

Sunday, July 11, 2004

BUSINESS: Change Management (01)

Introduction

For some days, I had a [nice 4-days workshop](#) about Change Management in an old Swiss monastery. I would like to share with you some ideas and tools about this subject in the coming days.

The presented ideas are mostly based on materials from two Professors of the [University of St.Gallen](#) (Switzerland): [Ch. Lechner](#) and [G. Müller-Stewens](#).

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BUSINESS: Change Management (02)

Some quotations about changes

*Changing something doesn't necessarily implies that things are getting better.
But if we want to make things better, we definitely have to change something.*
Georg Lichtenberg

Who only does what he can, remains what he is.
Herman Hess

Change - the linguistic roots

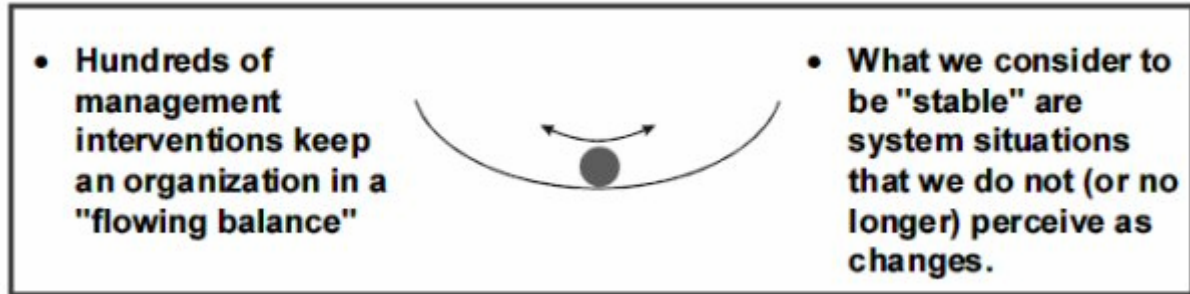
- The original meaning of the old French word *changer* was "bend" or "turn", like a tree or vine searching for the sun.
- The idea that "the only constant is change" has been a truism of life since at least the time of Heraclitus, circa 500 B.C.
- Today in business and organisations, the word "change" sometimes refers to external changes (in technology, customers, competitors, market structure or the social and political environment).
- "Changes" also refers to internal change: how the organisation adapts to changes in the environment.
- Today, some managers use the word "transformation" to describe comprehensive, really large organizational change initiatives. The original latin word *transformare* simply means "to change shape".

Source: G. Müller-Stewens / Ch. Lechner

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BUSINESS: Change Management (O3)

Organizations are never really stable!



Conclusion: change is the normal situation.

The development of an organization proceeds in discontinuity

- Stable stages (profit, growth) alternate with short period of profound crisis.
- Crisis constitute the ends and beginnings of stages of corporate development.
- Crisis also have **positive functions**: they are sources of energy against tendencies to remain put.
- **Fundamental change** identifies the transition between two development phases.

Classic enterprise lifecycle - dangers and opportunities



Source: G. Müller-Stewens / Ch. Lechner

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BUSINESS: Change Management (04)

Type of change process

We define two types of change process:

incremental change

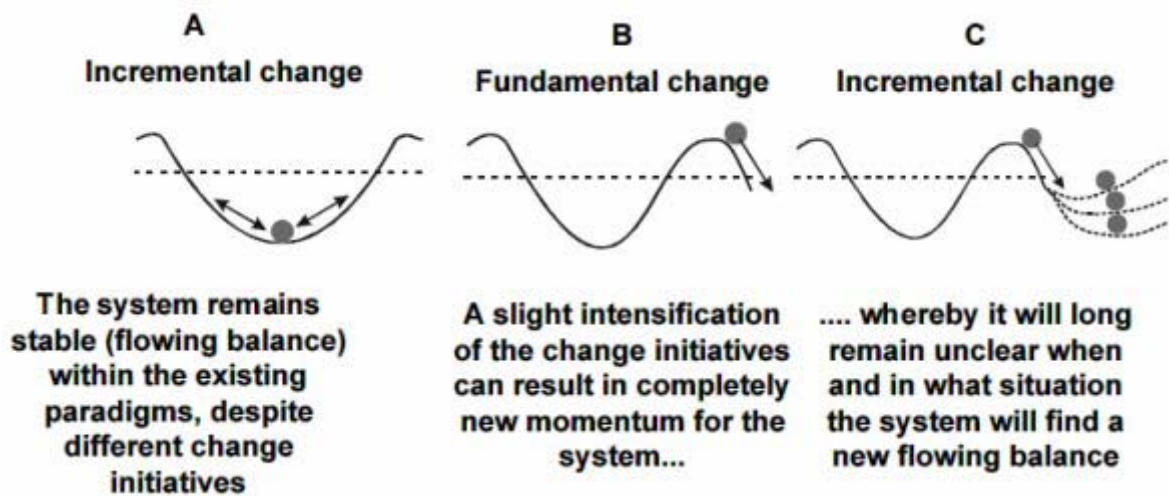
- is based on evolutionary process
- aims at a continuous improvement of the current business model
- improves established practises
- is compatible with existing mind-set

fundamental change

- is radical and occurs abruptly
- leads to discontinuous process
- has an impact on the current mind-set
- is often painful for the people involved

Impact of change initiatives

The impact of change initiatives cannot be determined with accuracy.



Establishing a need for change

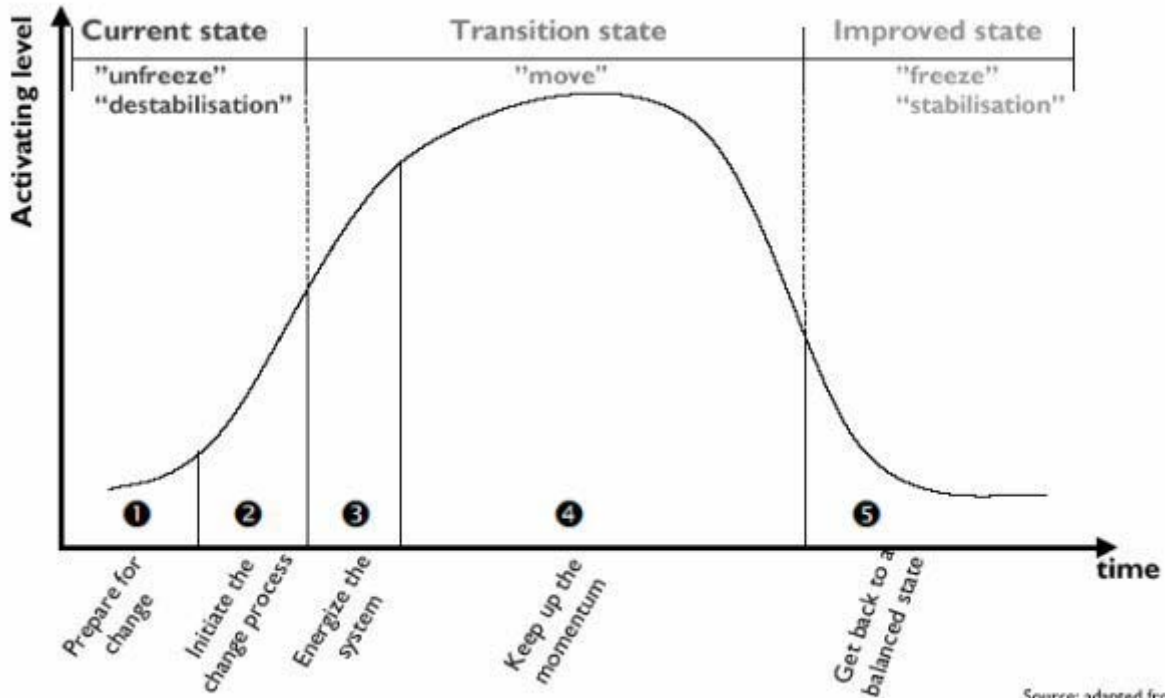


Source: G. Müller-Stewens / Ch. Lechner

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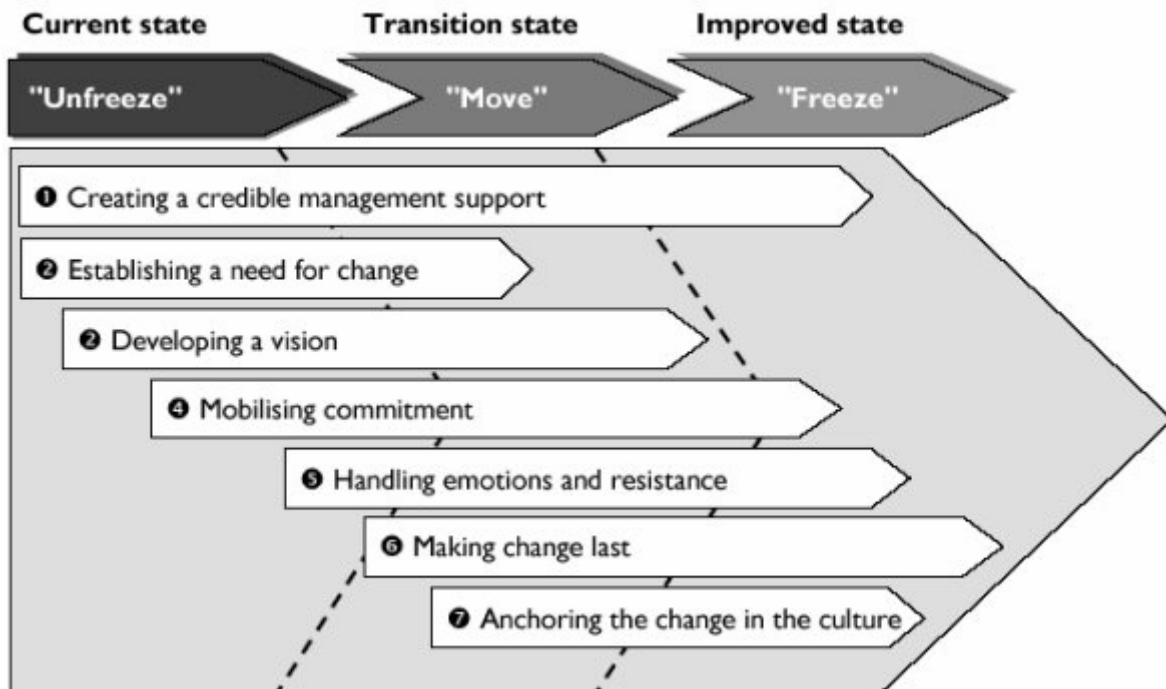
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Dividing a change cycle into phases



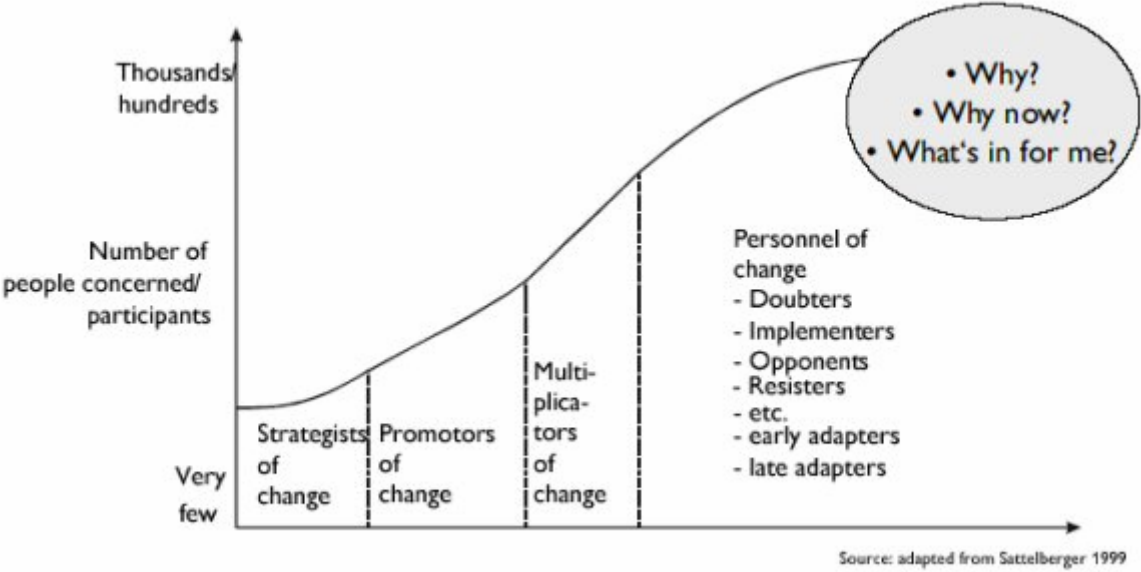
Source: adapted from
Müller-Stewens / Lechner 2001

An action plan for creating sustaining change



Mobilising commitment

The success of change projects depends on the number and quality of change agents



Source: G. Müller-Stewens / Ch. Lechner

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BUSINESS: Change Management (06)

Handling emotions and resistance

Work with resistant, not against it!

- Most people react to change **emotionally** and resist it
 - Reasons: fundamental change processes affect the **basic needs** of employees
 - recognition and esteem
 - security
 - stability and safety
 - work that makes sense
 - possibility of proposing and experiencing one's own idea
 - possibility of living up to one's own image
 - The **connected emotions** create opposition to the change
- Four basic principles could be applied to handle emotions and resistance:

1. There are no change without resistance

- if there is no sign of resistance during change, then nobody believes that it will ever take place
- therefore: it is not resistance, but the lack thereof that should be the cause for concern

2. Work with resistance, not against it

- take off pressure: give resistance some room
- put feelers out: enter into dialogue, look for causes

3. Trust, fairness and security are the decisive values that break down resistance

- the reasons behind resistance are emotional
- resistance always includes a coded message

4. Re-negotiate the "psychological contract"

- increase pressure will only lead to more counter-pressure
- include time-to-think go over it all again

Friday, July 30, 2004

BUSINESS: Change Management (07)

Making change last by promoting empowering / intrapreneurship approaches

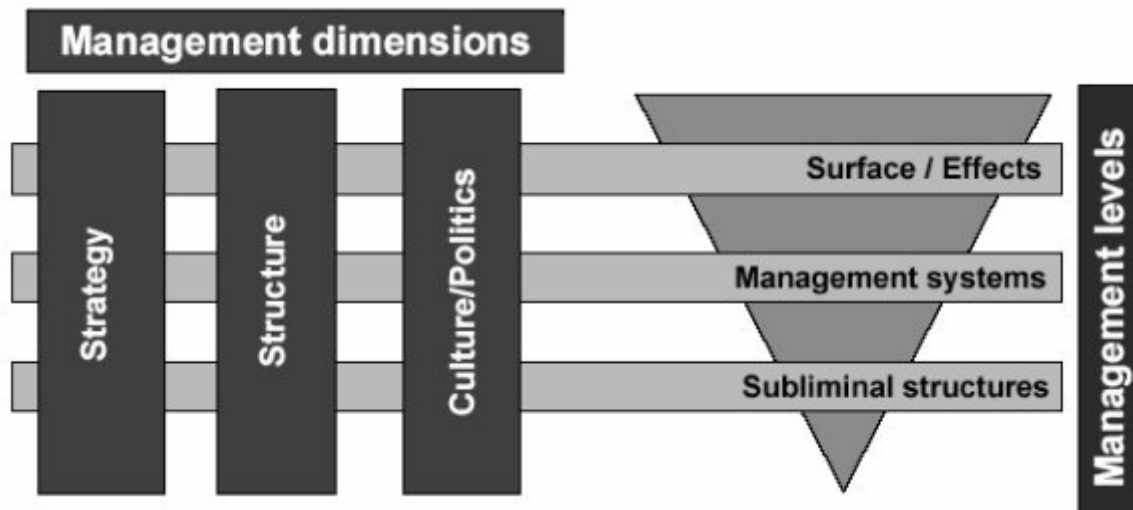
⇒ **What measures and instruments provide the most durable encouragement of entrepreneurial behaviour?**

Decisive	1. Agreement on objectives (Management by Objectives)	Relevant	9. Internal/external customer surveys
	2. Demarcation of responsibility		10. Design of corporate culture
	3. Specific personnel selection		11. Success share in profits
	4. Participative/delegative style of leadership		12. Personnel shares/capital investments
Important	5. Personnel development/training		13. Additional benefits/fringe benefits
	6. Personnel assessment		
	7. Demanding tasks		
	8. Results-oriented rewards		

(Source: Wunderer (2000); N=95)

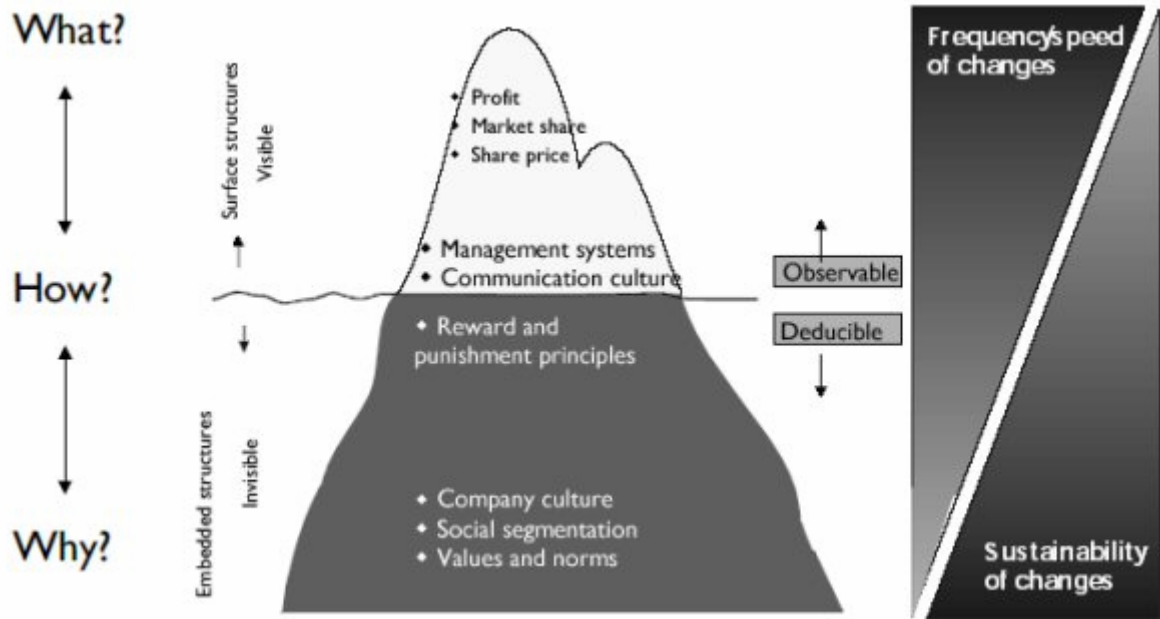
Understanding of a development / change process

Our understanding of a change or development process refers to our organisational perception.



Anchoring the change in the culture

Sustainable change often demands interventions on the behavioral dimensions resp. in the "deep-structures" of an organisation.



Source: G. Müller-Stewens / Ch. Lechner

Tuesday, August 03, 2004

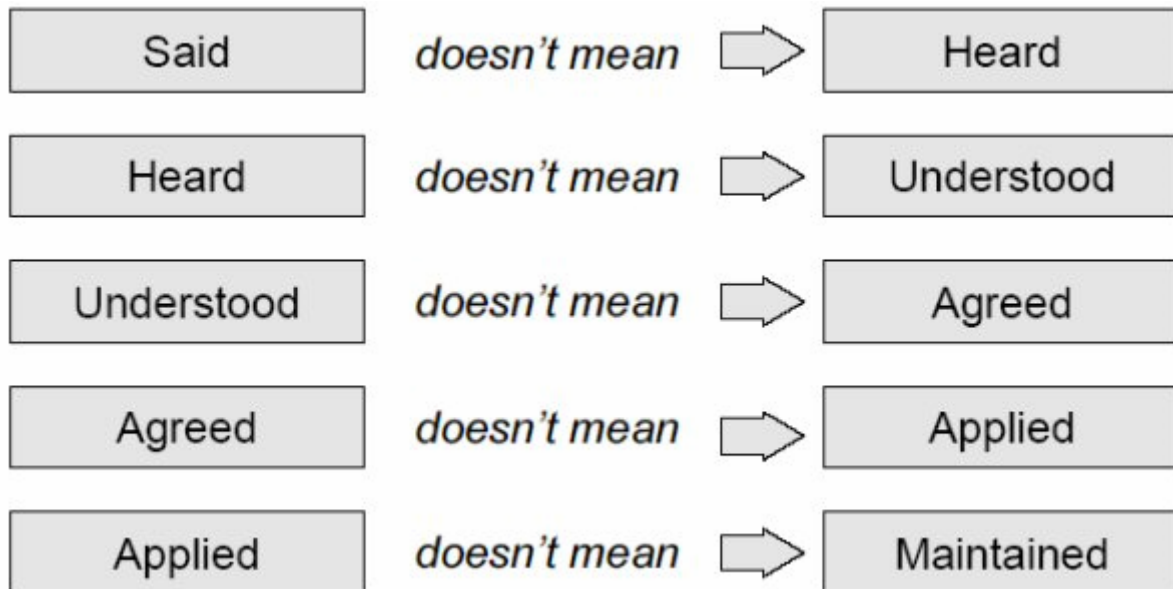
BUSINESS: Change Management (08)

Changing paradigm in leadership styles

"Traditional leadership style" paradigm	"New leadership style" paradigm
<ul style="list-style-type: none">♦ Manager / captain♦ Doer♦ Controller♦ Lean management♦ 100% solutions♦ Security♦ Hierarchy♦ Continuity♦ Planning / control♦ Efficiency♦ Adapting business processes	<ul style="list-style-type: none">♦ Leader / navigator / pilot♦ Explorer / discoverer♦ Designer / revolutionary♦ Empowerment / intrapreneurship♦ 80% solutions♦ Rapidity♦ Self-organization♦ Innovation♦ Action oriented "Just do it!"♦ Effectiveness♦ Developing visionary business models

Change in behaviour

A real deep change in behaviour is a very long path.



Source: G. Müller-Stewens / Ch. Lechner

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BUSINESS: Change Management (09)

Conclusion: steps of a successful change process

1. **Creating credible managing support:** select strong personalities who have visible, public commitment for the change team and support of change
2. **Establishing a need for change:** make clear the reasons of change driven by threats or opportunities (or both), the need for change must exceed its resistance
3. **Developping a vision:** develop a widely shared and understood vision, describe the desired outcome of change
4. **Mobilising commitment:** try to motivate as many promoters and multipliers of change as possible, communicate, communicate,, with doubters and opponents
5. **Handling emotions and resistance:** there are no change processes without resistance, work with resistance not against it, re-negotiate the psychological contract
6. **Making change last:** celebrate early wins, integrate change initiatives with other key projects and with the actual management practices
7. **Anchoring the change in the culture:** alterations of culture aspects is almost a prerequisite for a sustaining change, be aware of the "hidden rules" of your organization

Source: G. Müller-Stewens / Ch. Lechner