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Are You Missing A Critical Component to Your Change Initiative?

How to Address the People Side of Change

Do a quick online search about "What keeps corporate executives up at night," and you'll find loads of articles and opinion pieces ranging from regulatory change to adapting to market conditions. Seldom, however, do pundits mention organizational change management (OCM).

It's time to switch up that conversation because OCM – the people side of change – is the lynch pin for organizations that want to survive, and thrive, in our world of constant transformation. Here are examples of what's at stake:

- In an effort to differentiate itself by delivering customized orders, a billion-dollar fast food company focused on innovation by investing in expensive equipment upgrades without properly training employees or listening to their feedback. As a result, customer wait times increased, costs soared, and the company's stock value took a nosedive.
- An international commodity corporation lost hundreds of thousands of dollars and countless staff hours in rolling out a new purchasing system when end users across the globe either ignored the new platform or simply refused to use it.*
- A multinational conglomerate decided the best approach to introducing a new enterprise solution was to force feed the system to employees across the company, figuring that once the "Band-Aid was ripped off," employees would get over the pain and move forward. The CIO loved the program. The employees hated it, and attrition became an issue.*

  * Actual examples from our experience. Identities are cloaked to protect the embarrassed.

In short, ignoring the people side of change has consequences for any organization. If you ignore the question, **"What's the impact to end users, front line employees and, let's face it, anyone within your company who's touched by the change?"** you'll be forced into managing change, whether you like it or not.

And that's why an OCM plan can be your best friend.

Regardless of the fact that OCM has been around for decades, there are still plenty of misconceptions about it. If you subscribe to any of these myths, your change initiatives will suffer. Here, we take on the three mistaken beliefs that we hear most often.

Three OCM Myths – Busted

1. OCM is "nice to have," but it's not necessary.
Perhaps you realize that OCM is important, but not as important as keeping costs down and timelines short. In the world of thin budgets and thick to-do lists, many decision makers with budget authority take their red pen to the OCM line item, not realizing that they're:

a. Putting the entire change initiative at risk of failing
b. Creating the risk that many, if not most, affected employees could refuse to go along with the change, instead relying on outdated practices – thereby increasing costs and extending timelines
c. Putting the organization at risk of significant financial loss

We've heard the "budgets are tight" argument many times as the reason to redline OCM. But, consider this sobering fact: Management consultancy McKinsey & Company estimates that a whopping 70% of change initiatives in organizations fail, largely because employees resist the change.[1] Investing in an OCM methodology can help defray that resistance.

You don't need an international-scale project to warrant OCM. Pause for a beat and assess your situation. No matter the size of your project, determine what steps you can take to prepare employees for the new processes they'll need to use. Developing a structure for managing change will ensure that you're ready for whatever objections your employees might have.

2. You can "check off" OCM steps from a list and be done.
A checklist implies standardization, but OCM requires a customized, ongoing approach. While there are basic change management steps to take in every OCM project, the key is to adjust your level of support and consider which activities (employee buy-in efforts, training, leadership support, etc.) require more attention based on your company demographics, the type of project and your employees' experience and comfort level with change.

It's also important to consider which activities must permeate the entire change process. You might see "communication" on your list and think that a one-time announcement would be sufficient to motivate employees to adopt the new way of doing things. But that approach will miss a number of communication opportunities to prepare employees for what's to come.

Most importantly, OCM must be approached with an open mind and room for adjustments. Your initial checklist could change significantly by the end of your project, due to unanticipated issues, which also makes it unwise to re-use an OCM plan from a former project. When it comes to OCM, look at each individual project, in each organization, as its own entity.

What's more, your efforts will probably need to continue beyond project implementation. It's important to maintain a dialogue with affected employees. Consider conducting interviews or surveys asking if they like the change or what they would do differently. Follow up again in a year after the

change has been implemented.

The biggest thing you'll miss if you follow a standardized checklist is important feedback about your specific project. We've seen clients blindly go down paths that eventually led to failed implementation because leaders didn't want to take the time to deeply consider consequences of the project, and they missed the mark because of it.

3. OCM is just a fancy term for communications or training.

While communication and training are core components to addressing change, they're not the whole story. Organizational readiness depends on leader sponsorship, business goal alignment, training and empowering change champions to assist co-workers through the change process. The key is in understanding your organization's culture and taking the time – before jumping into tactical execution – to talk through what challenges could result from introducing change, from learning new processes to tactfully managing the emotional reactions people will have to the change. Because this analytical step is heavily weighted in organizational culture, you'll need to look beyond training plans and the communications team, and involve representatives from every department impacted by the change to gain a wholistic view of what other OCM steps your project requires.

Four OCM Best Practices

What's the full equation for successfully managing change? That varies by company and project, but the following best practices are sure to improve your outcomes.

Leadership/Sponsorship
Leadership is the ability to influence others, and it presents itself at two levels when it comes to OCM: First, you need a core executive to serve as a sponsor: a person who keeps the change initiative alive by positively leveraging their position within the organization as well as their political goodwill amongst affected employees. A sponsor not only lends credibility to the change initiative but also serves as your chief advocate and champion from project inception to completion and beyond.

According to Prosci, which has researched change management best practices for 20 years, the ideal traits of a sponsor include an executive with:
- Strong communications skills
- The ability to create engagement through enthusiasm and passion
- A demonstrated commitment to engage with and be involved in the change initiative, as well as to be visible and supportive
- An approachable and available demeanor

- Prior sponsorship experience
- A reputation as a leader

Let's face it, you can send hundreds of emails describing components of the change initiative and how employees will work in new and different ways, but when it comes down to it, people tend to disregard official missives and, instead, turn to co-workers and managers whom they admire and respect for information, guidance and advice. So, once your executive sponsor's in place, your next step is developing a sponsorship coalition cascading throughout your organization. The coalition should be composed of affected employees who demonstrate desired attitudes and behaviors toward change, as well as be willing to serve as a resource for other employees by sharing their stronger skillsets and knowledge. Offer additional training to your coalition champions early on, and empower them to lead their colleagues through the change.

Understand the Resistance to Change
Few factors contribute more to business success than culture—the system of values, beliefs, and behaviors that shape how real work gets done within an organization. When it comes to change, culture can determine success or failure.[2]
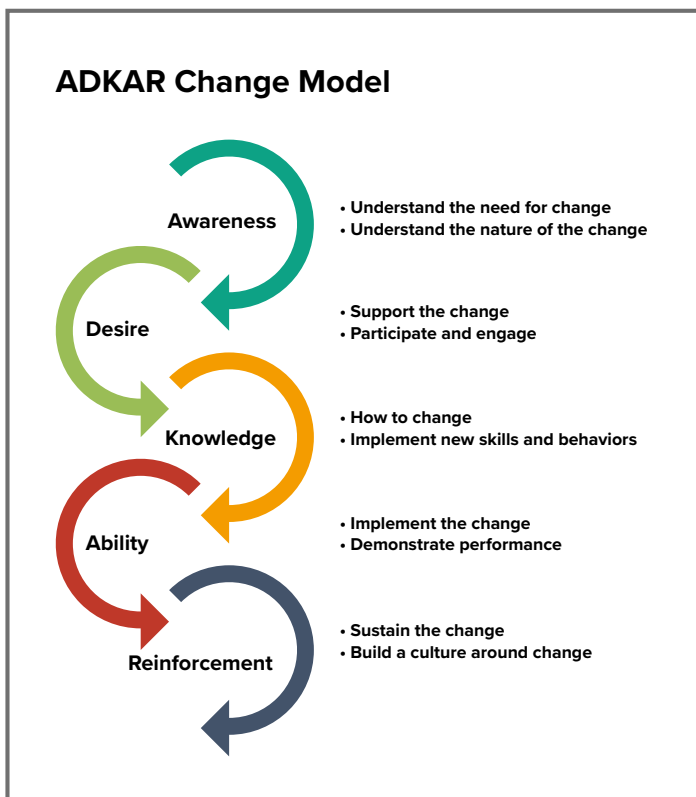
Different value systems, whether they're held enterprise-wide, within teams or even at the individual level, mean that change must be managed differently for each. For example, there's significant difference between how you would approach OCM in a company with a culture of excitement around change and a propensity to embrace it versus a company that's been doing the same thing the same way for years and is content to continue that way.

OCM efforts also need to be sensitive to the cultural norms that vary across the geographic expanse of an organization, even if a global change is designed to standardize enterprise operations. Communication styles, time orientations, productivity and meeting expectations, even the sense of hierarchy and which positions have authority vary from country to country.[3] Violating cultural norms can cause great resentment. The best OCM teams are sensitive to local cultural norms, even when the people at headquarters demand a standard project rollout and a standard OCM program globally.[4]

What's more, it's vital that you not assume you fully understand every sub-culture throughout your organization, or assume that some sub-cultures are important to consider, while others aren't. You'll find the transition will be smoother if you make decisions based on your company's culture and sub-cultures, rather than despite them.

Finally, since individual people, each with a unique outlook and value system, comprise every organization, it stands to reason that the focus of OCM should be to help individuals make their own transition in order to achieve organizational-wide change.

To understand where each individual, team and sub-culture stands regarding change, it's helpful to identify where each lies on the change curve, a helpful diagram that outlines the stages of personal transition and describes how people emotionally experience disruptions. From a business standpoint, the change curve helps managers better support employees by reducing emotional strain and helping move people along the curve more quickly.

ADKAR Change Model

- Awareness
  - • Understand the need for change
  - • Understand the nature of the change
- Desire
  - • Support the change
  - • Participate and engage
- Knowledge
  - • How to change
  - • Implement new skills and behaviors
- Ability
  - • Implement the change
  - • Demonstrate performance
- Reinforcement
  - • Sustain the change
  - • Build a culture around change

To get a handle on where each group and employee is on the curve, start by identifying barrier points that must be addressed for any change to be successful[5]:

- **Awareness of the need for change**
  Acceptance of change begins when employees understand the nature of the change, why it's needed and what the risk is of not changing.
- **Desire to participate and engage in the change**
  Desire to change comes about when a person's "What's in it for me?" questions have been answered. Satisfactory answers can lead to emotional commitment.
- **Knowledge of and ability to demonstrate the skills and competencies needed to successfully change**
  Change requires knowing how to effectively perform a new way of doing things, which includes learning and

then demonstrating new skills.
- **Reinforcement to sustain the change**
  People generally want to continue to use a new skill so, to be sustained, change must be positively reinforced.

Establish layers of communication
Successful communications plans will fill employees' information needs and dispel misinformation. And, like an OCM plan itself, a good communications plan involves multiple levels throughout an organization. Driven by the communications department, a comprehensive plan should leverage all relevant organizational communications channels such as the company employee newsletter, intranet, email, breakroom posters, etc. It should also:

- Provide information guides and talking points for mid-level and direct supervisors that explain reasons for the change, how the change is consistent with the organization's business goals and how employees will be impacted.
- Encourage mid-level managers and direct supervisors to offer opportunities for employees to share their concerns and problems they're encountering during implementation.
- Have leadership engage in town halls, site visits and employee meetings.
- Develop methods to share employee stories demonstrating support for the change and how the change is consistent with the organization's identity and values.[6]

Organize the dream team
We hear it often – A client says they have OCM covered with its internal communications and training departments. Granted, these professionals' contributions to the OCM process is vital, but any enterprise program will fail if an organization relies solely on these functions to facilitate change.

The ideal OCM team is composed of a mix of IT (if the project involves technology), executive and management-level leadership, communications, HR, training, *end users and frontline employees*. Midlevel and frontline staff can make or break a major program. Since they understand the operational details of current processes, they can anticipate potential problems and, likely, customer reactions. Midlevel and frontline staff, who see their suggestions accepted, are more likely to support the final result.[7] While involving more people in the change process creates additional work for the OCM team, it also builds commitment.

Frontline employees are also your key source for change champions. For example, end users are much more likely to turn to a trusted colleague when struggling with a new software system than to call the IT department or a help

desk. Empower your champions in each department early on to increase the likelihood of a smooth transition companywide.

Proving OCM's Value

The ROI of change management is the additional value created by a project due to employee adoption and usage[8]. The challenge to measuring OCM's success against the success of the project is that there are many factors to consider. To the fast food company noted at the beginning of this paper, it would have looked like happier customers who aren't waiting long for a customized meal and, ultimately, an increase in overall market share. To a developer, success may look like clean and accurate code work. To the executive team, it could be employees adopting a new software program that increases their efficiency and comes with lower license fees.

If describing the success of a change program in terms of dollars is important to you – and it should be because it'll be important to your company's C-suite – you can measure the cost against the projected benefit, and track your identified metrics throughout the transition.

First, to the best of your ability, calculate the cost of an improvement project (new equipment purchases, projected downtime during installation and fees associated with installing new equipment, salaries for the time employees are working on the project, training, to name a few).

Second, assign a dollar value to the benefit the change will bring, such as increased sales, reduced staff time for a particular process or operation, reduced costs associated with employee turnover. From a technology standpoint, the number of employees who start using new software, and the speed at which they adopt it, are important metrics to track.

When you divide the net benefits by the project costs, you calculate the dollar value captured by undertaking the effort. Project leaders and senior leaders are familiar and comfortable with this sort of analysis.[9]

Conclusion

While the advantages are clear to imbedding OCM into every organizational change initiative, many executives continue to resist investing the necessary time and resources – to their own, and perhaps the organization's, detriment. If you're embarking on a change project and want more information on how to ensure it – and you – succeed, contact RBA today.

Footnotes:

1. https://www.mckinsey.com/featured-insights/leadership/changing-change-management
2. Deloitte: https://www2.deloitte.com/insights/us/en/focus/human-capital-trends/2016/impact-of-culture-on-business-strategy.html
3. https://www.cio.com/article/2439314/leadership-management/change-management-change-management-definition-and-solutions.html
4. Ibid.
5. https://blog.prosci.com/individual-barriers-to-change-and-what-to-do-about-them
6. https://instituteforpr.org/new-insights-into-change-management-communication-identifying-best-practices-in-strategies-messaging/
7. https://www.cio.com/article/2439314/leadership-management/change-management-change-management-definition-and-solutions.html
8. https://www.prosci.com/resources/articles/roi-change-management
9. Ibid.