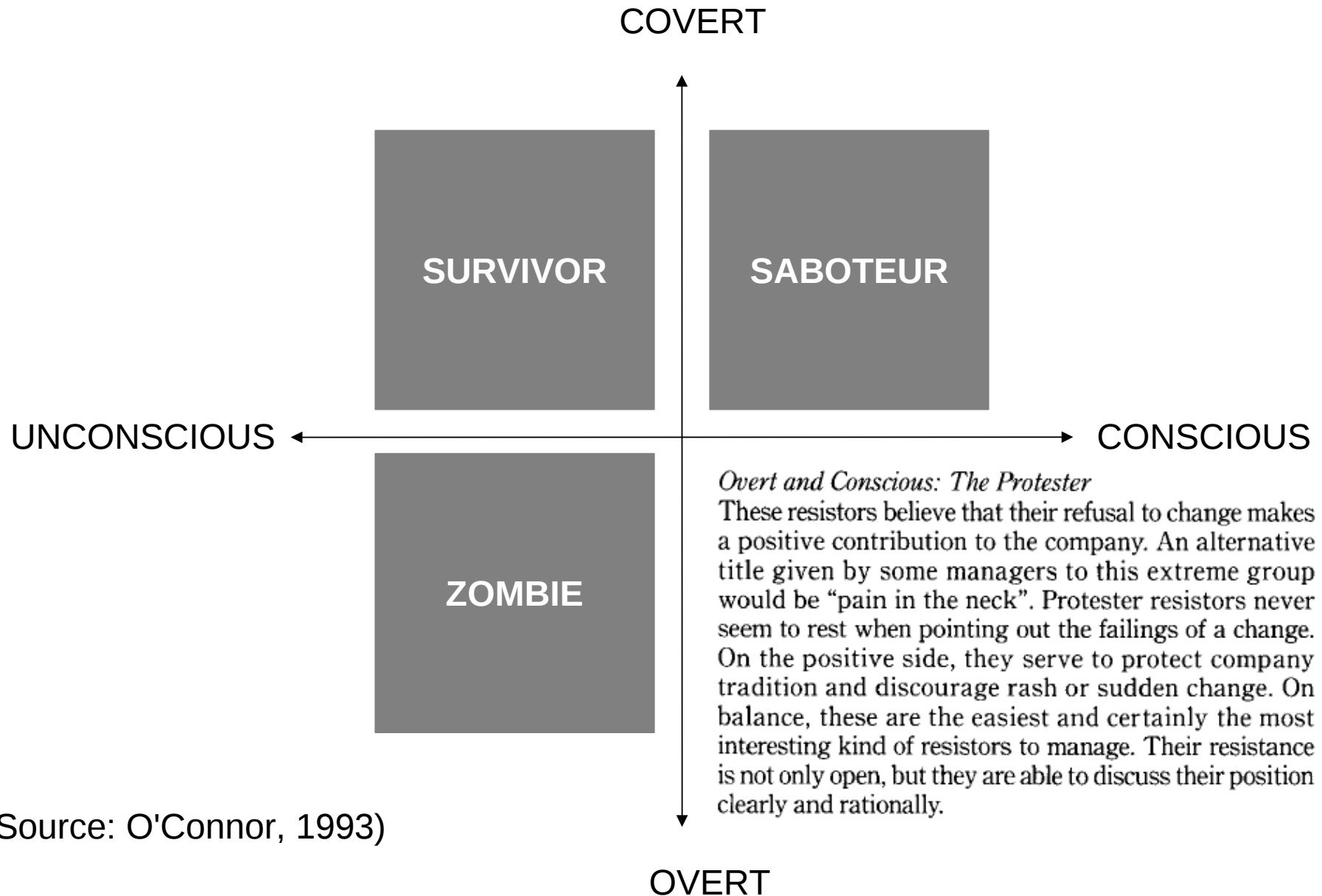


(Source: O'Connor, 1993)

Resistance Quadrants



Resistance Quadrants



(Source: O'Connor, 1993)

Overcoming Resistance

- (1) Unconscious actions require managers to help people becoming aware of what they are doing and why
- (2) Education of survivors and zombies is the best strategy, much better than punishing them
- (3) Conscious actions should be managed by encouraging debate, especially when the resistance is covert
- (4) The goal is to understand why protestors and saboteurs (once identified) do not accept change
- (5) In general, try to avoid accusations and judgement

(O'Connor, 1993)

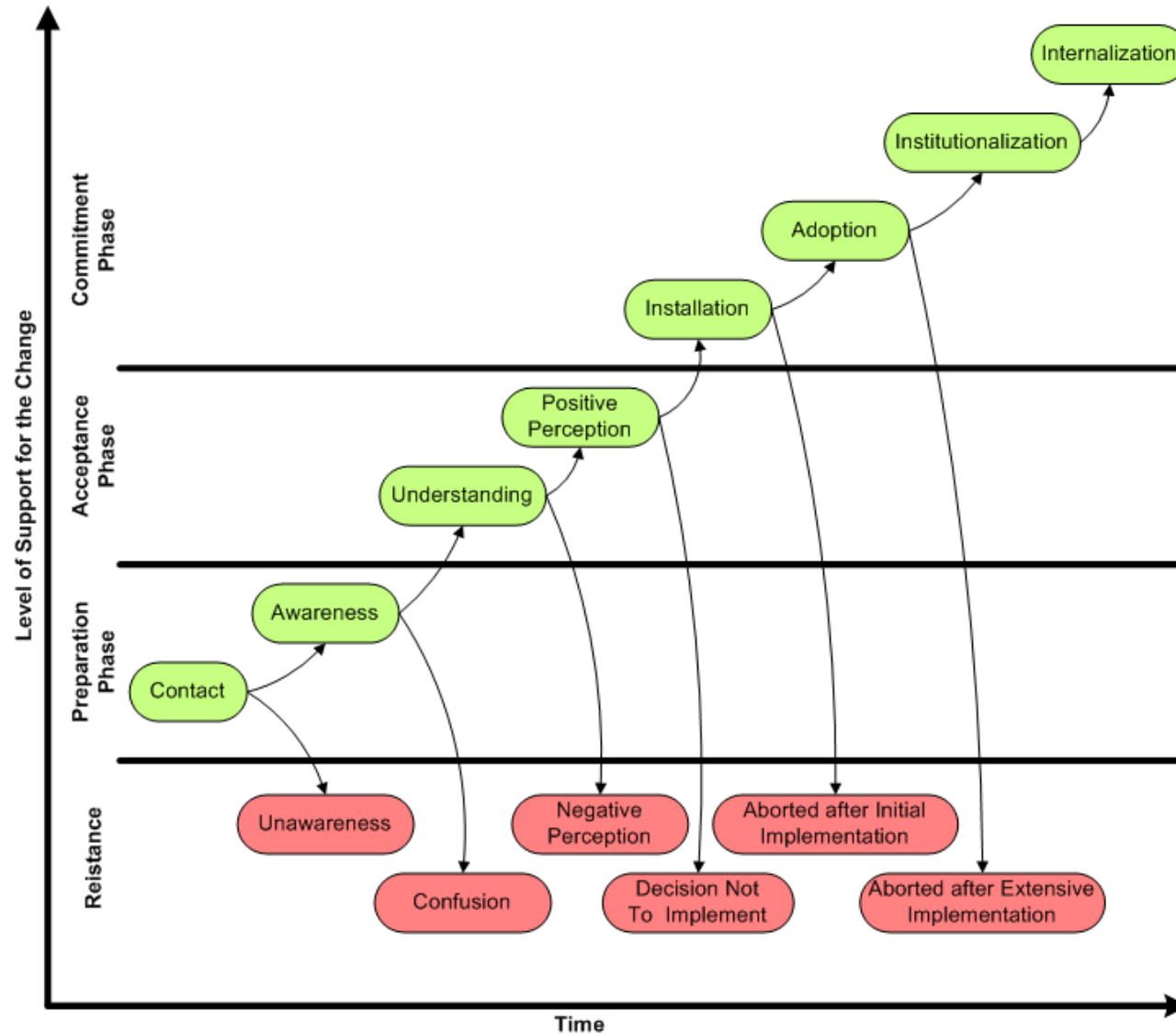
Overcoming resistance

Four phases of successful change:

- (1) Personal acceptance
- (2) Expression of resistance to change
- (3) Identification with the objectives of the change
- (4) Creating a facility to continuous critical appraisal

(Marlow, 1975, in: Makin, Cooper, Cox, 1996)

Role of communication



Summary – 10 techniques to use by change manager

- I. Plan well. Appropriate time and effort must go into planning change before implementation begins.
- II. Allow for discussion and negotiation. Employees must have some input into the changes. This two-way communication can help reduce employee concerns.
- III. Allow for participation. If employees participate in changes that affect them, they are more likely to support those changes.
- IV. Emphasize the financial benefits. If employees can earn higher compensation through organizational change, telling them about this possibility will help to increase support for the change.
- V. Avoid too much change. Employees can only handle a certain amount of change before there are negative repercussions from stress, so changes should be introduced slowly and over time.
- VI. Gain political support. For change to be successful, certain key employees (those with informal power in the organization) must support it.
- VII. Let employees see successful change. Employees will be more willing to support change if they see that it has worked successfully in other companies or other areas of their company.
- VIII. Reduce uncertainty. Uncertainty about the change effort can cause negative emotions and actions, and any information that change managers can give to reduce uncertainty can reduce resistance to change.
- IX. Ask questions to involve workers. Change managers should ask workers questions that move them toward a goal or objective or that reinforce positive accomplishments.
- X. Build strong working relationships. Better working relationships in general will aid in change management; trust and mutual respect are critical elements of good working relationships.

(Simmering, nd)

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Thank You!

Questions? Comments?
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