THE CHARACTERISTICS OF A SUCCESSFUL CHANGE INITIATIVE

ValueInfinity Inc.
Transformation with Purpose
“Today’s business environment is evolving at an exponential rate. The good news is that with all of this change, windows of opportunity are opening much more frequently.”

Change is inevitable. It can be large, small, predictable, sporadic, merciful and cruel and even all of these things at the same time. For an individual change can be relatively easy to manage but what about an organization? As fast as the rate of change is in today’s world, even more apparent is how exponentially difficult change can be to manage the larger an organization is. Companies must work to strike a balance between these factors so that they can adapt and update their businesses as required, but do so in a cost effective and profitable way. Creating this balance will require organizations to make a paradigm shift in terms of both operations and culture that contains 3 key elements: Changing the approach to change, understanding what true change looks like, and having a methodology for tracking internal change.

1. Breaking the Status Quo
The approach to change management in the past has usually been event based. Companies would create large long-term change initiatives that captured their current goals. Then they would create the change plan, allocate the necessary resources, execute the plan, and wait for things to settle into an equilibrium before setting out on the next big change initiative. The sheer speed at which change takes place now makes this approach obsolete unless company management somehow has the unique ability to predict the future. Disruptive change and innovation in the market can quickly make the goals, priorities and actions set out in a long-term change plan irrelevant.

A new approach to change management needs to be adaptable to the changing conditions organizations now find themselves in. The best solution is to move to a more reflexive style of change management. Organizations need to deviate from thinking that change is a temporary period of instability to understanding that the stability they are used to no longer exists at all. In order to evolve the old mindset to be more change-oriented the leadership needs to clearly communicate with the rest of the organization about the transformation that is going on.

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It is easy for leadership to mistakenly assume other stakeholders understand the issues at hand and also feel the need to change. If this gap exists, the change initiative will quickly deteriorate into confusion and show little to no

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1 “Accelerating Change” HBR 2012
progress. To avoid this there must be regular and consistent communication about what is changing in the organization. These messages need to encapsulate the “why” and “how” of the initiative in such a way that the stakeholders are inspired and get a clear sense of what needs to be accomplished. A feedback mechanism to the leadership also needs to be implemented so they can monitor in real time what the perception of the activities is in each organizational layer. This allows for the leadership to provide guidance when required.

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Once the team is onboard you can begin to build the capability for managing change on a more regular basis. This will require addressing both emotional and logical components of the company. On the emotional side there needs to be a cultural shift toward creating an environment that is more accepting of change and looks for ways to constantly improve. A catalyst for this culture change will be identifying the “change zealots” in the company. These are stakeholders who are willing to take ownership of the change initiatives. Their passion and motivation for the change can serve as inspiration to the rest of the team.

On the logical side a framework for evaluating change opportunities will need to be developed. The framework can be used to create the business case of the company’s strategy which will appeal to the rational side of the stakeholders involved. Creating and evaluating the business case ensures that changes to the company are beneficial rather than harmful.

There also needs to be a process for supporting the implementation of these changes. This involves sharing and developing change related capabilities in all layers of the company. This will enhance the team’s capability to better understand and evaluate the new dynamics involved in their changing organization. Companies that can develop and leverage these capabilities will find that they are much better equipped to handle the shifting demands of the marketplace.

2. True Change Runs Deep
There are many challenges that come as part of any change initiative. However, there is one in particular that is easy to manage but can be extremely harmful if ignored. That issue arises when victory is declared too early in the change process. This can happen if the company has started to see positive progress, or made a goal that was too easy to achieve. Regardless once this happens the focus shifts to other priorities and supporting resources are allocated elsewhere. This
will slowly result in a trend back toward utilizing previous processes and soon all the progress made will be wiped out.

In Figure 1 we have outlined the high level major milestones of a change initiative. Goal creation refers to deciding what the end result should be and creating the plan to get there. Visibility and Communication is creating urgency in the rest of the company and getting everyone onboard with the change. New Process Implementation is the roll out of the new way of doing things. Behavior Change is when the people involved fully adopt the changed processes and feel comfortable adapting it when required.

Early success is often declared when the new process is utilized but before the behavior change has taken root. This is because many of the positive business outcomes that the initiative was created to achieve have started to appear. So success is declared and the organization moves on to the next challenge. Without a solid behavior change, however, the new processes can be quickly forgotten.

It is not that people are actively resisting the change, but they prefer to work in familiar environments with tools and processes they already know how to leverage for success. It is also very easy for them to switch back to the old way of doing things now that management scrutiny has shifted to other priorities. This erosion can severely damage the culture of change in the organization. There will be a perception that these types of new initiatives are only temporary or trendy and that if people are patient, then they can wait and eventually the company will stop using the new processes.

To protect themselves from these kinds of problems, companies must create strategies and goals that recognize when true change has actually occurred. There are four strategies that the leadership can deploy to ensure a smooth and steady transition.

The first strategy is to ensure that leadership at all levels of the organization become change zealots. If this group can embrace and demonstrate the new behaviors then there is less chance of the team slipping back into old habits, even if
victory is declared too early.

Another strategy is to assess the “change readiness” of the organization. Companies often make the mistake of evaluating this factor either too late or not at all during the transformation process. Completing this assessment during the planning stage can identify major issues early, recognize possible conflicts and help define the key messages that will resonate in the organization.

The third strategy is to explicitly prepare for the unexpected. No change program goes completely according to plan. Sudden changes in internal or external factors can introduce a lot of uncertainty into the organization. This is when the team is most likely to fall back to the old way of doing things. They trust the old processes and understand them in depth and new processes will seem like an unnecessary source of uncertainty in times of turmoil. There needs to be specific actions and messages planned for when this happens so the leadership can keep the team confidence high.

Lastly there needs to be a shift in the performance management regime to reflect the new way things are being done in the company as a result of the change program. This will help clarify the goals team members will have during the change management process and reward those who successfully adopt the new processes. This encourages stronger buy-in from the team and demonstrates how committed the company is to the transformation.

These four strategies, Leading by Example, Change Readiness Assessment, Planning for the Unexpected, and Change

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<tr>
<th>Impact Type</th>
<th>Description</th>
<th>Impact Categories</th>
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<tbody>
<tr>
<td>How the Process is Changing</td>
<td>These types of impacts need to be utilized when the new process is being designed. They provide a better understanding of the different dynamics of the process and the resources it consumes</td>
<td>• Business: Impacts that affect the commercial side of the business&lt;br&gt;• New Roles: Updates/Changes to peoples roles or responsibilities&lt;br&gt;• Process Details: The way a task is done changes&lt;br&gt;• Timeline: When a task must be done has changed&lt;br&gt;• Integration: More/new people are responsible for the task&lt;br&gt;• Information: New information is available or required&lt;br&gt;• Technology: Technology used for a task is updated/changed</td>
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<tr>
<td>Business Outcomes and Results</td>
<td>These types of impacts are similar to traditional KPI. However they should work as leading KPI for the projects overall goal</td>
<td>• Cost: The cost of a task has changed&lt;br&gt;• Speed: The time required to complete a task&lt;br&gt;• Quality: Completing the task changes end product quality&lt;br&gt;• Efficiency/Accuracy: The task will be completed correctly more often</td>
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Oriented Performance Management, will help the organization realize the full benefits of their transformation over the long-term instead of just in the short-term.

3. Assessing the Impact
Change initiatives can be difficult to measure in practice. Companies can be working with new processes, data, and information they have not used before. This makes creating KPIs and other tracking mechanisms a difficult challenge. There is also the discussion on “how exactly to measure how much change has taken place?” Business results are useful but they cannot show how much change was required to reach there. Ideally, the company should have some understanding of how much the new processes have contributed to the change in the KPIs. This helps to set a baseline for future initiatives and provides additional criteria for evaluating other available strategies.

In a recent change management project with a global manufacturing company, we set out to define a framework that would help our client better track and manage the many initiatives they had running simultaneously in a single manufacturing plant. The solution we created is an Impact Classification framework and is outlined in Figure 2. What the solution recommends is that during the planning stage (define and design) we create metrics to capture how the process is changing based on the categories outlined. During the pilot project and beyond we can use more traditional business metrics and then compare and see how the transformations happening are affecting the business.

In Conclusion
By changing the approach to change, understanding what true change looks like, and tracking internal change we create the foundation an organization needs to succeed in a highly dynamic environment. Rather than fighting against an overwhelming force they can adapt to it and leverage it for their own means to create opportunities and drive success.
About ValueInfinity Inc.
ValueInfinity is a diverse team of experienced consulting professionals with a focus on Global Manufacturing, Supply Chain Improvement, Technology Integration, and Talent Management. Our core commitment and unique characteristic is to help clients successfully strategize and execute their organizational transformation.