

ORGANIZATIONAL CHANGE MANAGEMENT: THE DRIVER OF QUALITY

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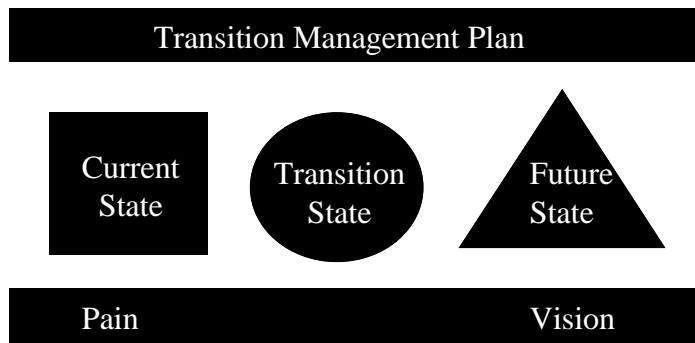
Abstract

The really successful improvement process has two essential ingredients: (1) A better concept and (2) Effective implementation. The major problem facing most organizations today is the way they are implementing their major improvement processes. This report explains how to use the Organizational Change Management (OCM) methodology to reduce and/or eliminate the resistance to change within your organization. If used correctly, OCM will have your employees saying, "How can I make this change work?" instead of telling management why it won't work.

INTRODUCTION

A critical component of an integrated Total Quality System (TQSM) methodology is a structured and disciplined process for managing and implementing change. The adoption of a TIM philosophy will create a great deal of organizational change that will have a major impact on organizational members' current beliefs, behaviors, knowledge, and expectations. To make this challenge even more daunting, the changes brought about when a TQMS is upgraded will impact people who are probably already overwhelmed with the increasing acceleration of change in their professional and personal lives. Therefore, all organizational members must realize that organizational change can and must be managed. Change cannot be viewed as a one time event or a passing phase. Change must be seen as the manageable process which it is (See Figure1).

Change is a Process



Managing the implementation of major change is not a mystery; it is a manageable process.

Figure 1 - The Process of Change

In order for a quality improvement process to bring about real, sustainable business improvements, it is imperative that managers at all levels of the organization have the ability and willingness to deal with the tough issues associated with implementing major change. They must be capable of guiding their organization safely through the change process. This involves convincing people to leave the comfort of the Current State, move

through the turbulent, new way of doing things, the Transition State, to arrive at what may be an unclear, distant Future State. Specifically, these three are defined as follows:

1. *Current State*—The status quo or the established patterns of expectations. The normal routine an organization follows before the implementation of an improvement activity.
2. *Transition State*—The point in the change process where people break away from the status quo. They no longer behave as they have done in the past, yet they still have not thoroughly established the “new way” of operating. The transition state begins when the improvement solutions disrupt individuals’ expectations, and they must start to change the way they work.
3. *Future State*—The point where change initiatives are implemented and integrated with the behavior patterns that are required by the change. The improvement goals and objectives have been achieved.

The focus of Organizational Change Management (OCM) implementation methods is on the transition between these various states.

Over the last 20 years, we have been involved in an ongoing field research project, focused entirely on change management. The primary purpose of this project has been to identify the distinguishing characteristics of those managers/organizations who were highly successful at implementing major change, and those who were not. As a result, we have been able to identify some of the “best practices,” as well as common “pitfalls” of implementing major change projects. Prior to an in-depth look at some of the more critical best practices of Organizational Change Management (OCM), it is important for us to first set the proper context from which the best practices were identified.

WORKING DEFINITION OF OCM

What is the definition of successful implementation of major organizational change? In order to determine which organizations were successful at implementing major change projects and those that were not, it was necessary to develop an operating definition of “success.” *“Successful implementation equals achievement of the stated human, technical, and business objectives on time and within budget.”* Granted this is a very restrictive definition of success, but to truly identify the “best practices” of making change happen successfully, it is critical to identify those actions that resulted in unsuccessful change management. The philosophy of Total Quality Management and the identification of improvement projects will bring little value to the organization unless fully implemented. The remainder of this report will be dedicated to highlighting those “best practices,” which an organization should follow to increase the likelihood of successfully implementing improvement projects.

OCM BEST PRACTICES

Determining When A Change Is Major

We can apply our first “best practice” to any improvement project which is being implemented, by first identifying the pitfalls. Many organizations have a tendency to assume that every change or improvement project requires the same level of implementation effort. In essence, they tend to repeat their past implementation history: they budget for cost and time requirements for both the technical and human objectives as if all change projects were the same. The “best practice” that should be applied here deals with accurately determining when an improvement project is going to be a major change for the people impacted within the organization. If it is a major change, it is worth special implementation effort and special allocation of implementation resources.

Building Resolve to Manage Change

Next, we can discuss pitfalls and “best practices” with regard to building the resolve and commitment necessary, not only to initiate an improvement project, but also to sustain that project all the way through to completion. One of the common pitfalls that we have seen many organizations make is strong, zealous initiation of improvement projects that flounder from lack of resolve from sustaining the project through to completion.

Obviously, then, the “best practice” in this case is to build the necessary commitment to sustain the change with senior and middle management, thereby enabling the organization to manage the change process over time.

“Pain management” is the process of consciously surfacing, orchestrating, and communicating certain information in order to generate the appropriate awareness of the pain associated with maintaining the status quo compared to the pain resulting from implementing the change. The “pain” the initiator is dealing with is not actual physical pain. Rather, change-related pain refers to the level of dissatisfaction a person experiences when his or her goals are not being met or are not expected to be met because of the status quo. This pain occurs when people are paying or will pay the price for an unresolved problem or missing a key opportunity. Change-related pain can fall into one of two categories, “current pain” and “anticipated pain.”

Current pain revolves around an organization’s reaction to an immediate crisis or opportunity, while anticipated pain deals with an organization’s prediction of future, probable problems or opportunities. It very crucial that management understand where their organization is located on this continuum of current vs. anticipated pain. This understanding enables management to better time the “resolve to change.” This resolve/commitment, which must be built and sustained, can occur during either the current or anticipated time frames. If this attempt to build resolve is formed too early, it won’t be sustained. If it’s formed too late, it won’t matter. Management has a wide variety of pain management techniques from which it can choose. Some of these

techniques being used by *Fortune 500* companies include: cost/benefit analysis, industry benchmarking, industry trend analysis, and force-field analysis among many others.

Any project that results from the Total Quality Management philosophy will, by necessity, cause change in an organization. The application of this “best practice” is critical in the beginning to mobilize support and understanding for the reasons for change, to help let go of the status quo and move forward to a very difficult state, known as the Transition State. Managing people through the “Transition State” to project completion requires resolve not only to initiate change but also to sustain it over time, with management continually communicating the necessity for change and supporting the actions required to bring it about.

Building Sponsorship to Support and Sustain Change Objectives

One of the common pitfalls associated with implementing major change among the sponsorship group is an assumption that once the decision has been made and communicated regarding what must be implemented, no further involvement on their part is necessary. Top management tends to ignore the importance of the other key roles, relying instead on employee compliance with orders from above. They are often dismayed to find that after six months, their directives still are ignored. In fact, if major change is involved, sponsor involvement and commitment are most important. The “best practice” that have helped organizations achieve successful change initiatives is the accurate and timely identification of initiating and sustaining sponsors, exactly what their roles entail, and installing an architected, proactive approach to building the sponsorship necessary at each level to support and sustain the change through to completion. This process has been referred to as the building of “cascading sponsorship.”

“Cascading sponsorship” is an effective way to eliminate the corporate “black hole.” “Black holes” are those places in organizations where change decisions enter but are

never heard from again. These typically occur when there is a manager who does not sponsor the change; therefore, the targets beneath him or her do not adopt the change. There is little initiating sponsors can do to maintain the change at lower levels of the organization because they do not have the logistical, economical, or political proximity to the targets. The result is that change cannot succeed if there is not a network of sustaining sponsorship that maintains the integrity of the implementation as it moves down through all levels of the organization, hence cascading sponsorship. Essentially, the way cascading sponsorship works is by starting with the initiating sponsor and working down through the different levels, specific to any improvement project. Sponsors prepare the change agents to fulfill their roles, giving them the necessary skills to manage not only the technical aspects of the engagement but also the human aspects of the engagement. The success of any improvement project starts at the top and ultimately rests on the shoulders of the sponsors. Sponsorship is the most critical risk factor in any change project. In order to have an effective network of sponsors, organizations implementing major change need to adhere to five critical principles:

- Sponsorship is critical to successful change, so all sponsors must demonstrate, publicly and privately, unsurpassable commitment.
- Weak sponsors must be educated or replaced, or failure is inevitable.
- Sponsorship cannot be delegated to change agents.
- Initiating and sustaining sponsors must never attempt to fulfill each other's functions. Only initiating sponsors can start the change process, and only sustaining sponsors can maintain it.
- Cascading sponsorship must be established and maintained.

VIEW RESISTANCE AS A NATURAL REACTION THAT MUST BE EXPECTED AND MANAGED

“Resistance” is any opposition to a shift in the status quo and is a common response to change. Resistance occurs because people are control-oriented, and when their

environment is disrupted, they perceive that they have lost control in their lives. This resistance will begin as soon as major change is initiated and can be expressed overtly or covertly. The amount of resistance generated will vary from person to person because each individual has his or her own unique frame of reference that influences how he or she views the change. An individual's frame of reference is comprised from his or her values, emotions, knowledge, and behavior. Organizational resistance usually takes the form of a key sponsor not supporting the change because of his or her frame of reference. Although similar to individual frame of reference, organizational frame of reference is comprised of logistics, economics, and politics.

One of the common pitfalls with regard to resistance is that sponsors who are driving change tend to think of resistance as inexplicable. They view resistance as a mysterious force that affects people. They think that resistance is avoidable, believing that if it does occur, it is really a result of somebody's failure. Typical responses are: "What's wrong with the person?"; "What's wrong with that group?"; "Why won't they support our change effort?"; "There must be something wrong with those people." This perspective on resistance is a major barrier to successful change. Other perspectives that can become major barriers to change include:

- an unclear corporate vision that causes confusion on how changes should be interpreted.
- a poor implementation history that makes people perceive change as simply "the flavor of the month."
- no consequence management to accompany the change.
- too little time to implement the change.
- lack of synergy and many others.

When these implications are understood, management will see that they cause disruption to people's expectations, producing resistance. The "best practice" applicable to resistance is first viewing the phenomenon as a natural and understandable human

reaction to disruption, thereby enabling us to respond to resistance as an inevitable part of managing a major change. The greater the change and the more disruptive it is to the status quo, the stronger the resistance will be. This is true of both changes that are perceived as either negative or, initially, as positive. The reason is that any change, positive or negative, brings about unknown implications. Resistance must be expected, budgeted and planned for, and managed in order for change objectives to be successful. To effectively manage resistance, one must first understand the reasons for resistance.

Although the prescriptions to manage resistance appear to be “cut and dried,” one must remember that the introduction of major change and the resistance that follows it are fueled by very emotional responses. However, these emotional responses fall into predictable patterns that have been researched, and like resistance, can be managed. The first pattern, the emotional response to a positively perceived change, has five stages an individual goes through:

1. Uninformed optimism
2. Informed pessimism
3. Hopeful realism
4. Informed optimism
5. Completion

The second pattern, the emotional response to a negatively perceived change, has eight stages a target must pass through:

1. Stability
2. Immobilization
3. Denial
4. Anger

5. Bargaining
6. Depression
7. Testing
8. Acceptance

While actions are in place to manage resistance and the emotional response to change, additional follow-up activities need to be initiated for successful implementation. Management should be sure to continually provide the targets with information to keep them informed of the progress of the change. Management needs to mark the ending of the change and celebrate the successes. The past status quo should be treated with respect and never denigrated. Most importantly, the change needs to be reinforced and its implementation cycle should be minimized.

UNDERSTAND THE STRATEGIC IMPORTANCE OF ORGANIZATION'S CORPORATE CULTURE

Adoption of a Total Quality Management philosophy will have some cultural implications. For some organizations, it may be a minor cultural modification, but for many, the adoption of a TQM philosophy will be a major cultural shift. In either case, the current culture is a huge issue that must be addressed for change projects to be implemented successfully. Because culture is difficult to understand, to measure, and to manage, it is relatively easy to ignore. Commonly, organizations ignore it or do not treat corporate culture as a key variable when implementing a major change initiative. Obviously the "best practice" is just the opposite. Senior management must understand the strategic importance of the overall culture to the change initiative and work hard to understand and manage the impact that culture has on the successful implementation of improvement projects.

SUMMARY

In today's turbulent environment, where demands for change are continually accelerating, there will be losers, survivors, and winners. Throughout this report, you have received many ideas on identifying what improvements your organization can make to be more successful. However, these improvements will not bring substantial value to your organization unless they can be implemented successfully. To implement these solutions, your organization must be able to manage change. It is your organization's ability to manage and implement change that will determine if you will be a loser, a survivor, or a winner. The most crucial issue of managing change is the ability to manage people who must change, thereby helping them to become more resilient and adaptable in the process. Managing change is no longer a luxury or a means to achieve a competitive advantage. It is a necessity. The future success and survival of an organization will depend on how well change decisions can be implemented.