

Enterprise-wide transformation programs do not succeed without Change Management!

Practitioners and Consultants have been advocating better processes and tools to implement large scale programs (and portfolios) in large organizations. Many of them are well informed and their intentions and commitment are indisputable as well. In spite of well laid out plans and drive from top management, a significant percentage of change initiatives fizzle out or do not produce intended results.

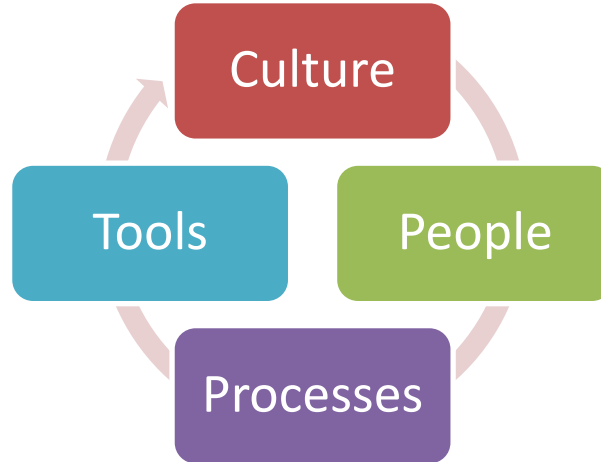
A key reason for this failure is the impact on the people perspective. Top-down driven initiatives breed skepticism and pushback from the operational stakeholders- where the ‘rubber meets the road’. It is well said that ‘people want change but won’t change’. This is especially true when the impacted stakeholders perceive the outcomes from the transformation programs to be negatively impacting them.

Based on our experience and analysis, we could categorize the stakeholders into three groups – Top Management (typically the C level executives), Middle Management (usually Divisional or location managers/ Heads of business units and their deputies) and the operational stakeholders. The likely success of large scale change initiatives under various combinations of stakeholder commitment and propensity to change could be summarized as in the following table.

Change Impact matrix

Top Management	Middle Management	Operational stakeholders	Likely success of the change initiative/ status
Low	Low	Low	Nil. Status quo- resigned state.
Low	Low	High	Nil. Enthusiastic bottom-up ideas – sabotaged by the middle and senior management. Frustrated work force. High de-motivation and attrition.
Low	High	Low	Unlikely situation. In this combination – middle management can spearhead the change – but will require considerable push to implement them.
Low	High	High	Medium. Fertile situation for change to happen and a change in top management can trigger off the transformation.
High	Low	Low	Nil. Unless the rank and file changes – top management will find it extremely tough to push change. Typical situation seen in many Corporates. Long lead time for implementing changes.
High	High	Low	Success more likely. The operational stakeholders can be incentivized to absorb change and with a lag, the momentum for change can catch on.
High	Low	High	Low-medium. Unless the blocking middle management is convinced or ‘cajoled’ – change can fizzle down
High	High	High	Utopia! Change initiatives will be debated and accepted as needed.

For any enterprise wide transformation, we consider following dimensions, impacting the success of change initiatives.



For the initiatives to succeed, people and culture perspectives are of paramount importance, as compared to resetting processes or deploying enterprise-wide tools (including ERP or similar IT systems). Whereas we are not discrediting the process and tool perspectives, we have noted from our experience that a mere implementation of new processes and tools do not alone facilitate effective or sustained change.

The soul of the organization lies in its culture and its people. Here-in lies the problem as these perspectives are more 'resistant' to change. These four perspectives are interconnected (though the linkage from Tools to Culture is more of an academic importance). Any enterprise-wide transformation which predominantly addresses the process and tool perspectives, would find the organization reverting back to old equilibrium at the 'first possible' instance and change will not be sustained.

The maturity of the organization and the triggers for change also play a critical role in sustaining change. In a stable environment, change can be planned and driven. When the change is triggered due to external factors (like change in political environment, mergers or acquisitions etc) – we have noted that the change process itself is chaotic and it 'emerges'. In such a situation, the transformation program itself gets subjected to frequent ups and downs, causing frustration and disenchantment to management. It is also noted many times that the top management is 'attuned' for change in their mindset – but the operational management is not – causing frictions and expectation mismatches.

Amongst the various change models propagated, Kotter's eight step model is quite popular. The 'standard' eight steps are noted below.



For most of the 'top-driven' changes, the disconnect typically happens between steps 4 and 5 above, as the top management typically is unable (or unwilling) to put in the required efforts to empower people or removing obstacles due to obsolete processes or structures (and culture). Also, if the change is radical or far-sweeping, the time-lag between steps 7 and 8 can be protracted.

Step 2 above is vital. Many organizations undertake pilot implementations and gauge the organizational readiness for change. The champions of these pilot implementations can become 'early adopters', propagating the change to the rest of the organization.

Apart from creating and communicating the vision, the top management also needs to develop detailed outcomes expected from the implementation of the change initiative – including the impact on customers, employees, suppliers and other key stakeholders.

Step 6 – creating short term wins would be focusing on 'low hanging fruits' – with the redesign of new functional model of the pilot organization, product and support functions, outsourcing/ alliances etc.

A knowledge transfer mechanism needs to be in place to achieve step 7. How quickly an organization absorbs change is also dependent on the maturity of the organization and its change readiness. This step will also call for creating new job profiles, capacity and capability planning for the entire organization, mapping current skills to the roles, high level training and assessment of outsourcing needs etc. New business scenarios will be created and 'walked through' to familiarize the functional and middle management of the new roles and responsibilities,

Governance mechanisms get significantly influenced by the culture. As the companies institute the 'new culture' – it is imperative that the redesigned processes and structures need to be fully embedded in the organization.

Transition Management is important in step 6 and more in step 7. While managing change, it is imperative for the organizations not to lose focus on their core operations and their commitments to Clients. Usually there are three sub-steps in transition management, covering pre-transition, transition and post-transition with detailed activities to address the change. Most of the change involves communication to the functional stakeholders – as these are the people who get typically impacted the maximum. An early communication of what is in store for them is more important – than last moment ‘surprises’ – which tend to breed more resistance and non-acceptance.

We can look at Kotter’s model in conjunction with other well-known change management models from other experts like Kurt Lewin, William Bridges, Nadler & Tushman, Peter Senge etc. A separate Change Manager (or Transformation Director) is deployed in large scale engagements to address the soft-skills aspects concerning change, to ensure these initiatives produce desired outcomes and benefits.

For information on how we can deploy change management for better projects and program management – contact us at info@grt-consulting.com