

MANAGEMENT ISSUES-Change management

Introduction

Changes of all kinds are inevitable in business, whether they involve adopting new technology or reorganising to meet a challenge. But they don't just happen to us, they have to be managed. Having said that, change is not always welcomed, and whether you make positive or negative responses to the challenge of change will depend on your situation, your personality, and your previous experience of change. Those with more positive responses regard change as an opening or opportunity, whereas those with more negative responses see change as a threat to a familiar or established situation.

Note that we are much more likely to think negatively about changes that are imposed than about changes over which we have control, and people's perceptions of situations are important in deciding whether they will see problem or opportunity.

Pressures for change

Changes for organisations may come from pressures within the organisation or from forces outside it. The latter are normally outside the control of the management and include factors such as movements in interest or exchange rates or the rate of inflation, and alterations in demand for products and services. The changes may be caused by competitors, or by modifications to the legal or political framework in which the organisation operates. The types of change will depend on the nature of the organisation but, whatever they are, management action is necessary to adapt to the new situation.

Kurt Lewin first described a 'force-field analysis' method of charting the forces which tend to promote or resist change, and suggested that an organisation is held in balance by 'driving forces' that seek to promote change and 'restraining forces' that attempt to maintain the status quo. Figure 1 illustrates this analysis in general terms, and Figure 2 shows a force-field analysis applied to the level of production in an organisation such as a machine shop.

Figure 1: Force-field analysis

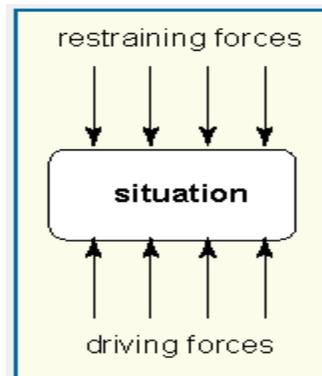
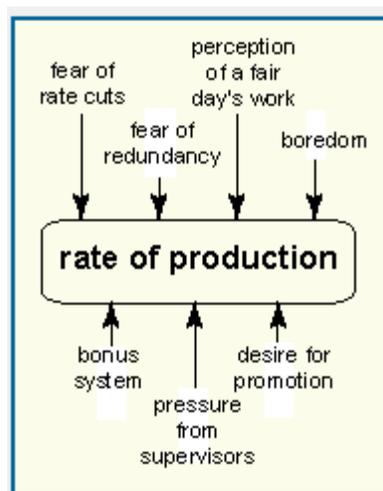


Figure 2: Force field analysis applied to rate of production



When influences are outside its control, an organisation can only respond. However, any internal changes, such as the appointment of new people, the provision of facilities and experimentation with new methods, can involve planning, decision-making and implementation processes.

Types of problem

Planning to introduce change into an organisation implies a situation where we find ourselves part of the change and need to decide how to go about making the move. Depending on the context, exactly what the change needs to be may be more or less clear; consequently how to implement the change may be more or less certain. So change is a kind of problem.

Problems are often divided into two types:

- quantifiable or 'hard' problems which have single solutions
- more intractable or 'soft' problems which have no single solution

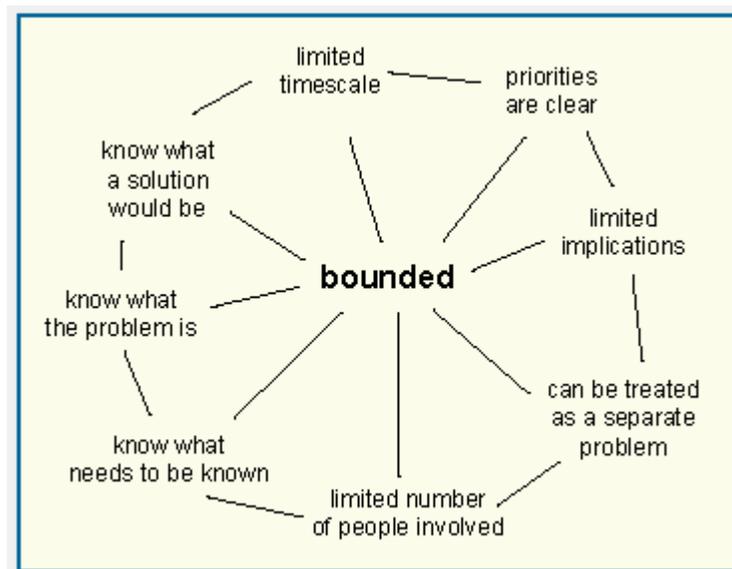
Relating to change, a hard problem might be selecting the best way of getting from the present state to an agreed future state, whereas a soft problem is presented by a change where the intended destination has still to be discovered. In practice, there is not always a clear distinction between hard and soft, but the more intractable change problems are always at the 'soft' end of the spectrum.

Hard and soft problems have distinct characteristics:

hard	soft
clear solution	no one clear solution
solution can only be one thing	resolutions can be one of many things
know what the problem is	not sure what the problem is
know what needs to be known	not sure what needs to be known
clear methods for working it out	no obvious method for working it out
structured	unstructured
clear cut	messy

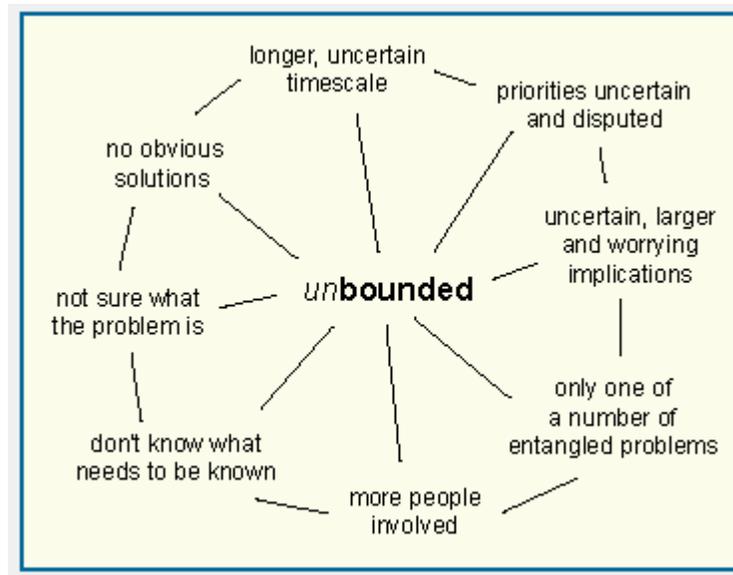
An alternative description of change is as a 'messy' problem, and another helpful concept is that of the problem being either 'bounded' or not. Figure 3 and Figure 4 show typical characteristics of a bounded, well-defined problem and of an unbounded 'mess'.

Figure 3: Characteristics of a bounded problem



Characteristics of a bounded problem

Figure 4: Characteristics of an unbounded problem or 'mess'



Characteristics of an unbounded problem or 'mess'

Many 'bounded' problems represent what may be thought of as 'difficulties', that require effort (money, extra administration, or whatever) rather than the problem-solving flair that is demanded by 'messes'.

Whether you frequently have messes to deal with will depend to some extent on the kind of organisation. There appears to be a relationship between the degree of involvement in decision making and commitment to the goals of the organisation; whilst rapid decisions often come from a more hierarchal structure, this is not necessarily a good thing!

Differing perceptions of problems

All problems can be approached with common sense, but your version of 'common sense' will be coloured by the culture in which you operate, your previous work experience, your educational background and your experience of family life.

Common sense cannot be relied upon to supply a foolproof method for solving complex problems or conceiving and implementing changes that are of the unbounded, unstructured 'messy' type. For an example of how beliefs and culture have a fundamental impact on the way problems are perceived, think back to the

miner's strike 20 years ago and the fundamental differences between Ian MacGregor and Arthur Scargill, who were reported as being "emotionally incapable of reaching an agreement".

Whilst this example is somewhat extreme, even under normal circumstances there will be differences in perspectives as to what the problems are and how they should be dealt with.

The implication is that, if you want to influence someone or change their mind, there is no point in bombarding them with 'facts' or 'obvious solutions' that they are going to filter out or dismiss because of their cultural background. The way to try and make them change their mind is first to understand why they are thinking the way that they do.

It is important to listen to what they have to say, and think not only about the 'truth' of the argument being presented, but how they came to believe it in the first place. Once you have got that far, you should be able to establish some common ground from which you can start to talk. It is useless for you to start pointing out the error of their ways, and offer your own version of the 'facts' or 'solution'. You will end up in meaningless, divisive argument.

Representing complexity

Change situations are frequently very complex, and characterized by a large number of interacting forces, both inside and outside the organisation. Because verbal descriptions have great difficulty in handling such complexity, drawing a diagram can aid understanding. Similarly, proposals for change can be complex, and using diagrams can help communicate both with those who need to approve the proposals and with those who may be affected by them.

The diagrams don't have to be complex and most will be made of selected words, pictures and symbols. Typical diagrams might be:

Mind maps

Input/output diagrams

Flow block diagrams

Flow process diagrams

Activity sequence diagrams

These last three present similar information but at increasing levels of generality, focusing respectively on specific equipment, process descriptions, and equipment independent activities.

Control loop diagrams

Relationship diagrams

Systems maps

Influence diagrams

Influence diagrams are a hybrid of relationship diagrams and systems maps but go further in seeking to define the influences which components have on each other.

Multiple cause diagrams

Working in groups

Managing change is about managing messes, but also about managing people, specifically groups of people. When an individual joins the group they are making a trade-off between self-autonomy and the benefits of group membership. We speak about three types of 'contract' that are entered into:

A 'formal contract' covers things like group objectives, terms of reference, leadership and responsibilities, in exchange for which payment is made.

The 'informal contract' is about agreed procedures within the group that are tacitly understood, such as the way decisions are made and how disagreements are handled.

The 'psychological contract' is concerned with all the psychological aspects of the group and of the individual, and covers such things as the degree to which the group will tolerate and handle interpersonal issues, and how much support the individual expects within the group.

Within groups, individuals will interact, and the larger the group the larger the number of possible interactions. Each interaction is an opportunity for conflict or misunderstanding, so large groups will almost inevitably fail to operate efficiently. As the group size increases, communication is reduced, members feel less involved in the process, alienation increases and commitment to the project decreases. Group effectiveness is reported as being highest at around six to eight people.

Groups of course don't start out fully formed and fully functional. Tuckman analyzed the stages of group development and summarised them in a four-stage scheme:

Forming – formal contracts such as purpose are established, but each individual tries to establish his identity with the group.

Storming – a state of conflict where all formal points established are challenged and re negotiated, to create a realistic formal contract. At the same time, hostility and personal agendas lead to the emergence of informal contracts.

Norming – here the group moves on to fix how well it should work, and how decisions should be takes, and sets ideas of commitment and the degree of openness and trust.

Performing – the state characterized by peak activity!

Systems Intervention Strategy (SIS)

Systems ideas are important to the study of change, and can be used to structure the process of understanding, planning and managing change. You will probably be familiar with general system concepts, but this is a reminder of how a system is defined:

A system is an assembly of components connected together in an organized way.

Components are affected by being in the system, and the behaviour of the system is changed if they leave it.

This organized system of components does something.

This assembly has been defined as being of particular interest.

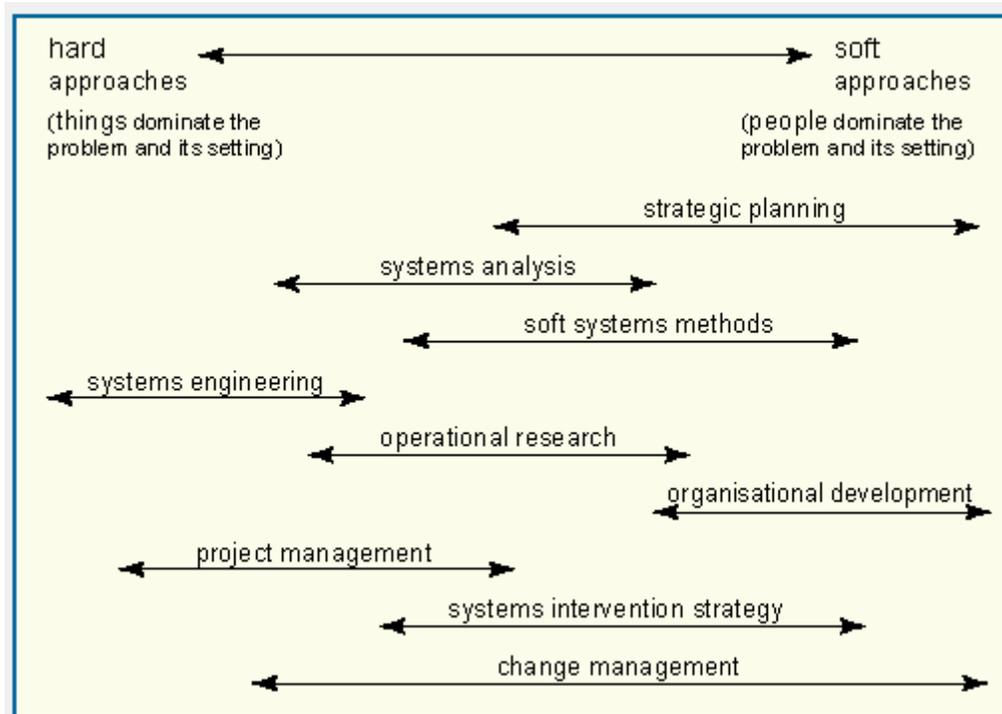
The components of which a system is made may also be referred to as 'elements' and 'sub-systems', the latter term recognizing that certain components may be complex assemblies in their own right, and also that they have a function that is defined by the overall system of which they form a part.

SIS is one of a family of systems approaches. Although many of these systems approaches are 'hard' methods, because they focus on 'things', SIS also has an appreciation of the importance of 'process', which is a feature of most 'soft' methods.

SIS spans a considerable space between hard and soft extremes (Figure 5). An alternative method for management change, Organisational Development (OD) operates nearer the 'soft' approaches part of the spectrum.

Which of the two approaches will be appropriate will depend on the person implementing the change and the characteristics of the change involved.

Figure 5: The scope of Systems Intervention Strategy



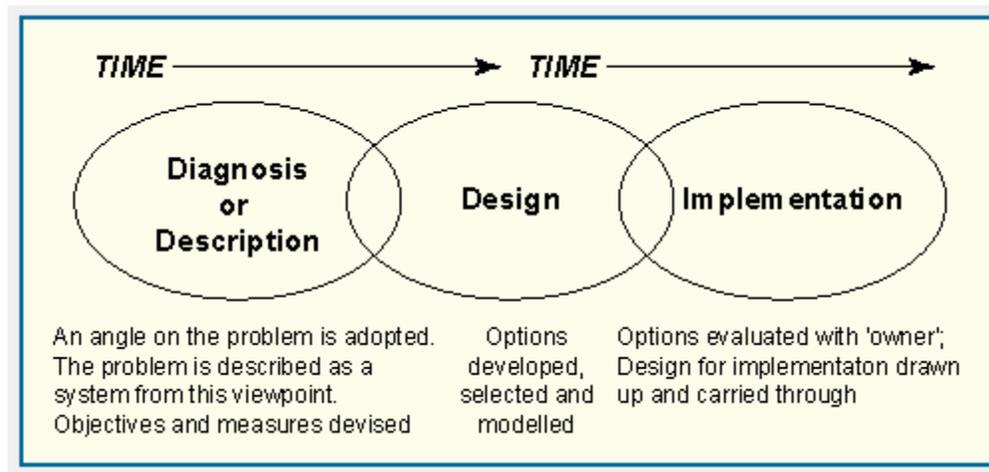
SIS has three overlapping phases (Figure 6):

Diagnosis, the process by which you develop an angle from which to tackle a particular set of change problems, and in which the purposes of change are clearly identified.

Design, the phase in which alternative options of achieving change are suggested and explored

Implementation, which starts with a commitment to see change carried through, but then develops a means for bringing the desired change about and sees it through.

Figure 6: The three overlapping phases of SIS



The initial stages in SIS are to:

Define the boundaries (rationalise) and perspective

Identify problem owners at each stage

Describe the system:

input/output diagrams

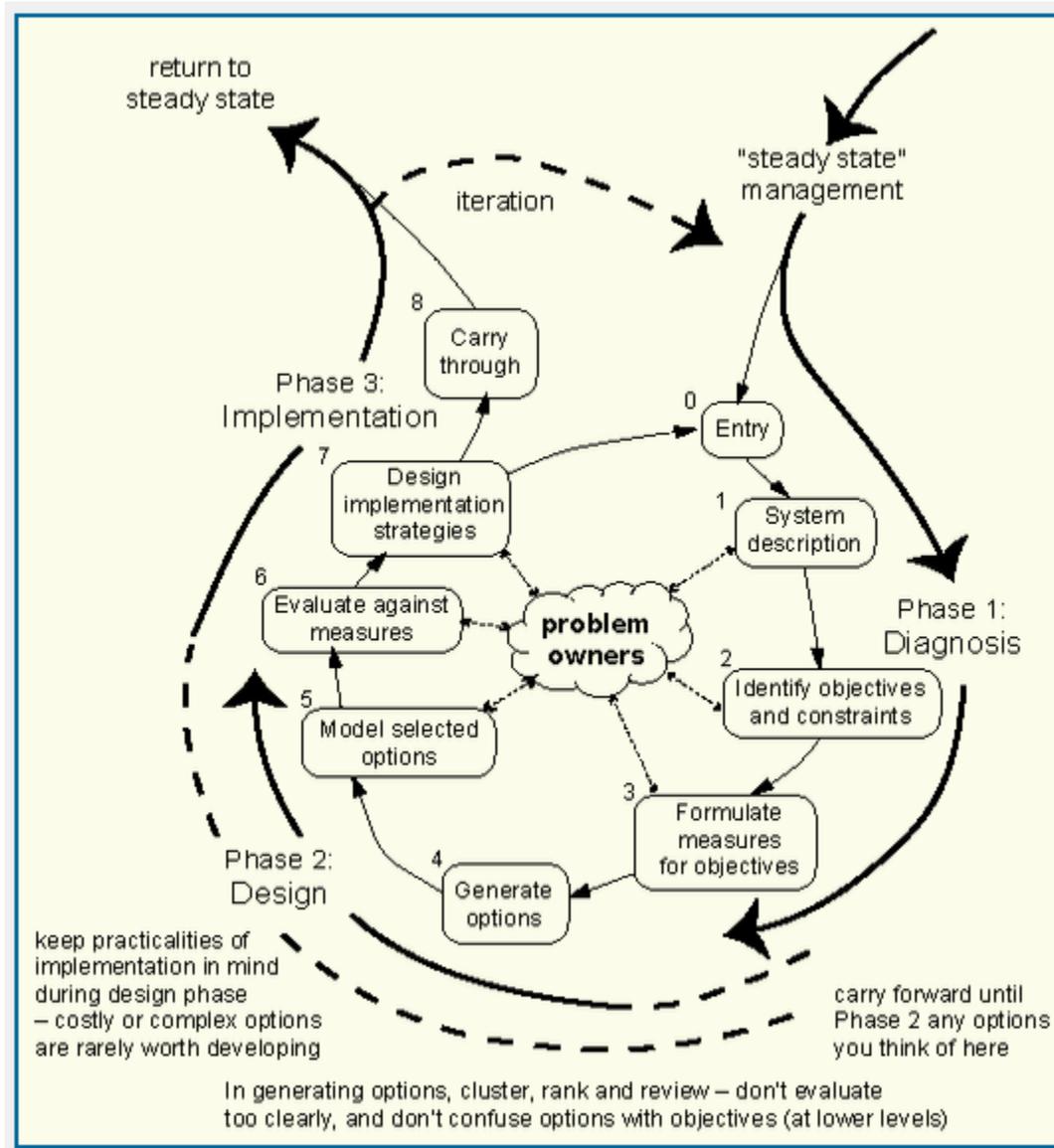
systems map

influence diagrams

Use different views to develop an 'angle'

The phases in Figure 6 are deliberately overlapping, because, for example, questions of implementation beneficially influence design. Whilst this is the simplest way of looking at SIS, in practice most change is cyclical or iterative, and a better general model of Systems Intervention Strategy is shown in Figure 7.

Figure 7: A general model of Systems Intervention Strategy



Note the central 'cloud' labelled 'problem owner'. The dotted lines indicate that the ideas process is paramount; in operating this methodology, you need regular discussions with the problem owners to test out your ideas and check your thinking against an external reference.

In the process of using systems ideas to plan and manage change, there is a tension between the need to explore the wider aspects of the problems and the need ultimately to implement a single set of changes, as shown schematically in

Figure 8. At the start of the process your knowledge of what is required will be low, and the possible options for what might be done correspondingly large. However, ultimately, when one option is finally put in place, you are implying that all that is required to be known is known, and the opportunities to change have been reduced from many to one.

Figure 8: The overall challenge of change: to reduce the number of things that could be done to one set of things that should be done

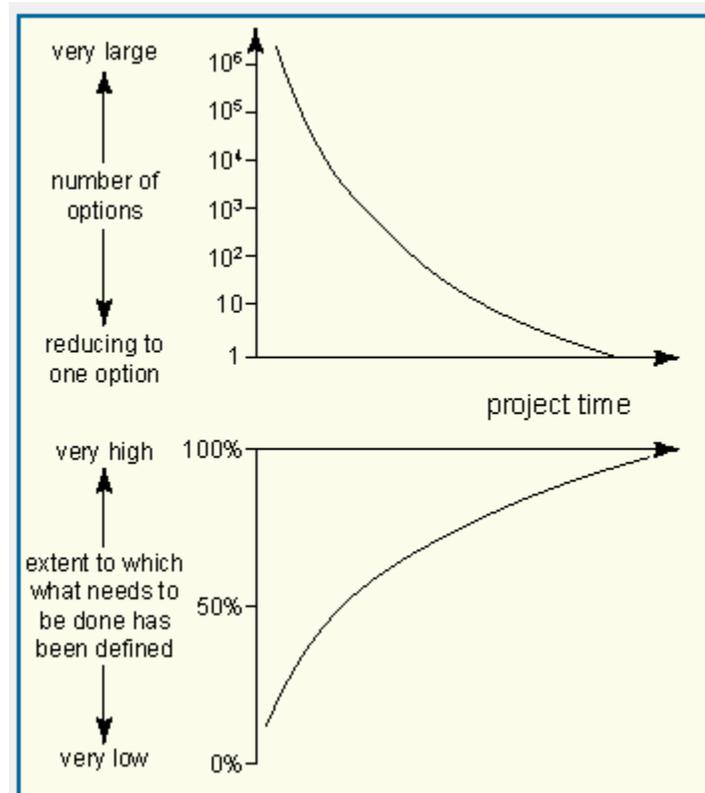
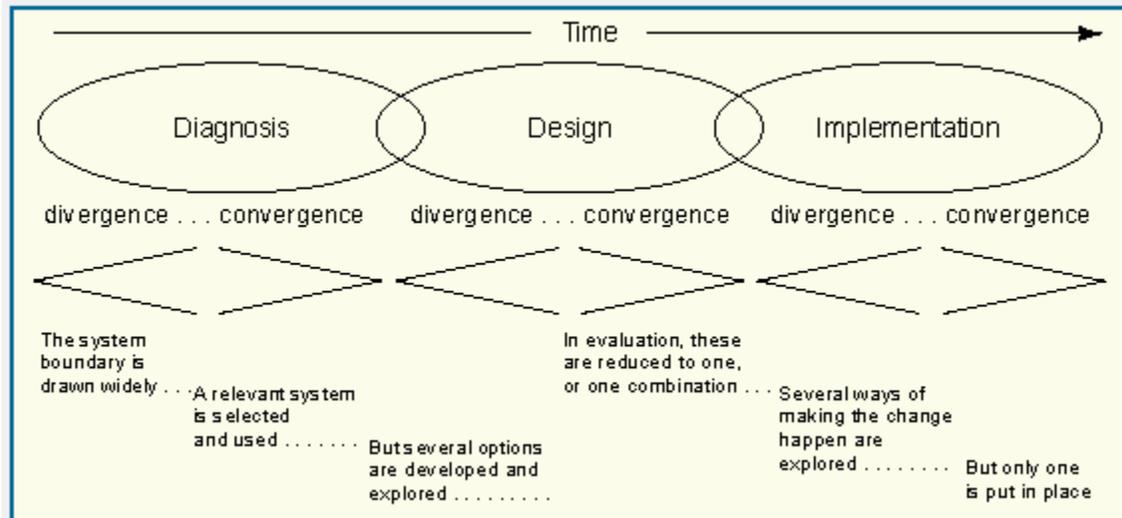


Figure 8: The overall challenge of change: to reduce the number of things that could be done to one set of things that should be done

Such smooth curves are deceptive. In reality, the processes of system description, developing and selecting options proceed in an erratic and spasmodic manner. A better image of our process of intervention is one of cycles of convergent and divergent thought (Figure 9), alternately converging on one part of the problem, and then opening up new domains in which options may exist.

Figure 9: SIS as cycles of divergent and convergent thinking



What is organisational development?

Derek Pugh, one of the Organisation Development (OD) gurus, describes four principles for understanding change:

Organisations are organisms

Organisations are occupational and political systems as well as rational resource allocation systems

All members of an organisation operate simultaneously in all three systems

Change is most likely to be acceptable where people are basically successful but have tension and failure in some part

Pugh recommends anticipating the need, diagnosing the nature of the required change, and managing the change process. His "six rules for managing change" are:

Work hard at establishing the need for change

Think through the change

Initiate thorough informal discussion to get feedback and participation

Encourage objections

Be prepared to change yourself

Monitor the change and reinforce it.

Organisational Development (OD) uses a range of change approaches and techniques that have four distinguishing characteristics:

A planned strategy rather than ad hoc changes is demanded.

A range of disciplines (including behavioural science, organisation theory, psychology, sociology, anthropology and political science) is used to develop skills to manage change.

The fit between the change process and the challenge makes the difference between success and failure.

An external facilitator is normally needed to help in planning and managing change processes.

Such a facilitator, the OD consultant, has to be from outside, be knowledgeable and skilled over change procedures, possess the personal characteristics to be accepted, and have the social skills to establish rapport and credibility.

Typically an OD approach is appropriate where:

An organisation is failing to accomplish its objectives, and the nature of the current organisation is contributing to this failure.

An organisation wishes to improve its existing capacity to adapt more readily to environmental changes.

An organisation intends to adopt new technologies or new ways of working that require changes in structure, systems and attitudes.

The creation of new operating units gives the opportunity to design new management structures and operating systems from scratch.

Figure 10 provides a generalized description of the stages of the OD process. It is of course a recurring cycle because change is continuous, and review of the organisation's capacity to respond to changes effectively must also be continuous.

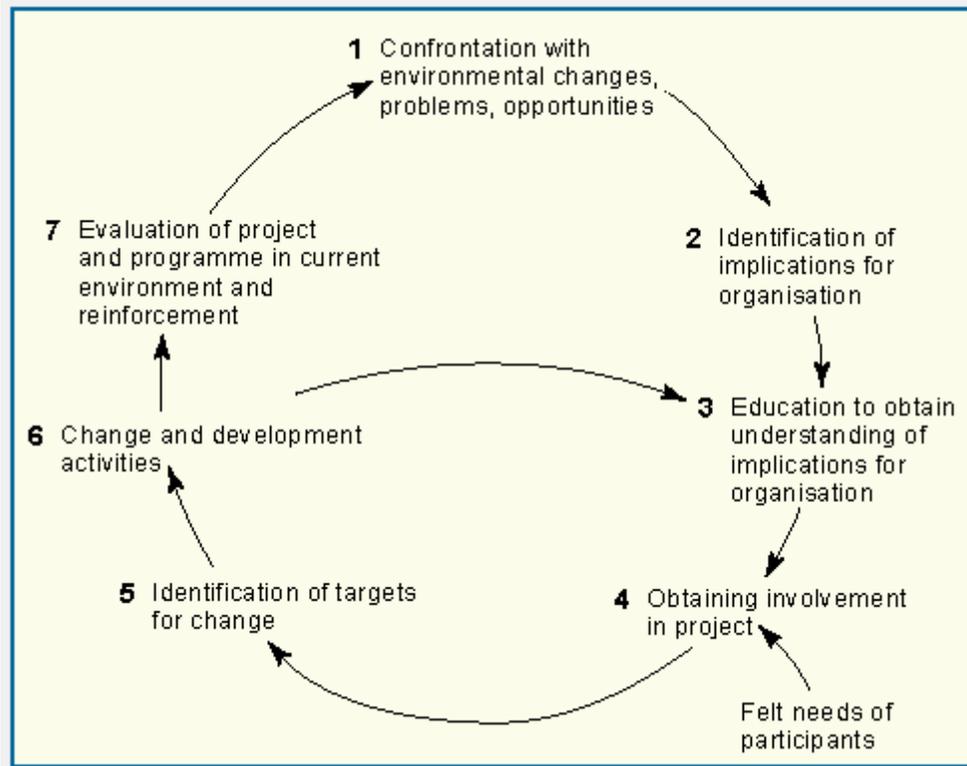


Figure 10: The Organisational Development process

OD is not one method, but a range of strategies. Those that are most frequently used are listed (*italicized*) in the boxes of the matrix of Table 1 (pdf at this link). This OD matrix, devised by Derek Pugh, is a conceptual framework for understanding and diagnosing what change is necessary in an organisation, what methods to consider, and which directions to go in initiating the change process.

Note that the rows of the matrix represent the different levels of analytical focus within the organisation, whereas the degree of intervention is represented by the columns of the matrix. The left-hand column is concerned with current behaviour symptoms that can be tackled directly, whereas moving to the second and third columns requires a greater and greater degree of intervention and commitment by the organisation.

There are three rules of thumb basic to successful OD:

Implementing change

Whether OD or SIS models are used, implementation is vital for change management. The degree of participation that is possible will of course depend on the constraints surrounding the change as well as its drivers, but typically change implementation requires careful and sensitive, but positive and effective management, where a participative approach is maintained, even though a more directive style of leadership may be recommended to deliver the change on time.

The strategy for implementing change is important – based on a survey of 93 companies in the USA, Alexander created a list of ten problems in implementation:

Implementation took more time than was originally allocated.

Major problems surfaced during implementation that had not been identified beforehand.

The co-ordination of the various implementation activities was not creative or imaginative enough.

Competing activities and crises distracted attention from implementing the decision.

Employees did not have the necessary skills.

The training and instruction given to the lower-level employees was inadequate.

Uncontrollable factors in the environment had an adverse impact on implementation.

The leadership and direction provided by departmental managers was of poor quality.

Certain key implementation tasks and activities were not defined in enough detail.

The information systems used to monitor implementation were inadequate.

Alexander also identified some key features of successful change:

- Two-way communication with all employees.
- Start with a good concept or idea.

Obtain employee commitment and involvement – ideally involve everyone in the formulation of change strategy from the beginning.

Provide sufficient resources – money, human resources, technical skills, time and attention from top management.

An implementation plan or strategy, so that problems are addressed.

Clearly implementation planning will draw on your experience of project planning with appropriate use of bar charts and critical path analysis.

Other insights into change

Lewin

Lewin coupled his force-field model of change to a strategy for managing change that was based on the simple ideas of unfreezing the situation, changing it in some way, and of refreezing or consolidating the change. This approach was therefore free of any dependence on the organisation's ability (or lack of it) to behave rationally, and equally did not rely on the change agent having any particular model of the desire to change.

This approach fits best relatively small-scale changes in methods and structures.

Huse

Huse suggested a number of factors for decreasing resistance to change:

Take account of needs, attitudes, beliefs

Demonstrate personal benefit

Use supervisor/change agent with the adequate prestige, power and influence

Provide specific information about group/behaviour

Create shared perception of the need for change

Use change agent with sense of belonging to the changed group

Use group cohesiveness

Involve the supervisor in the job situation (not off the job)

Open communication channels

Kotter and Schlesinger

Kotter and Schlesinger, in diagnosing resistance to change, exposed four common reasons:

Parochial self-interest (desire not to lose something of value)

Misunderstanding of the change and lack of trust

Different assessments (belief that the change doesn't make sense for the organisation)

Low tolerance for change.

For dealing with resistance they recommend:

Education and communication

Participation and involvement

Facilitation and support

Negotiation and agreement

Manipulation and confrontation

Explicit and implicit coercion.

The choice will depend on 'situational factors' such as the speed of the change, the amount and type of resistance, the position of the initiators (in terms of power, trust, etc.), the locus of data and implementation energy, and the stakes involved.

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Source: http://www.ami.ac.uk/courses/topics/0176_chng/index.html