Be Smarter.  Be Faster.  Be Better.  *Be Next.*

# CHANGE MANAGEMENT

*A TechBlue Whitepaper*

TECHBLUE

# One thing that we know well…

organizations that consistently operate at high levels of operational performance change often, efficiently, and before they *have* to.

Change Management involves the conception, planning, organization, implementation, control and stabilization of an organization's change processes. Its aim is to maximize the effectiveness and efficiency of change processes, and to become widely accepted by managers and employees.

As a leader in developing and deploying transformative strategies and technologies, TechBlue has developed an approach to Change Management that is founded on success principles championed by some of the world's foremost leaders and organizations. As a result of our efforts, we have created a portfolio of transformation success stories within leading commercial and government organizations around the world – and our Change Management approach is at the core of each and every one.

This TechBlue White Paper presents a high-level vision of our approach to managing complex change, best practices for creating success, and anecdotes for achieving lasting change within your organization.

> *You never change things by fighting the existing reality. To change something, build a new model that makes the existing model obsolete.*
> *- R. Buckminster Fuller*

# The Psychology of Change

A large, successful, well-managed organization is traditionally a good thing. But in today's world, it is not. In today's fast-changing world these organizations struggle to make changes because of a plethora of challenges, from over-analysis of problems to slow decision-making processes. In today's world, effective Change Management is critical to thriving in such a dynamic and evolving environment. Successful change requires that we empower people and ensure that they are making the right decisions, the right way – decisions that support and drive corporate strategy and brand.

We all know the negative stories of change efforts. Over 70% fail, and for every $1 billion spent on change, $149 million is lost. The statistical proofs and perspectives are ongoing. However, for all of these negative stories, there are positive outcomes emerging, resulting from a deeper understanding of why so many change initiatives fail, and how effective change models guide our navigation of change processes.

> *People don't resist change. They resist being changed.*
> *-  Peter Senge*

The reality is that traditional project management methodologies do not adequately address the foundational challenges to effective change and sustainment. At our core, most people respond to the stress and pressure of change by finding what they know as comfortable and pushing to remain comfortable as long as possible. Yet by their very nature, projects and programs drive organizational change; converse to what we as humans often find comfortable. Thus, as we embark on organizational change initiatives, it is imperative to understand how that change, as a process and resulting outcome, tests the human propensity for accepting change and the project management need for control and management.

Many Project Management methodologies operate on the "command and control" principle which is effective for certain types of change like systems integrations. However, organizational change requires a deeper and broader acceptance before changes can be executed and sustained. In fact, from the C-Suite to Project Managers, the days of "get in line and follow me" leadership are over, and equally important, our customers are not going to accept that approach either. Developing a meaningful understanding of the dimensions of change and their psychological impact is perhaps the most important asset in developing and executing a change initiative. Yet, this is the one area that most unsuccessful organizations are lacking. In fact, recent studies show that many executives overestimate how much their employees want to change. With this whitepaper, we hope to improve change outcomes. And through our efforts, TechBlue clients are improving outcomes now.
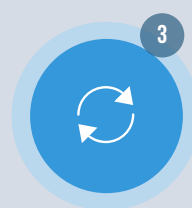
## Dimensions of Change
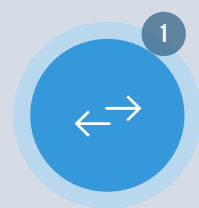
| 1 SCOPE | 2 DEPTH | 3 EFFECT | 4 IMPORTANCE |
|---|---|---|---|
| Changes that affect a large number of functions and user groups | Changes that will affect the way employees work | Impact on different area of the company: processes, tools, organization, culture | Internal need for change affects core functions and leads directly to a new corporate strategy |

# The Models of Change

The need for change originates from several sources. In some cases, the need for change is a direct response to an external source, and in some cases the need for change comes from an internal source. Many organizations are changing because of technological advances, while some are changing because of evolving customer needs, or possibly to improve operational performance. Regardless of the reason, successful change requires adopting new processes, policies and behaviors.

Change Models represent proven approaches for strategizing, executing, measuring and sustaining change. While one model can certainly be effective, it is not uncommon for several models to be implemented in concert. The reason for this is based on the type of change being executed.

Our performance has taught us that change comes in three forms: strategic, technological and organizational. Each of these three areas may represent the totality of the change, and also could represent only the focus of a much broader change initiative. In either case, each change model should be evaluated for effectivity, and if necessary, adopted to guide the strategic, technical and organizational changes in flight.

How do we circumvent common challenges and put effective change management controls in place? First, we start with understanding the kind of changes we are embarking upon, and then establishing success principles based on common change models. In the following pages we will present the most effective models that we have implemented:
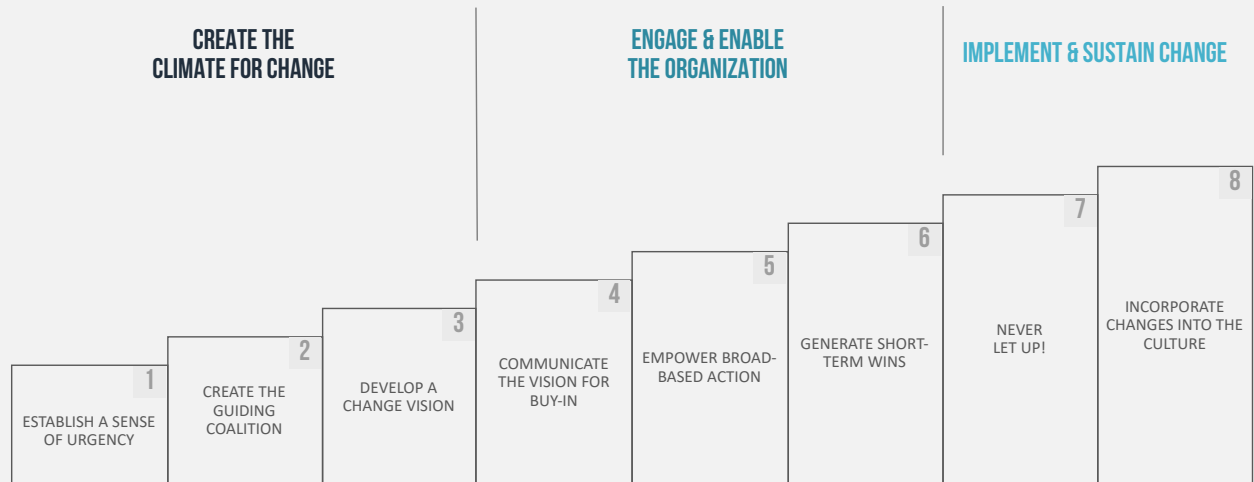
- John Kotter Eight Step Model
- Wilfried Krueger's Five Stage Model
- Bridges Transition Model
- Kurt Lewin's Three-Phase Model
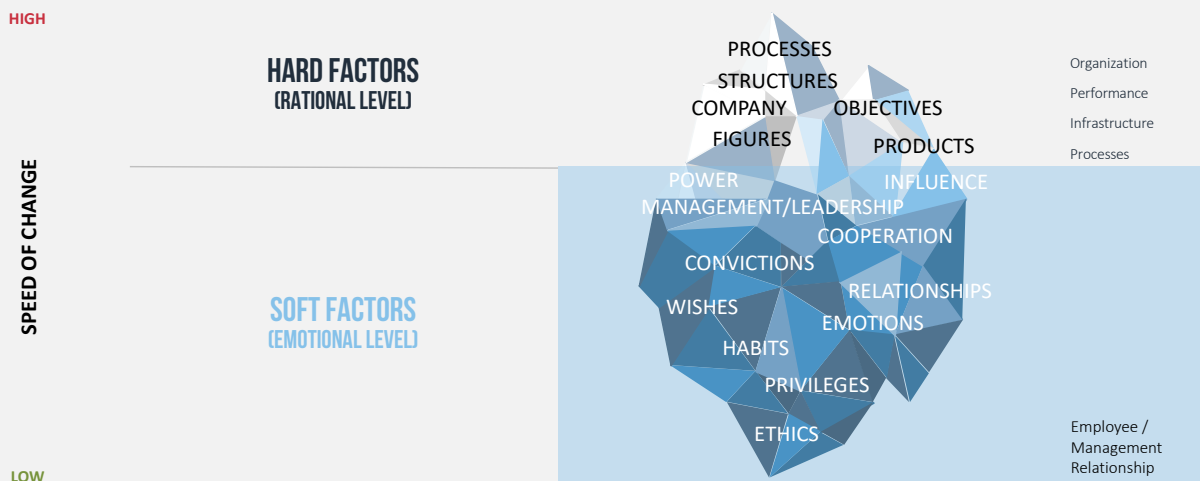- Jeff Hiatt's ADKAR Model



CHANGE AHEAD
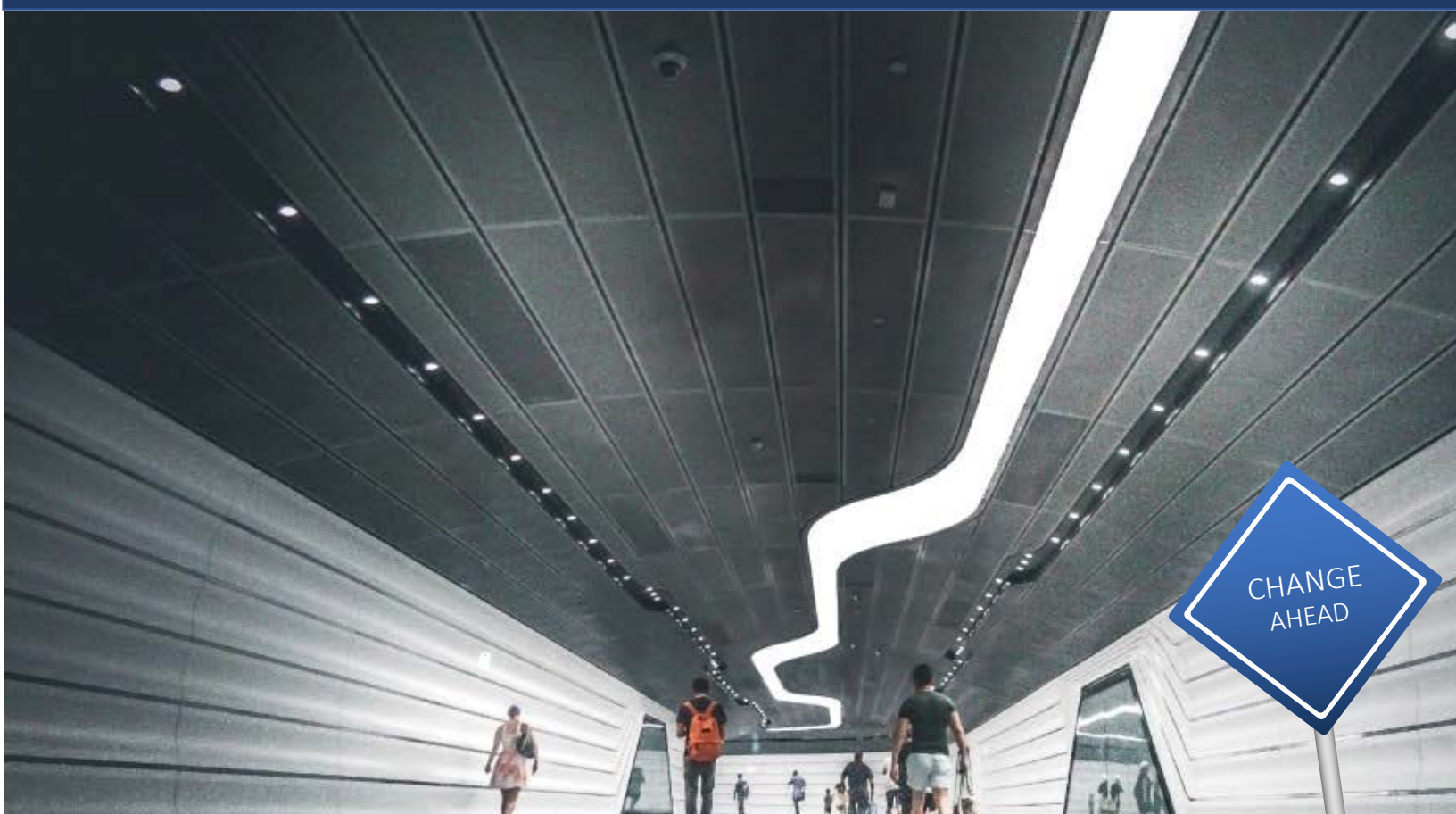
## The John Kotter 8-Step Change Model

TechBlue project portfolio is filled with examples of successful change initiatives where commitment, a sense of urgency, stakeholder engagement, transparency, vision, good communication, strong leaders and a robust plan have been quintessential to success.  The John Kotter 8-Step Change model identifies each of these characteristics to effective change and helps map a process for management and execution. Where do you start?  Who do you involve?  How do you see it through to the end?  The Kotter 8-Step model helps guide the initiative.

**CREATE THE CLIMATE FOR CHANGE**

**ENGAGE & ENABLE THE ORGANIZATION**

**IMPLEMENT & SUSTAIN CHANGE**

1 ESTABLISH A SENSE OF URGENCY

2 CREATE THE GUIDING COALITION

3 DEVELOP A CHANGE VISION

4 COMMUNICATE THE VISION FOR BUY-IN

5 EMPOWER BROAD-BASED ACTION

6 GENERATE SHORT-TERM WINS

7 NEVER LET UP!
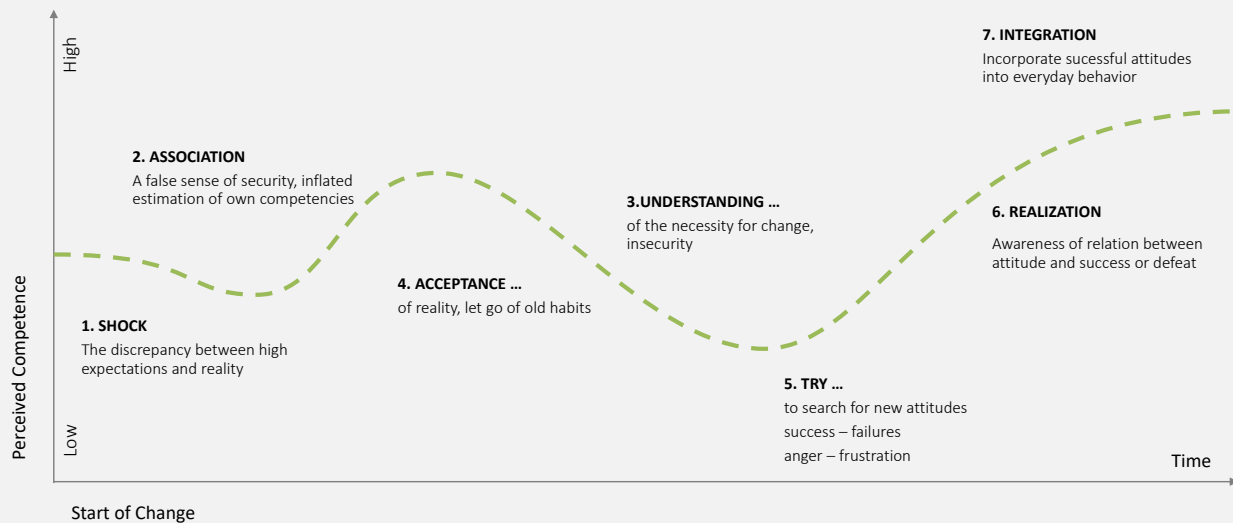
8 INCORPORATE CHANGES INTO THE CULTURE

## Wilfried Krueger's Five-Stage Model

Wilfried Krueger contends that managers of change consider only the tip of the iceberg, which relates to issues of cost, quality and time.  However, perceptions, beliefs, power and politics are below the surface, which must also be managed in order for change to succeed.  Managing issues from these areas involves understanding that people at every level of an organization are affected by change.  These people can be generally grouped into four categories: promoters, who support the change; potential promoters, who are disposed to accepting the change but have not yet been convinced; opponents, who are against the change; and hidden opponents, who appear to be supportive, but are actually against the change.  People in each of these categories must be managed appropriately to avoid failure.

HIGH

**HARD FACTORS (RATIONAL LEVEL)**

SPEED OF CHANGE

PROCESSES
STRUCTURES
COMPANY          OBJECTIVES
FIGURES
PRODUCTS

Organization
Performance
Infrastructure
Processes

POWER                    INFLUENCE
MANAGEMENT/LEADERSHIP
COOPERATION
CONVICTIONS
WISHES          RELATIONSHIPS
EMOTIONS
HABITS
PRIVILEGES

ETHICS

**SOFT FACTORS (EMOTIONAL LEVEL)**

Employee / Management Relationship
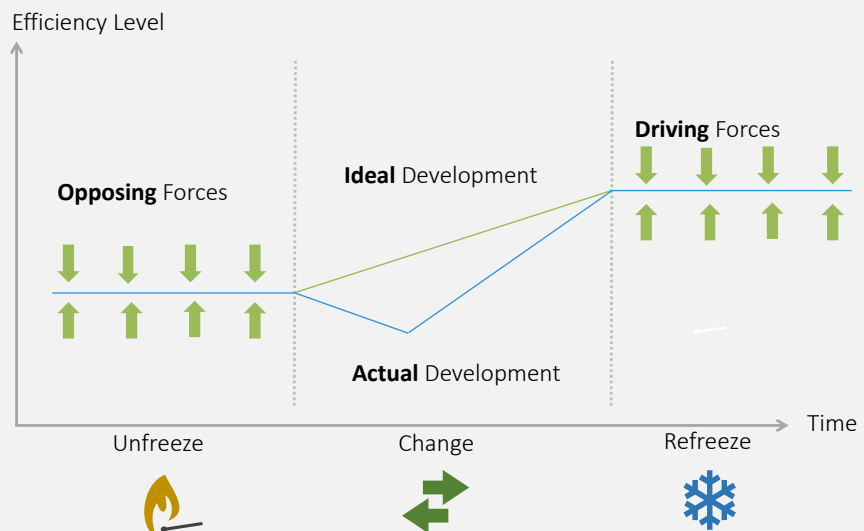
LOW

## Bridges Transition Model

The Bridges Transition Model was created by William Bridges, and focuses on transition, as opposed to change. The difference between the two is subtle but important. Change is something that happens to people, even if they don't agree with it. Transition is what happens in people's minds as they go through the change. Change can happen very quickly, while transition usually occurs more slowly. Although the initial model highlights three steps of transition, this representation expands to seven steps, helping us to gain a deeper understanding of transition, and thus, create meaningful management approaches to facilitate transitions and reduce negative impacts on our change initiatives.



High

**7. INTEGRATION**
Incorporate sucessful attitudes into everyday behavior

**2. ASSOCIATION**
A false sense of security, inflated estimation of own competencies

**3. UNDERSTANDING …**
of the necessity for change, insecurity

**6. REALIZATION**
Awareness of relation between attitude and success or defeat

Perceived Competence

**4. ACCEPTANCE …**
of reality, let go of old habits

**1. SHOCK**
The discrepancy between high expectations and reality

Low

**5. TRY …**
to search for new attitudes
success – failures
anger – frustration

Time

Start of Change

## Kurt Lewin Three Phase Model

The Lewin Three Phase Model represents a simple and practical model for understanding the change process. The general foundation of this model presents a process in which making change entails creating the perception that a change is needed, then moving toward the new, desired level of behavior, and finally, solidifying that new behavior as the norm. This model is widely used and serves as the basis for many change initiatives.

A change in the **company** can only be achieved if an imbalance is first created, then re-examined, **changed**, and eventually stabilized.



Efficiency Level

**Opposing** Forces

**Ideal** Development

**Driving** Forces

**Actual** Development

Time

Unfreeze          Change          Refreeze

**Jeff Hiatt ADKAR Model**

The ADKAR model is a change management tool to help identify why change is difficult, and why some changes succeed while others are unsuccessful. All five elements of the model are sequential. By outlining the goals and outcomes of successful change, the ADKAR model is an effective tool for planning Change Management activities, equipping your leaders facilitating change, and supporting your employees throughout the change.

To achieve change in a **company**, employees must also change.

The **ADKAR** model was introduced in 1999 by Jeff Hiatt, founder of Prosci.

**A**   **Awareness** of the need for change

**D**   **Desire** and support for change

**K**   **Knowledge** of how to implement change

**A**   **Ability** to demonstrate new competencies

**R**   **Reinforcement** to maintain change

# Common Pitfalls to Avoid

In our experiences we see common pitfalls that delay, complicate or derail change initiatives. Selecting the most appropriate model and implementing a change effectivity measure is the most meaningful way to avoid our top 10 Change Management pitfalls.

1. **False start**
   Change is misguided or carried out without commitment.

2. **Treating change as an option**
   Management asks for change instead of implementing it.

3. **Focusing strictly on process**
   Process is the focal point, not initial results after implementation.

4. **Focusing strictly on outcome**
   Outcome is the focal point, no attention given to issues that may arise.

5. **Not involving responsible parties**
   Management decides to make changes without involving employees.

6. **External management**
   External consultants are responsible for all changes.

7. **No change in reward system**
   No change in reward system means no change in employee performance.

8. **Leadership does not lead by example**
   Management advocates change but does not put it into practice.

9. **Wrong dimensions**
   Changes are strategized and implemented too small or too big.

10. **No delegation of responsibilities**
    Management doesn't clearly define, assign and communicate responsibilities.

# Measuring Change – the 7-S Framework

The 7-S Framework (McKinsey) is an approach for analyzing the factors that determine how well an organization is strategically positioned to achieve its intended objective. When strategically analyzed at the beginning and conclusion of change initiatives, the 7-S Framework provides a clear perspective on how effective the changes were, and where gaps may still remain.

From our perspective gained from leading and participating in change initiatives around the world, analyzing organizational position using the 7-S Framework is an essential strategic step, not only for measuring the effectiveness of changes, but also in measuring the overall sustainment of those changes over time. The 7-S Framework should be a tool in the toolbox of every Change Manager.

The basic premise of the model is that there are seven internal aspects of an organization that need to be aligned if it is to be successful.

The model is comprised of three hard elements (Strategy, Structure, Systems) and four soft elements (Shared Values, Skills, Style, Staff).
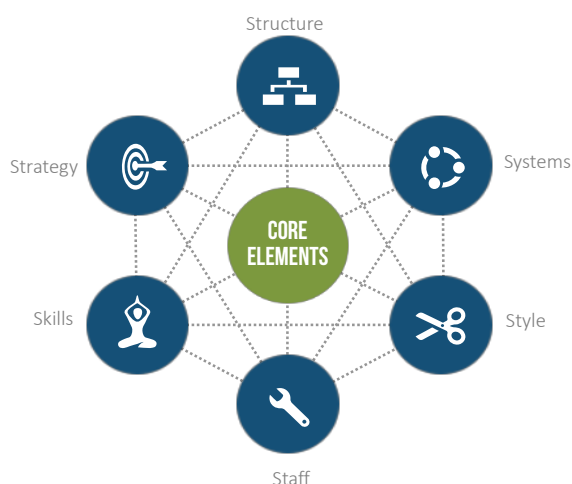


The model is based on the theory that, for an organization to perform well, the seven elements need to be aligned and mutually enforcing. Therefore, the model can be used to identify what areas need to be realigned to improve performance, or to maintain alignment during other types of changes.

Independent of the type of change – creating new processes, new systems, leadership changes or organizational changes, the framework can be used to understand how organizational elements are interrelated and ensure that the wider impact of changes is taken into consideration.

The 7-S framework can be used to help analyze the current state (Point A), a proposed future state (Point B) and to identify gaps between them. From there, the focus becomes making adjustments to the model to represent milestone changes within the initiative, and remeasuring alignment of the core elements throughout.

Each core element is associated with a list of questions that helps us explore our current and future organizational situations. By using the information gathered, gaps and inconsistencies between elements can be examined, and realignment strategies defined and executed.

TechBlue utilizes a 7-S worksheet to guide clients through the process of measuring change effectivity. Our worksheet is usable at any point during the change initiative, and several of our clients continue using the worksheet years into the future to ensure change value is sustained.

In short, the 7-S framework won't guide our change initiatives; however, it will ensure we are asking the right questions about effectiveness.

> ❝ *The greatest danger in times of turbulence is not the turbulence – it is to act with yesterday's logic.*
> *- Peter Drucker*

Many organizations have been successful in creating small, short term changes, but struggle when it comes to implementing sustainable changes on a much broader scale.

Consider creating or refactoring Change Management initiatives to include the three core ideas presented in this white paper. First, understand how people inherently react to change, and plan to mitigate the known risks to keep their attention, commitment and motivation. Second, select appropriate change models to guide the initiative. And third, implement a meaningful and transparent approach for measuring the value and impact of the changes both short and long term.

By following these three proven guidelines, organizations will improve the effectiveness and sustainability of changes.
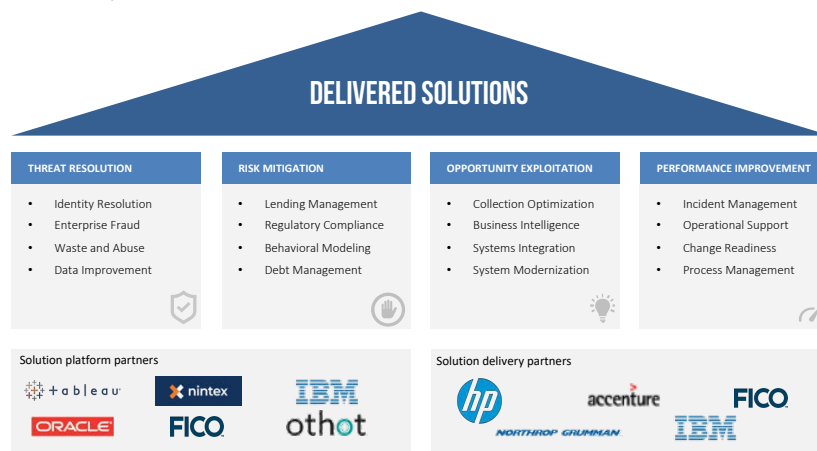
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# What we do

## Threats, Risks, Opportunities and Performance

Over the past 11 years TechBlue and its personnel have worked with some of the highest performing businesses and organizations around the world, including Internal Revenue Service, Department of Defense, US Treasury Inspector General for Tax Administration (TIGTA), Singapore Ministry of Manpower, Volvo and Wells Fargo.  To this day, our solutions are facilitating improvement of mission-critical systems, applications and business processes.

Contact us to learn how TechBlue can help improve the effectiveness of your Change Management and sustainment efforts.

## DELIVERED SOLUTIONS

| THREAT RESOLUTION | RISK MITIGATION | OPPORTUNITY EXPLOITATION | PERFORMANCE IMPROVEMENT |
|---|---|---|---|
| • Identity Resolution<br>• Enterprise Fraud<br>• Waste and Abuse<br>• Data Improvement | • Lending Management<br>• Regulatory Compliance<br>• Behavioral Modeling<br>• Debt Management | • Collection Optimization<br>• Business Intelligence<br>• Systems Integration<br>• System Modernization | • Incident Management<br>• Operational Support<br>• Change Readiness<br>• Process Management |

**Solution platform partners**

tableau · nintex · IBM · ORACLE · FICO · othot

**Solution delivery partners**

hp · accenture · FICO · NORTHROP GRUMMAN · IBM

We are equally known for what we think as much as what we do, and our approach to consultative services is based on knowledge gained from over 30 years of solution delivery.  Our project success is based on teamwork and collaboration, coupled with measurable and repeatable delivery processes which reduce risk and maximize value for our clients.

TechBlue Advanced Support is at the core of our delivery approach. Designed to maximize functionality, availability and scalability of systems and processes, TechBlue Advanced Support consists of four complimentary offerings: TechBlue Incident Management, TechBlue Consulting Team, TechBlue Solution Manager and the TechBlue Innovation Center.

- Scalable, secure cloud-based environment
- Accurate incident recreation
- Dedicated POC environment for R&D
- Decreased time to incident resolution
- Offload client burden
- Extend computing availability

- 24 x 7 x 365
- ITIL-based Service
- Tier 1 – 4, SLA-defined support
- Innovation Center replication of client environments
- Dedicated toll-free number
- Dedicated support team

**TechBlue Advanced Support** (Innovation Center / Solution Manager / Incident Management / Consulting Team)
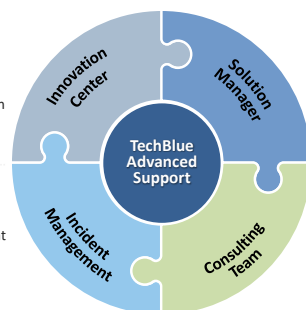
- Strategic, technical and organizational consultation services
- License portfolio optimization
- Vendor license audit preparation and oversight
- Strategic vendor relation and management advisement

- Dedicated, vendor-certified support professionals
- Onsite and offsite personnel
- Comprehensive health check plans and strategies
- Flexible support for off-hours, weekends and holidays

TechBlue is a consultative firm delivering solutions that optimize operational performance.  We excel at transforming organizations to be smarter, be faster and be better in dynamic and rapidly changing business environments.

1 800 880 2654
www.techblue.com

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