

The Change Management Life Cycle:

How to Involve Your People to
Ensure Success at Every Stage

An ESI International
White Paper



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Abstract

Every organisation is affected by change. Still, organisational change initiatives fail at an alarming rate. This is because most initiatives fail to consider how changes affect the *people* in an organisation.

To successfully implement change initiatives, organisational leaders must identify the need for change and communicate it throughout the organisation. They must also engage people at all levels of the organisation by involving them in the design of the implementation strategy. Lastly, leaders must actively involve the people most affected by the change in its implementation. This will help ensure employees at all levels of the organisation embrace the proposed changes.

This paper introduces a three-phase Organisational Change Management Life Cycle methodology (Identify, Engage, Implement) designed to help organisations successfully manage a change initiative. For each phase of the life cycle, the paper describes valuable techniques for involving the people within an organisation. It also discusses the importance of developing a flexible, incremental implementation plan.



Introduction

The statistics are undeniable—most organisations fail at change management. According to the Wharton School of the University of Pennsylvania Executive Education Program on Leading Organisational Change, “researchers estimate that only about 20 to 50 percent of major corporate reengineering projects at Fortune 1000 companies have been successful. Mergers and acquisitions fail between 40 to 80 percent of the time.” Further, they estimate that “10 to 30 percent of companies successfully implement their strategic plans.” (Leading Organisational Change Course Page).

Why do organisations have such a poor track record of managing change? According to the Wharton School, the primary reason is “people issues” (Leading Organisational Change Course Page).

The consulting firm PriceWaterhouseCoopers supports that finding. In a study entitled *How to Build an Agile Foundation for Change*, PriceWaterhouseCoopers’ authors noted, “Research shows that nearly 75 percent of all organisational change programmes fail, not because leadership did not adequately address infrastructure, process, or IT issues, but because they did not create the necessary groundswell of support among employees” (12).

Without understanding the dynamics of the human transition in organisational change, change initiatives have a slim chance of success. If organisations, whether private or public, cannot change and adapt, they will not thrive—or worse, they may not survive—in today’s dynamic environment.

This paper looks at the critical role that people play in the three phases of the Organisational Change Management Life Cycle—Identify, Engage, Implement—and offers guidance on how organisations can minimise “people issues” during change initiatives.



Why Change?

Today's business environment requires continuous improvement of business processes that affect productivity and profitability. This, in turn, requires organisations be open to and ready for change. Some of the common drivers of change include:

- Adjusting to shifting economic conditions
- Adjusting to the changing landscape of the marketplace
- Complying with governmental regulations and guidelines
- Meeting clients needs
- Taking advantage of new technology
- Addressing employee suggestions for improvements

Organisational changes happen regardless of economic pendulum swings. In an economic upswing, for example, organisations examine different ways to extend their capabilities to maximise previously untapped revenue streams and look for new opportunities for greater profitability. Conversely, an economic downturn or recession creates the need for more streamlined business processes within an organisation, and a right-sized staff to implement those processes.

The Elements of Change

In every organisation, regardless of industry or size, there are three organisational elements that both drive change and are affected by change:

- Processes
- Technology
- People

Technology supports the *processes* designed to respond to changes in market conditions. Ultimately, however, it is the *people* who must leverage these processes and technology for the benefit of the organisation.

Let us look briefly at how each of these elements is affected by organisational change.

Typical examples of compliance with governmental regulations and guidelines include total quality management efforts and standards and practises such as Six Sigma, lean manufacturing and Sarbanes-Oxley compliance.



An organisation cannot even begin to introduce change unless its people understand and support the reasons driving the change.

Process

Business processes are defined by process maps, policies and procedures, and business rules that describe how work gets done. These processes are redesigned or realigned as new prospective customers or better ways to provide service to existing customers (both internal and external to the organisation) are identified. This drives the adoption of new technology.

Technology

Technology ensures greater organisational efficiency in implementing the changes. It is a means to process data with greater accuracy, dependability and speed. Therefore, essential to any change process is a plan for introducing and systematising the technology required to execute the intended changes.

People

Generally, organisations excel at designing new or improving existing processes. They also do well at identifying or developing technology to realise the power of new processes. However, most organisations fail to focus sufficient attention on the role people play in the processes and technology used to accomplish the desired organisational change.

As noted in the introduction to this paper, the overwhelming percentage of organisational change efforts fail because people are not sufficiently considered at the outset of the initiative. It is the people within an organisation, after all, who are responsible for developing and implementing new processes, which will in turn require new technology. It is also the people who must specify, recommend, purchase and use the new technology.

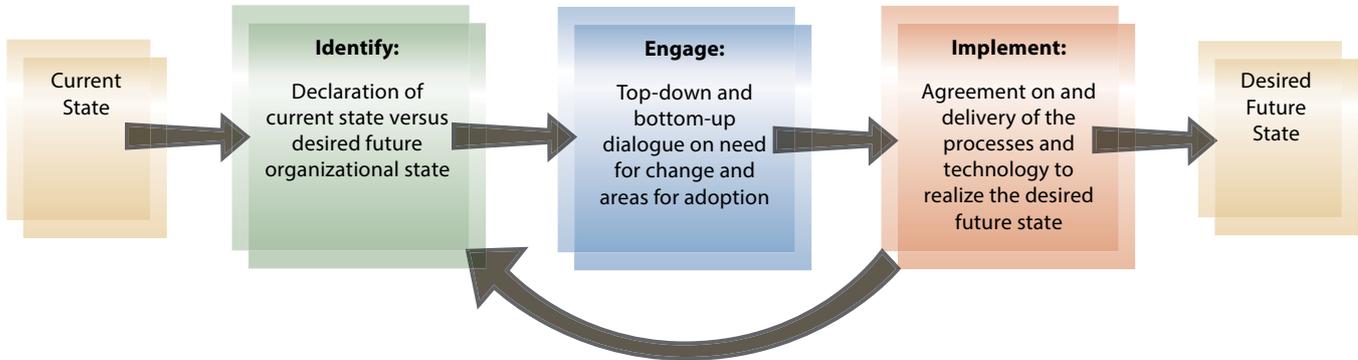
At the most basic level, people must acknowledge and buy into the *need* for change. An organisation cannot even begin to introduce change unless its people understand and support the reasons driving the change. This acceptance of change is known as the first step in human transition.



The Change Management Life Cycle

Change management is a cyclic process, as an organisation will always encounter the need for change. There are three phases in the Organisational Change Management Life Cycle (Figure 1): Identify, Engage and Implement.

Figure 1: ESI's Organizational Change Management Life Cycle



The elements of change (processes, technology and people) and the phases of the Organisational Change Management Life Cycle are closely linked, and their intersection points must be carefully considered. By paying close attention to how people are engaged in each phase, an organisation can manage that change to adapt to any business or economic condition.



Identify:

Declaration of
current state versus
desired future
organizational state

Phase 1: Identify the Change

In the Identify stage, someone within an organisation—typically a senior executive—spearheads an initiative to change a current process. A single voice at a very high level is often the first step in establishing the need for change. This need is then presented to the organisation with a general description of the current state of affairs, offset by a high-level vision of the desired future state.

While it seems obvious, identifying the change is an absolutely fundamental first step in successful change adoption. It is important that the changed condition be described in a common, consistent language. However, organisations often fail to identify and communicate the need for change in a way that is understood and embraced by people working at all levels of an organisation—from the executive suite to the individual workstation. Many leaders do not adequately consider how a proposed change (or even the rumour of one) may be received—at an intellectual, emotional and neurological level—by the people it will impact the most.

To ensure successful change, organisations should introduce a change effort during the Identify stage using the following techniques:

The Neurological Roots of Resistance to Change

The prevailing contemporary research confirms that, while change is personal and emotional, it is *neurological* as well. Here's what researchers now know about the physiological/neurological response that occurs when an individual encounters change:

- 1) A new condition (a change) is created, introduced and transmitted.
- 2) The pre-frontal cortex region of the brain receives the transmission through one or more of the physical senses.
- 3) The pre-frontal cortex compares the new condition to the current condition by accessing another region of the brain, the basal ganglia, which stores the data we receive and contains the wiring for the habits we have.
- 4) If a difference between the new condition and the existing condition is detected, an "error" signal is produced and sent throughout the brain.
- 5) The "error" signal is received by the amygdala, the prehistoric part of the brain that tells us to be wary of a saber-toothed tiger.
- 6) The amygdala places a value to the changed condition and sounds an alarm, producing the emotion of fear.
- 7) The pre-frontal cortex receives the fear signal from the amygdala and creates what it believes to be a necessary response.
- 8) The new condition is resisted by the pre-frontal cortex and, by extension, the person.

(Schwartz and Rock, 71-80)

If the disturbance that is produced by a change is not adequately addressed through some alignment intervention, this resistance to change is prolonged and can be damaging to the change initiative.



- 1) **Get Their Attention:** Since change is disturbing and distracting to human beings, it is important to get their attention about the change. Getting people out of their daily routines—at an off-site location, if possible—helps them create a shared sense of urgency for change and concentrate on the change message, thereby internalising it more deeply.
- 2) **Align Their Disturbances:** Neurologically speaking a disturbance is a conflict between a person's current mental model (the way they think about something) and the mental map needed to operate in a changed state. To align disturbances means to create a common disturbance among the minds of the people in the organisation—to create agreement between the gap that people have between their individual current mental model and the mental model needed to operate in a changed state. When these gaps are not in alignment, everybody will respond to the change differently, and will not be able to agree on the direction and intent of the organisational response needed. An important technique for aligning the potentially broad spectrum of disturbances is for leaders to craft and continually communicate a compelling vision of what the future will look like when the change is implemented.

The best way for leaders to make a compelling case for change is to consider the need for change at every level in the organisation, not just at the top tier. The top-level need for change is almost always driven by bottom-line goals, and does not touch the day-to-day work experience of the organisation's staff.

For instance, a financially oriented statement, such as "our organisation must realise a 20 percent reduction in operating expenses" will likely be met with fear, uncertainty and scepticism in some levels of the organisation, and with ambivalence and apathy in other levels. Ultimately, it is imperative to align these varying disturbances with a clarifying vision.

Some additional people-related items to consider when identifying change opportunities include:

- Possible frustrations in performing (new) work
- Clear job definitions
- Job definitions and metrics that match the process
- Understanding of the end-to-end process
- Cultural dynamics within the organisation that may inhibit people from moving to a new, changed state



Engage:

Top-down and bottom-up dialogue on need for change and areas for adoption

Phase 2: Engage the People

Once the need for change has been identified and communicated, the next critical step is to engage people in planning for the organisation's response to the change. Successive levels of the organisation must be included in a dialogue to help design an implementation plan. People within an organisation must be allowed an opportunity for intellectual, emotional and psychological reaction to the desired change. Providing this opportunity enables people to become accustomed to the idea of change and to align their thinking in ways that will help both identify potential problem areas and contribute substantively to process improvement.

Consider this example: In a recent process change effort, an external consultant developed a new process, down to a very detailed level (with little input from the organisation, and many requirements from executives), and proudly handed over the process design and documentation to the team responsible for implementing the new process.

The results were not surprising. The user team passively accepted the process, then aggressively refused to implement it. The user team had no energy or enthusiasm to implement something in which it had no emotional buy-in. In fact, team members told executives in the project post-mortem that they actively sabotaged the new process because "the consultants developed the process, even though we are the experts."

Insights—The Antidote to Resistance to Change

An important contribution of modern neuroscience to helping us be more effective as leaders concerns the phenomenon of insights—sometimes called an epiphany or an "ah ha" moment. Here is how insights help overcome resistance to change:

- During change, the disturbance an individual feels is produced by competing mental models (a conflict between various parts of the brain).
- Individual can either allow the conflict to continue, producing resistance to change (the old model wins out over the new model), or they can take active steps to move past the dilemma.
- If individuals (or their leaders) choose to move beyond resistance, reflection—quieting external stimuli and using the unconscious brain—will help prepare them for insights.
- When an insight occurs, new neural connections are made across the brain and adrenaline is released, producing a surge of energy. This energy creates the momentum to overcome the resistance circuit, and allows an individual to commit more readily to change.

(Rock, 105–107)



General George Patton of the U.S. Army is quoted as saying, “Never tell people how to do things. Tell them what to do and they will surprise you with their ingenuity.” Wise leaders know that successful change adoption depends on engaging the hearts and minds, as well as the bodies, of the people facing a changed condition. Organisational leaders need to engage the energy and enthusiasm that comes from people having their own insights, for this is where true commitment to change comes from, and where the ownership of results are truly developed (Koch).

One technique to encourage people’s adoption of a change is to conduct organisation-wide response/adoption alignment workshops. When practised effectively, these sessions allow people to contribute their own ideas about how a deliverable should be used within the organisation. Once these contributions are aligned—through multi-party conversations (where much thrashing may occur!)—an aligned approach for managing and adapting to the change will emerge.

When reactions have been aligned and individuals within an organisation are asked to be involved in responding to change, typical human behaviour moves to addressing the problem—creating a desired direction to facilitate change.

The implementation strategy for responding to the change is then developed at a high level. The people who will be executing the strategy, as well as the people who will be impacted by the strategy, should be included in the strategy development. This high-level strategy is important for aligning and clarifying the intent of the change, as well as for establishing a direction that the change implementation will take. The strategy needs to be seen by all as a flexible plan so that the organisation can adapt to changing conditions once implementation of the strategy is initiated.

“Never tell people how to do things. Tell them what to do and they will surprise you with their ingenuity.”



Implement:

Agreement on and delivery of the processes and technology to realize the desired future state

Phase 3: Implement the Change

In the Implement phase, change strategies developed during the Identify and Engage phases are translated into tactics, or actions, for moving toward the desired future organisational state. Here again, people are critical to how processes and technology are created and implemented. They have direct, daily experience with these processes and technology and, consequently, they are most knowledgeable about how these components must be customised for the best results.

Most organisational change failures occur because insufficient time and attention was given to the first two phases of the life cycle: Identify and Engage. On the other hand, most organisations spend the majority of their time, effort and attention here, in the Implement phase. But, as we have already discussed, without the proper alignment of people's disturbances and their response to a changed condition, successful adoption rarely occurs.

During implementation, employees throughout the organisation need to remember why they are working so hard on implementing a change. Therefore, change leaders should continually remind people, using multiple media (formal e-mails, progress celebrations, informal conversations) what the change is and why it is so important.

Additionally, organisational leaders should ask themselves the following people-related questions to help ensure successful implementation:

- Does the individual have the ability or desire to work in the new environment?
- Are additional skill sets needed to transition to the new job?
- Are changes to job descriptions needed?
- Are job grades or pay impacted by this change?
- Does the change impact short-term productivity? If so, will additional support be needed to ensure business success?

If organisations successfully complete the first two phases in the change management life cycle, the implementation phase becomes essentially a monitoring activity for leaders. They should assure that:

- Change-oriented tasks are being accomplished as planned
- Energy and enthusiasm are present
- Alignment still exists among the people



Prototyping: A Fluid Implementation Strategy

As previously noted, for change efforts to be successful, the implementation strategies must be fluid. Instead of a grand plan, sufficient flexibility in process and execution tactics must exist to respond to shifting circumstances such as market or business conditions. These mid-course corrections often take the form of rapid prototyping or alternative responses to “what-if” scenarios—considerations that are not typically included in a detailed master plan.

Prototyping monitors the thinking and activities of people—both users and implementers—as processes and technology are put into action. Its purpose during the implementation phase is to help organisations avoid getting mired in highly detailed plans that have the potential to stall change efforts.

Essentially, prototyping is another way to get people involved in the change as opposed to being recipients of the change. It gets the change underway, in small increments, rather than waiting for the master plan to be identified. Prototyping is critical to successful change management. It is virtually impossible to plan for all contingencies in the development of an overarching strategy and, yet, any successful strategy for change must be able to accommodate unforeseen challenges.

The benefits of prototyping can be seen at every level within an organisation. Executives benefit from a greater likelihood of adopting change (through incremental buy-in), while staff members benefit because, as a result of prototyping, the best approach will likely be used in implementing the change. Overall, an organisation’s people will have greater ownership of the change because their insights, ideas and actions are used in building the response to the change.

At the very least, an organisation should adhere to the spirit—if not the letter—of prototyping to ensure that the organisation is adequately equipped to handle new developments and make adjustments along the way.

Any successful strategy for change must be able to accommodate unforeseen challenges.



Successful change management boils down to improving the relationships between people in the organisation in the attainment of a mutually desirable end state.

Conclusion

At the highest level, business leaders are driven by financial goals and government leaders are driven by legislative mandates. Their urgent need to meet these objectives may lead them to impose change unilaterally, rather than engaging the people to find the best way to meet a more generally understandable desired future state.

Executives who neglect the human transition required in change management will be less successful at implementing change. Successful change management comes down to improving the relationships between people in the organisation in the attainment of a mutually desirable end state. An organisation that is too focused on objectives runs the risk of losing sight of personal relationships.

For a change initiative to be successful, an organisation must understand and address the three phases of the Change Management Life Cycle—Identify, Engage and Implement. Organisational leaders must ask themselves these questions:

- Has the organisation thoroughly identified and communicated the impending change?
 - Are disturbances acknowledged and aligned?
- Has the organisation engaged all of its stakeholders—at every level of the organisation—in the change that will need to be adopted?
 - Is the intent and direction of this change aligned throughout the organisation?
- Has the organisation developed a flexible plan for implementation that allows for prototyping to move continually toward the desired future state?
 - Are the organisational responses aligned and institutionalised?

The human transition that is required to move from a historically acceptable way of working to one that is completely new or radically different is not to be underestimated. Good leaders will make the reasons for change personal for everyone, not just for executives or shareholders. End-user benefits, down to the day-to-day experience of the individual worker, will create a more receptive environment for fostering new ideas—and a receptive environment is essential to creating any lasting, positive change.

If an organisation can answer “yes” to each of the questions above, chances are good that its change initiative will be a success.



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The ESI Solution

ESI International understands the challenges organisations face while trying to implement change. We offer the training and support your organisation needs to ensure successful change initiatives. Our *Taking Charge of Organisational Change* and *Leading Complex Projects* courses teach the essential skills necessary for implementing successful change initiatives. Also, in an ongoing effort to help client organisations make the most of the knowledge gained in our various courses, ESI provides change management and improvement adoption assurance services.

ESI delivers continuous learning programs that help technical and specialised professionals manage their projects, contracts, requirements and vendor relationships. Our high-quality training and professional services include more than 100 cross-functional courses, as well as assessments and coaching and mentoring services. Our extensive global infrastructure, proven operational excellence and results-oriented philosophy allow our corporate and government clients to develop their employees' skills, consistently implement strategic plans and increase the effectiveness of their internal systems and processes. With the support of our academic partner, The George Washington University, ESI has served more than 950,000 professionals and 1,000 clients worldwide since 1981.

Jonathan Gilbert, PMP, ESI's Director of Client Solutions, was instrumental in the production of this paper.



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