

CHAPTER-6

CHANGE MANAGEMENT AND CRITICAL SUCCESS FACTOR



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Change

Change is inevitable.

Change

Changes are difficult to predict and grows in proportion to the complexity of the system/project.

Organization transformation

- refers to an organization with a “new face,”
- whose business processes, structure, strategy, and procedures are completely different from the old one.
- Such a transformation can be a lengthy, expensive, and complex process,
- which may involve organizational learning, changes in management and personnel,
- creation of a new structure, and employee retraining.

3 Types of Organizational Change

DEVELOPMENTAL

Any organizational change that **improves and optimizes** on previously established processes, strategies and procedures.

TRANSITIONAL

Change that **moves an organization away** from its current state to a new state in order to solve a problem, such as mergers and acquisitions and automation.

TRANSFORMATIONAL

Change that radically and fundamentally **alters the culture, core values and operations**.

Change Management

- refers to the implementation, control and guidelines to introduce change into organizations.
- Changing business processes, organizational structure and operating procedures are interrelated and
- depending upon the magnitude of the change can be met with employee resistance.

**Since change is a learning process its impact
can be minimized if properly managed**

Change Management

- Major organizational changes such as transformation to e-business
- are referred to as organization transformation.
- This process usually requires change management.



Change Management **Process**



1
IDENTIFY
THE CHANGE

- Type of Change
- Reason for Change
- Scope
- Current State
- Future State
- Concepts
- Org Readiness

2
THE
DETAILS

- Process Changes
- People Changes
- Behavior Changes
- Information Change
- Cost of Change
- Risk Assessment

3
THE
APPROACH

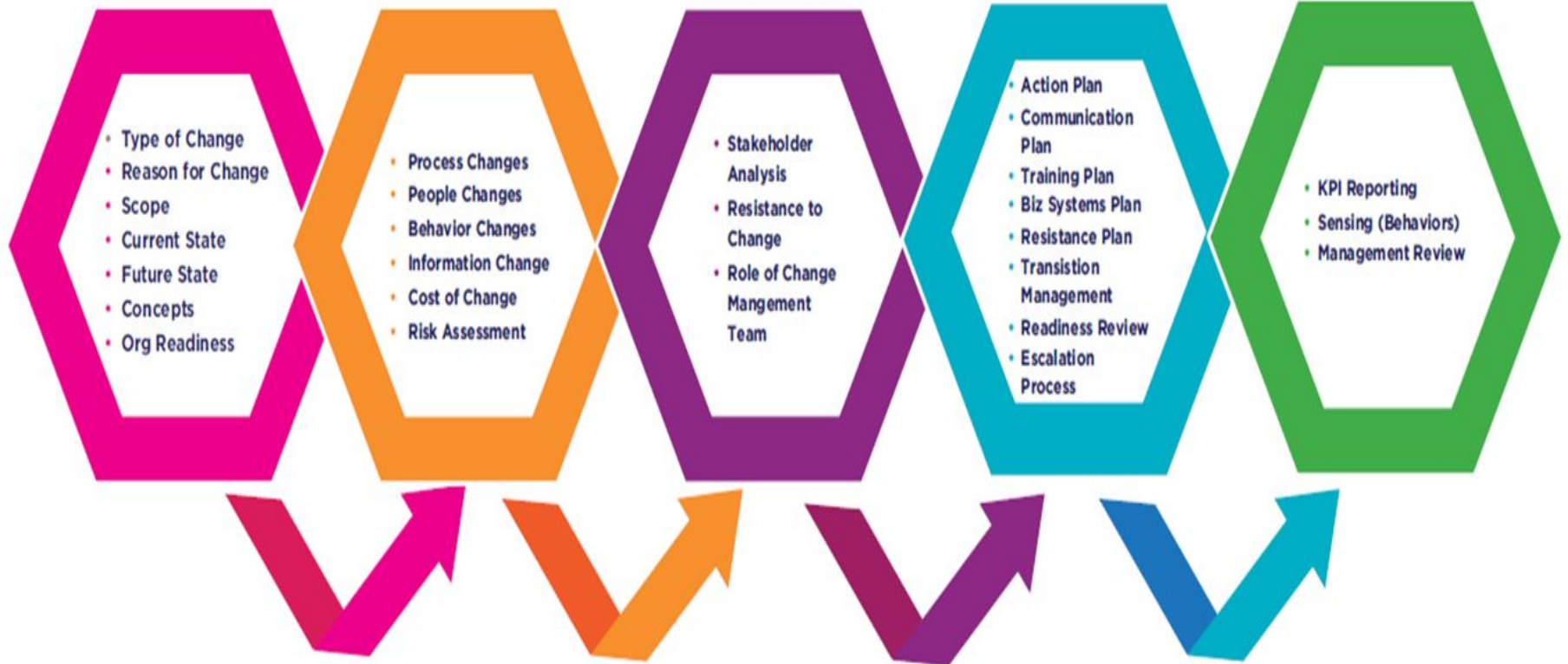
- Stakeholder Analysis
- Resistance to Change
- Role of Change Management Team

4
IMPLEMENT

- Action Plan
- Communication Plan
- Training Plan
- Biz Systems Plan
- Resistance Plan
- Transition Management
- Readiness Review
- Escalation Process

5
MONITOR

- KPI Reporting
- Sensing (Behaviors)
- Management Review

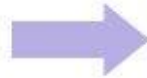


Phase 1 – Preparing for Change

Define your change management strategy

Prepare your change management team

Develop your sponsorship model



In Phase 1 – Preparing for change

Identify anticipated points of resistance and special tactics based on readiness assessments

Phase 2 – Managing Change

Develop change management plans

Take action and implement plans



In Phase 2 – Managing change

“Resistance management plan” is one of the five plans created as a deliverable

Phase 3 – Reinforcing Change

Collect and analyze feedback

Diagnose gaps and manage resistance

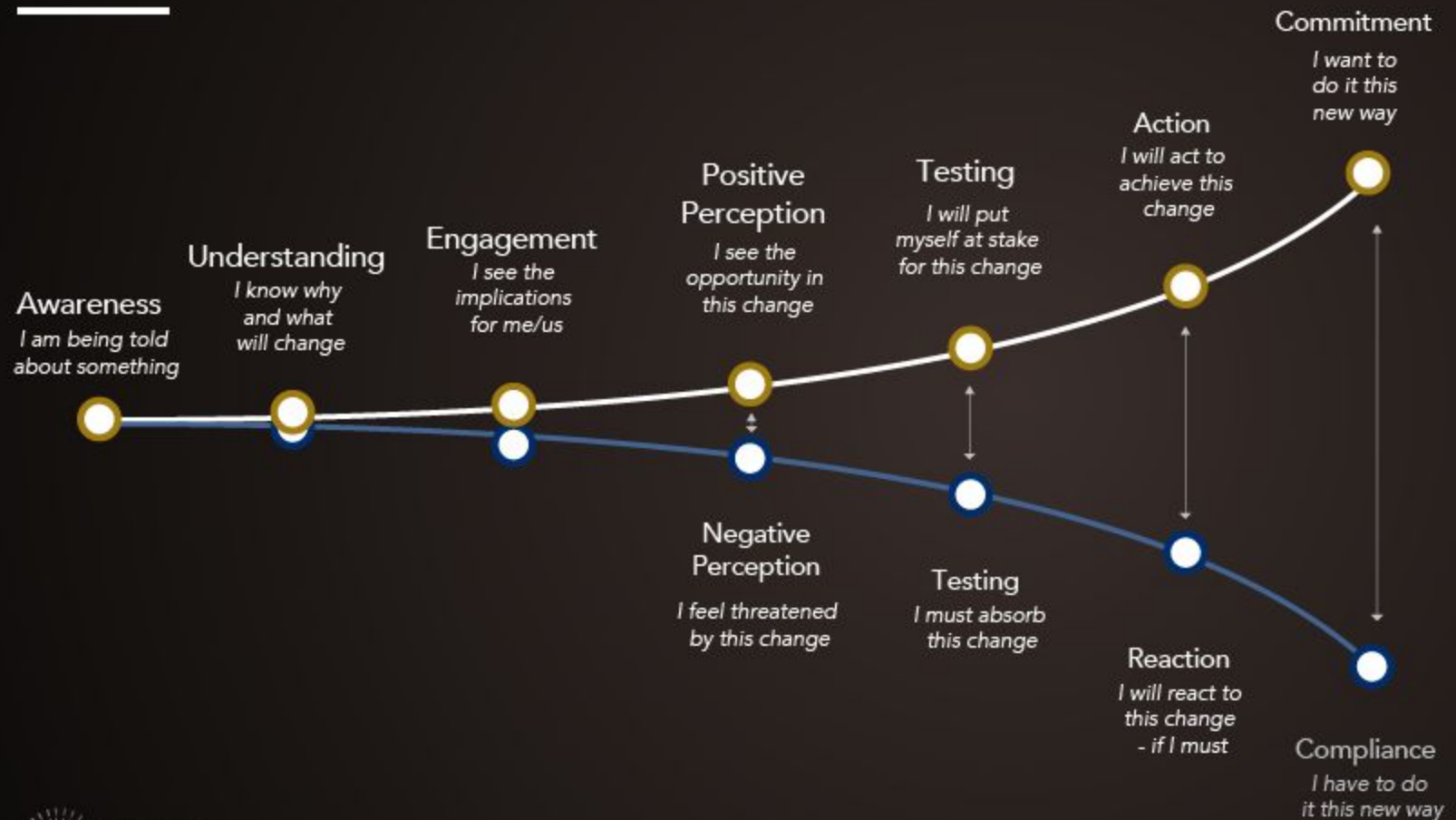
Implement corrective actions and celebrate successes



In Phase 3 – Reinforcing change

Collect feedback, audit compliance, diagnose and address gaps, look for pockets of resistance

Change Management



Characteristics of Change Management

- ❑ Compelling need for change
- ❑ Clear vision
- ❑ Commitment of senior management
- ❑ Initial resistance to change followed by confusion and uncertainty
- ❑ Effective communication
- ❑ Prepare for the unexpected
- ❑ Celebrate small wins
- ❑ Support of Leadership layers at different levels – to sustain change organization wide

Why is Change Management Important?



What is Change Management?

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“I want you to find a bold and innovative way to do everything exactly the same way it’s been done for 25 years.”

Challenges and Pitfalls

- **Change process must be planned and managed**
- **Magnitude of change is ALWAYS greater than imagined**
- **Resistance to change appears in different forms -- must be addressed**
- **In global organizations cultural factors need special consideration**
- **Change in organizations occurs in stages -- need strategies for EACH stage**

WHY DO ORGANIZATIONAL CHANGE FAIL?

- #1** Failure to make a compelling case for change - People need to make sense of the change before they change
- #2** Not involving the employees - Leaders believe top-down still works
- #3** Ignoring current organizational culture - Failure to understand and shape the informal organization
- #4** Real change happens at the bottom of the organization - It does not happen at the town hall meeting or through the intranet
- #5** Not dealing proactively with resistance
- #6** Failing to celebrate small wins - Change management is a dolphin, not a whale



Stages of Change

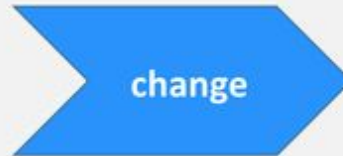
- **Boston consulting Group 5 Stage Model:**
 - **Stagnation (building desire to change)**
 - **Anticipation (acceptance of change is highest here)**
 - **Implementation (critical time for commitment -- most pain occurs here)**
 - **Determination (expectations get real -- people begin to incorporate change into daily routine)**
 - **Fruition (acceptance begins to climb back up)**

LEWIN'S CHANGE MODEL

Lewin's Three Stage Change Process – Practical Steps



- Determines what needs to change
- Ensure there is strong support from management
- Create the need for change
- Manage and understand the doubts and concerns



- Communicate often
- Dispel rumors
- Empower action
- Involve people in the process



- Anchor the changes into the culture
- Develop ways to sustain the change
- Provide support and training
- Celebrate successes

Possible Responses of Change

- Productivity declines as people become more consumed with the change being introduced.
- Resistance by Employee.
- Valued employees leave the organization, a very costly proposition in terms of the lost contribution and the cost to replace them.
- Employees become disinterested in the current state and the future state.
- Employees begin arguing about change and the direction of the company.
- People are left to wonder why the change is happening.

- **More people begin taking sick days or not showing up for work.**
- **People find work-around to avoid implementing the new way of doing things.**
- **Employees revert back to the old way of doing things.**
- **Changes are not fully implemented.**
- **Changes are scrapped and cancelled due to the lack of support throughout the organization**
- **Divides are created in the organization between 'us' and 'them'.**
- **The organization builds a history of failed and painful changes.**
- **Many types of risk are created - risk to the project, to the organization, to the employees.**

Benefits of Effectively Managed Change

- **Employees have a solid understanding of why change is happening.**
- **Employees engage in both the solution and the change.**
- **Training is used to build knowledge after employees have made the personal decision to support the change.**
- **Resistance is identified and dealt with early in the process.**
- **Senior leaders demonstrate their own and the organization's commitment to the change.**

- **Communications are segmented and customized for different audiences, answering the questions that they care about.**
- **Changes are less painful to the organization and to the employees.**
- **Probability of meeting project objectives is increased.**
- **The organization begins to build a history of successful change, creating a better 'backdrop' for the next change initiative.**

Change Management Tools



Change Management Tools

Flowcharting

- Flowcharting is a tool that lays out any process as an easy to read and easy to use diagram.
- The value of flowcharts is in taking complex processes and simplifying them.

- In flowcharting the current process, team members are able to map out the process clearly, discover where waste and rework are happening that they could not see before, and frequently identify quick and effective changes that can be made to improve the process.

- **ADKAR Analysis**

- The ADKAR model in change management is used as a coaching tool to make sure that the people or employees involved in the process support and believe in the change.

ADKAR stands for,

- Awareness
- Desire
- Knowledge
- Ability
- Reinforcement

- **Spread awareness**
- Clearly communicate to the employees what change is occurring and why.
- **Inspire desire**
- Build desire in your employees to support the change so they would do their part naturally rather than forcing them to do so.
- **Impart knowledge**
- Make sure to help employees learn how to support the change through training programs, job aids, tutorials, coaching programs and checklists provided by the company.
- **Improve ability**
- Help employees further improve their ability through feedback and evaluations.
- **Reinforce the changes**
- Make sure that employees don't go back to their old ways. In order to reinforce the changes, give incentives and rewards to employees.

Stakeholder Analysis

- In the stakeholder analysis, you identify stakeholders and categorize them based on different factors such as geography, income groups, occupation, legal requirements etc.
- **How to use it**
- Step 1: Identify the stakeholders
- Think of all the people who might be affected by your project. Remember to consider those who come from outside of your company as well.
- Step 2: Prioritize the stakeholders
- Your list of stakeholders may include people who may be affected by and care about your project and, who may be unaffected by and be not that interested in your project.
- Step 3: Stakeholder map
- Now that you have prioritized your stakeholders, you can use a stakeholder map to easily categorize them.

- **Gantt Charts**

- A Gantt chart is constructed with a horizontal axis representing the total time span of the project, broken down into increments (for example, days, weeks, or months) and a vertical axis representing the tasks that make up the project (for example, if the project is outfitting your computer with new software, the major tasks involved might be: conduct research, choose software, install software).
- Horizontal bars of varying lengths represent the sequences, timing, and time span for each task.

Critical Success Factor

Critical success factors (CSFs)

- CSFs are those few things that must go right in order to ensure the organization's survival and success.
- Critical success factors vary by industry categories—manufacturing, service, or government—and by specific industries within these categories.

Critical Success Factors

What are they?

- Those few things that must be done well for the organization to survive and/or prosper
- These factors are common in most of the studies, yet the weights and the priorities may change according to the company's structure, culture, region and IS project's volume

7 Critical Success Factors of Social Business Strategy



Some CSF

- Achieve financial performance.
- Meeting customer needs.
- Producing quality products and services.
- Encouraging innovation & creativity.
- Fostering employee commitment.
- Creating a distinctive competitive advantage.

CSFs in IS Applications (contd.)

After project support

- Training of users
- Software support
- Training of IT staff
- On time help to users

Environmental factors

- Globalization
- Environmental dynamism
- Competition