Change For Change

"ONLY WISEST AND THE STUPIDEST MEN NEVER CHANGE" – CONFUCIUS

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INTRODUCTION

Organizational change involves the implementation of new tools, procedures or technologies in order to face challenges due to the changing demands of business, or to create new business opportunities. Change management is yet another widely debated and written about topic in management. The last couple of decades have seen managers experiencing series of radical changes at the work place. Change is a complex process-it is a response to continuously evolving conditions. The days of stable environment and relatively few changes are over. Today, we have an environment where change is not only continuous but requires the management to adopt multiple strategies to meet them. Moreover, change processes have become a kind of turning point in organizations with their vast scope, leaving one with the idea that it is not the change of culture one should get used to, but to the cultural changes. Change management refers to the making of changes in a planned and managed or systematic fashion. The aim is to more effectively implement new methods and systems in an on going organization.

CHANGE MANAGEMENT

Change management is about how to get users to accept a new business process and the technology that enables it. Change management agents focus their attention on resistances to change. These resistances could come from either the organization or from the individual within the organization. Change management operates under the hypothesis that people and organizations are instinctively unfavorable to change.

Change agents must be proficient enough in handling the foreseeable resistance of staff to change. The individual resistance to change includes: selective alteration and retention, habit, dependence and fear of the unknown. The organizational resistance to change includes: issues like threat to power and influence, the organizational structure itself, resource limitations and inter-organizational agreements.

Managing change is seen as a matter of moving from one state to another, specifically, from the problem state to the solved state.

Figure 1: Elements of An Organization

The elements that comprise an organization are shown in the four quadrants: structure, work processes, people and tools. These are four key interdependent components.

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- **Structure** is the traditional view of an organization. It is the “faces and spaces” diagram that is shown as an organization chart. It defines the boundaries of authority and decision-making and identifies the key personnel responsible for the business.
- **Work processes** describe how work gets done in an organization. They range from a few high-level cross-functional integrated core processes that drive the business down to detailed departmental processes and procedures.
- **People** identify the skill sets needed for the company and the number of people with various skills. The essence of this category is about getting the right people doing the right job in the right place.
- **Tools** represents physical facilities and capital equipment - hardware and software systems, management and reporting systems, written documents such as policies, procedures and manuals, and compensation tools.

An organization undergoing major change should examine all of these quadrants and assess their alignment to its vision, its customers and each other. This will enable senior management to identify the leverage points that will create sustainable breakthrough change.

CHANGE PROBLEM

At the heart of change management lies change problem, that is some future state to be realized, some current state to be left behind, and some structured, organized process for getting from the one to the other. The change problem might be large or small in scope and scale and it might focus in individuals or groups. At a conceptual level, the change problem is a matter of moving from one state to another state. Moving from one state to another state is typically accomplished as a result of setting up and achieving three types of goals – transform, reduce and apply.

Transform-goals are concerned with identifying differences between the two states.

Reduce- goals are concerned with determining ways of eliminating these differences.

Apply- goals are concerned with putting into play operations that actually effect the elimination of these differences.

As the preceding goal types suggest, the analysis of a change problem will (at various times) focus on developing the outcomes of the change effort, on identifying the changes necessary to produce these outcomes, and on finding and implementing ways and means of making the required changes. In simpler terms, the change problem can be treated as smaller problems having to do with the how, what and why of change.

CHANGE AS A “HOW” PROBLEM

The change problem is often expressed, at least initially, in the form of a “how” question.

- How do we get people to be more open, to assume more responsibilities, to be more creative?
- How do we introduce self managerial teams in departments?
- How do we change over from system ‘X’ to system ‘Y’?

The initial formulation of a change problem is means centered, with the goal state more or less inspired.

CHANGE AS A ‘WHAT’ PROBLEM

To focus on ends requires the posing of ‘what’ question.

- What are we trying to accomplish?
- What changes are necessary?
- What indicators will signal success?
- What standards apply?
- What measures of performance are we trying to affect?

CHANGE AS A ‘WHY’ PROBLEM

Consider the following hypothetical dialogue with yourself as an illustration of tracing out ends-means relationships.

1. Why do we have to change the way we do things?
2. Why do they cost too much?

3. Why do we pay higher wages than our competitors?
4. Why does productivity needs to be improved?
5. Why do profits need to be increased?
6. Why do earnings per share need to be improved?
7. Why is additional capital needed?
8. Why do we need a new generation of products?

THE APPROACH TAKEN TO CHANGE A MANAGEMENT MIRRORS THE MANAGEMENT'S MINDSET

Successful organizations resolve early on the issue of structure, that is, the definition, placement and coordination of functions and people. Other people then have to live with this design, and be because the ends have already been established; these other people are chiefly concerned with means. This is why so many problems solving efforts start out focused on means.

Some organizations are designed to buffer their core operations from turbulence in the environment. In such organizations all units fit into one of the three categories: core, buffer and perimeter.

In core units (e.g., Systems and operations), coordination is achieved through standardization, that is, adherence to routine.

In buffer units (e.g. upper management and staff or support functions), coordination is achieved through planning.

In perimeter units (sales, marketing and customer services), coordination is achieved through mutual adjustments.

People in core units, buffered as they are from environmental turbulence and with a history of relying on adherence to standardized procedures, typically focus on "how" questions.

People in buffer units, responsible for performance through planning, often ask "what" questions.

People in the perimeter units are as accountable as anyone else for performance and frequently for a performance of a financial nature. They can be heard asking "what" and "how" questions.

"Why" questions are generally asked by people with no direct responsibility for day to day operations or results.

Finally, when organizational redefinition and redesign prove necessary, all people in all units must concern themselves with all three sets of questions or the changes made will not stand the test of time. The following case explains the strategy followed by DACG- a change consultant towards the required change in Toyota Motor Company. The period of the following case is between 2007-08.

SAP HR/PAYROLL AND WORKPLACE IMPLEMENTATION AT TOYOTA AUSTRALIA

BACKGROUND

Toyota Motor Corporation, one of the world's leading car manufacturers has over 4500 employees in Australia, across seven different regional locations. With the goal of optimising Human Resources (HR) operations and information flow throughout its business, Toyota Australia undertook the implementation of SAP HR/Payroll and Workplace, including Employee Self Service (ESS) and Manager's Desktop (MDT). Toyota required a SAP solution to effectively manage employee time and attendance, personnel information and payroll.

Together, DACG and Toyota managed the implementation process and significantly improved the efficiency of HR systems; contributing to a reduction in costs and to Toyota's overall competitive advantage.

CHALLENGES

PAY

The number one question: 'How will my pay be affected?' When people's wages and personal details are involved, the stakes are raised considerably. Consultation was required throughout the project to ensure union and employee concerns were addressed.

DIVERSITY

Toyota Australia is comprised of distinct groups with very different skills, requirements and approaches. End

Users range from front-line manufacturing supervisors to sales and marketing executives. For many End Users, this was their first real use of a computing environment.

ACCEPTANCE

With a perceived change in work requirements and skills, the challenge was to ensure that the system was accepted as a positive benefit, both to employees and the business.

DACG developed and implemented a change management and training strategy that enabled Toyota Australia to successfully transition to the new SAP HR/Payroll system, Manager's Desktop (MDT) and Employee Self Service (ESS).

DACG's comprehensive solution encompassed change management, learning and performance.

DACG's **change management team** was engaged to:

- Determine and map HR and payroll business processes.
- Conduct impact assessments and develop a change management strategy.
- Develop and implement a Toyota driven ownership and involvement strategy.
- Develop extensive change communications tailored to distinct End User groups.
- Manage the transition and implementation process.

DACG's **training team** was engaged to:

- Tailor training and support strategy for each unique department.
- Conduct a thorough training needs analysis.
- Design and facilitate instructor-lead training to over 600 managers and supervisors.
- Manage training logistics - DACG coordinated over 200 training sessions around Australia.
- Co-ordinate 'Road show' presentations demonstrating ESS to over 1800 employees.
- Develop an on-going training and support strategy via the Toyota Intranet.

OUTCOMES

Toyota Australia achieved a highly successful outcome with strong acceptance across the business. The support network implemented by DACG drove business ownership of the project. This assisted in overcoming the geographical barriers and diverse approaches of different departments.

Managers were trained in Manager's Desktop, giving them improved access to relevant information, and increased capacity to effectively manage their staff. In addition, the introduction of Employee Self Service enabled staff to manage their own personal data online. Within HR, processes were significantly streamlined and data management was transformed. All in all, over 4500 Toyota employees were paid the right amount, at the right time, with the right level of information.

The Toyota experience demonstrated that with a superior change management, learning and performance solution, very positive results and high customer satisfaction can be achieved.

CONSIDERATION OF CHANGE STRATEGY

Before considering change, management should consider certain things like-what type of change, how to do it, identifying who is to be involved or who is affected by the change.

Two points need to be made-

1. It is absolutely crucial to gain the most senior level support – often from the senior management of the organization, the organization's key stake holders and in some cases, its customer base too.
2. Acceptance is needed within the organization.

   In agreeing to appropriate strategy/strategies for change, the management will need to take into account the following factors:

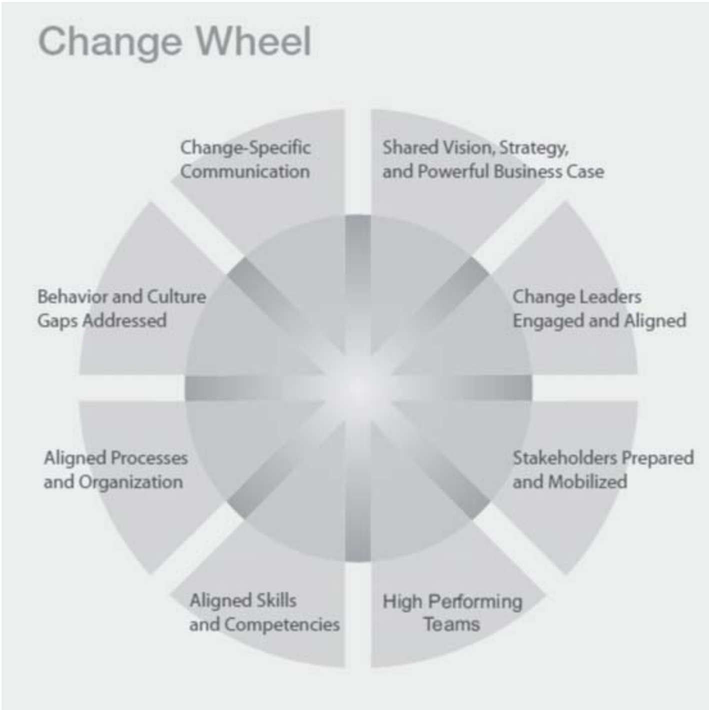
- The urgency of the situation.
- The degree of the apposition expected.
- The power base of the change initiator.
- The existing transparency of information and ease of communication.
- The nature of the current organization's culture and its likely response to change.

Here is an example of how the consulting company plans a strategy for the client's requirement.

CAPGEMINI APPROACH TO CHANGE MANAGEMENT

Capgemini is one of the world's foremost providers of Consulting, Technology and Outsourcing services. It has over three decades of industry and service experience. Capgemini employs approximately 60,000 people worldwide and in 2004 reported global revenues of 6.291 billion euro.

The Capgemini, approach to change management focuses on the effective management of eight key 'Change Success Factors' (CSFs).



SHARED VISION, STRATEGY AND POWERFUL BUSINESS CASE

A clear vision of the future of the organization, aligned to the overall enterprise strategy, is developed to convey a compelling picture to the organization, i.e. how does the future state feel, what does it look like and what will the organization need to do differently to succeed.

CHANGE LEADERS ENGAGED AND ALIGNED

A key leadership alignment activity is to ensure demonstrated commitment from the leadership team and delivering a consistent message about the change.

Leadership alignment:

- Ensures that change leaders have the skills and competencies needed to drive successful change.
- Provides support to functional teams to embrace and lead change.

STAKEHOLDERS PREPARED AND MOBILIZED

With a structured stakeholder management approach, those individuals and groups whose support and buy- in is critical are identified and managed appropriately allowing:

- Change communications to target the needs of particular audiences.
- Key influencers to be identified managed and where relevant, mobilized to propel the change program.
- Resources to be focused on those groups and individuals who will have maximum impact on program success.
- Stakeholder positioning to be tracked and monitored throughout the life of the program — creating a responsive and flexible approach.

HIGH PERFORMING TEAMS

Outstanding teamwork serves as an enabler to develop change capabilities and secure results delivery. Rigorous high performing team (HPT) approach takes a group of individuals with specific roles and complementary skills and talents, and aligns them to a common purpose. A high performing team consistently exhibits levels of creativity and collaboration that produces extraordinary results.

A collaborative way of working as joint teams ensures that there is a ‘transfer of skills’ from consultant to client, ensuring ongoing capability and self-sufficiency in the organization for sustaining change and managing future changes. The change initiative teams will play a critical role to drive and model the future organization.

ALIGNED SKILLS AND COMPETENCIES

Founded on a robust change readiness assessment and people impact assessment, we help organizations fill gaps in their capability from the outset. We don’t just look at the training needs of those directly impacted by any technology change, but take a holistic view of the needs of the whole enterprise.

ALIGNED PROCESSES AND ORGANIZATION

This area primarily focuses on:

- New business processes to be agreed and understood at all levels. (process mapping)
- Organizational performance change opportunities and implications — organizational design, role/job definitions, competency definitions.
- Actions taken to align organization.
- HR/People and performance management processes adapted to enable change.
- HR/People development processes aligned to vision and strategy.

BEHAVIOR AND CULTURE GAPS ADDRESSED

Culture consists of the norms, values, beliefs, expectations, behaviors and assumptions that exist in an organization. Culture is always a consideration when a strategic decision requires a shift in performance expectations and the manner in which employees work on a day-to-day basis.

CHANGE-SPECIFIC COMMUNICATION

One of the most important means to achieve progress in every area of the ‘change wheel’ is communication. Stakeholder management allows us to recognize the level of commitment and communication that is required from various key people for the change to succeed.

Change-specific communication creates awareness, understanding, and dialogue among constituent groups. It establishes and/or strengthens the messages, channels and ongoing four way feedback processes between leadership, employees, customers, and suppliers. It ensures that the communication framework and channels support the organizational integration, and it provides opportunities for feedback and two-way communication.

EMPLOYEE INVOLVEMENT DURING CHANGE

Employee opinion is critical in managing change. Allowing employees to participate is the best way to estimate reaction and monitor the progress of change. This shows that the organization cares for its employees and their involvement will contribute a lot towards change management. In the Toyota case, we can find this kind of environment and employee involvement which eventually made the change a success.

CONCLUSION

To carry out successful change management, the first course of action that should be taken by the management is to wash out its old conducts. Cost control and quality must be taken into account before, during and after the change. The net result of these efforts will be quite dramatic and will demonstrate sustainable performance.

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