

**Why is
change
so difficult
to assimilate**



MANAGEMENT
CONSULTING

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**Is the pace
of change
accelerating
and what effect
does this have
on people**



WHAT IS CHANGE?

The human experience consists of balancing our **CAPABILITIES** against the **CHALLENGES** we face. Status quo is maintained when:

Capability = Challenge
(Ability/ Willingness) (Danger/ Opportunity)

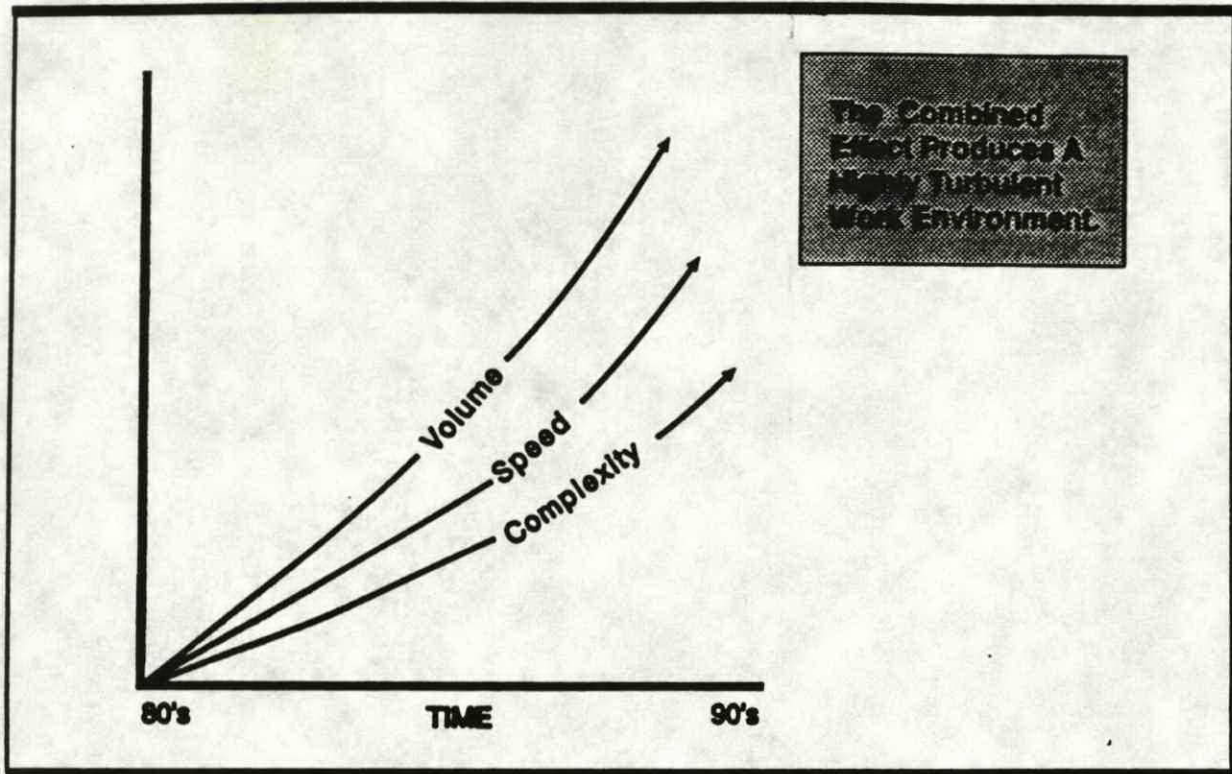
Change occurs when this balance shifts and the status quo is disrupted:

Capability > Challenge (Positive Change)

or

Capability < Challenge (Negative Change)

THE INCREASING IMPACT OF CHANGE



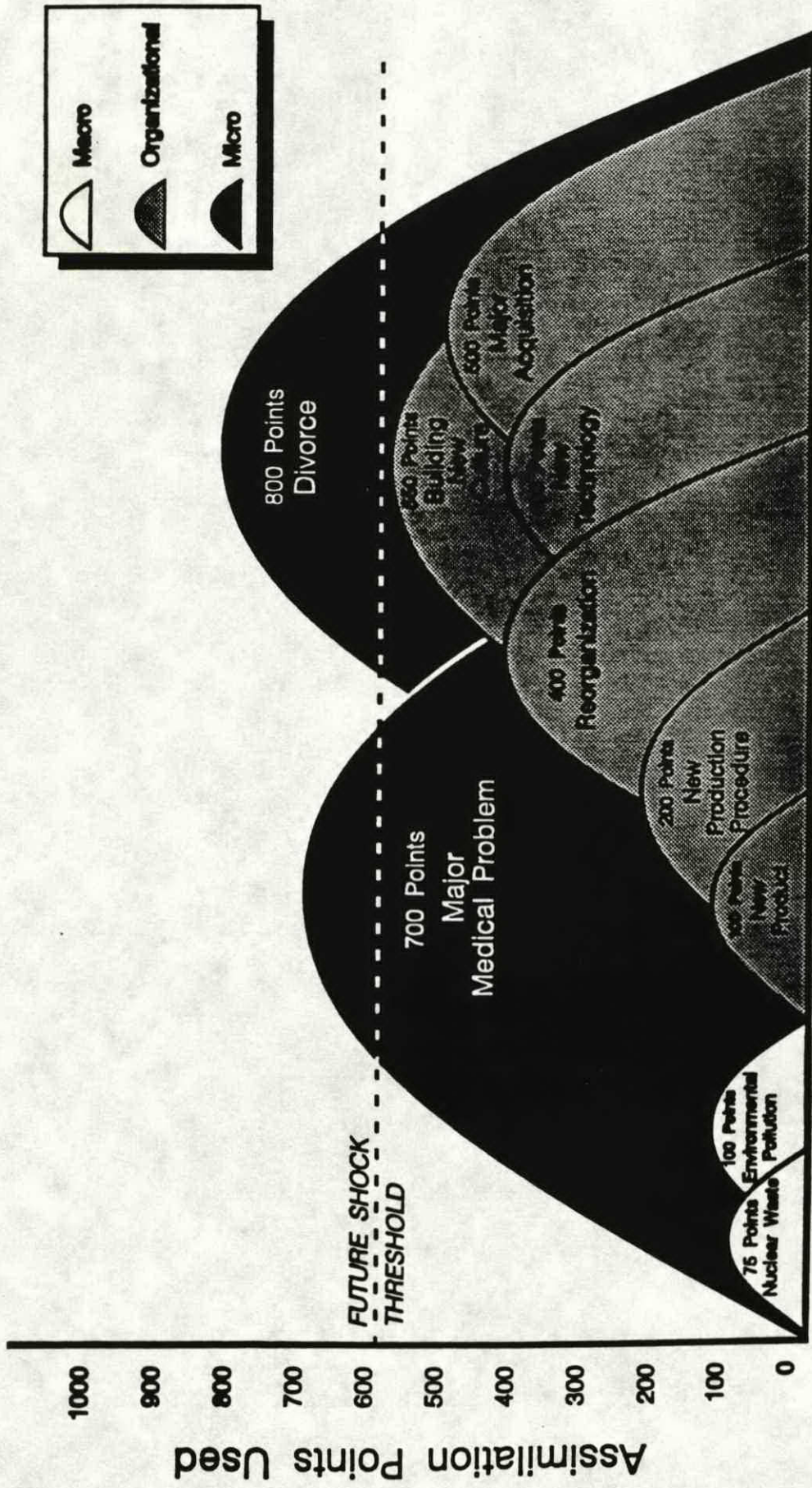
Key Characteristics of Turbulent Work Environments

- More interactive components, e.g., people, tasks, issues, problems, and opportunities
- More interdependence among the components
- More unanticipated consequences
- Less time to react to events
- Less predictability and control
- Less durability of solutions

FUTURE SHOCK

**That point in time
when people can no
longer assimilate
change without
displaying
dysfunctional
behavior.**

FUTURE SHOCK USUALLY OCCURS BECAUSE OF THE AGGREGATE IMPACT OF SEVERAL CHANGE



Multiple Changes That Require Assimilation Effort

THE CHALLENGE OF ORGANIZATIONAL CHANGE

Change is occurring at a faster pace and with greater volume and complexity than ever before. Today, organizations are:

- Initiating major *Reorganization* plans.
 - Improving competitiveness through the implementation of *Integrated Quality-Management* Processes.
 - Incorporating *Computer Systems* as an integral part of business and/or production strategies.
 - Integrating *Customer Service* mentality and behaviors throughout the organization.
 - Accommodating the turmoil associated with *Mergers, Acquisitions, and Leveraged Buyouts*.
 - Responding to New or Increased *Worldwide Competition*.
 - Redefining the *Organization's Culture* to be more supportive of the corporate business objectives.
 - Initiating *Cost Containment* mechanisms.
 - *Rightsizing* the work force.
 - Establishing *Employee Involvement* mechanisms to generate a sense of empowerment and commitment among the work force.
 - Establishing *New Products and Markets*.
 - Incorporating new *Production/Manufacturing Procedures or Machinery*.
 - Adjusting to the *Changing Profile and Needs of Today's Employees*.
 - Complying with new *Government Regulations*.
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BURNING PLATFORMS



A burning platform-type decision is at hand when the organization is facing a major (disruptive) change in which the cost for the status quo is prohibitively high and there is a significant risk that implementation failure could occur.

BURNING PLATFORM-TYPE DECISION

Sometimes the logic of difficult decisions results from the deliberation of rational analysis, and other times it is overpowered by the emotion of instinctive reaction. The key characteristic that distinguishes a decision made in a burning platform situation from all other decisions is not the degree of reason or emotion involved, but the **level of resolve**. When an organization is on a burning platform, the decision to implement major change is not just a good idea — it is a business imperative.

A burning platform exists when the price (pain) of the status quo is prohibitively expensive. Major change is always costly, but when maintaining the present course of action is even more expensive — a burning platform has been formed.

**What
separates
Winners
from Losers**



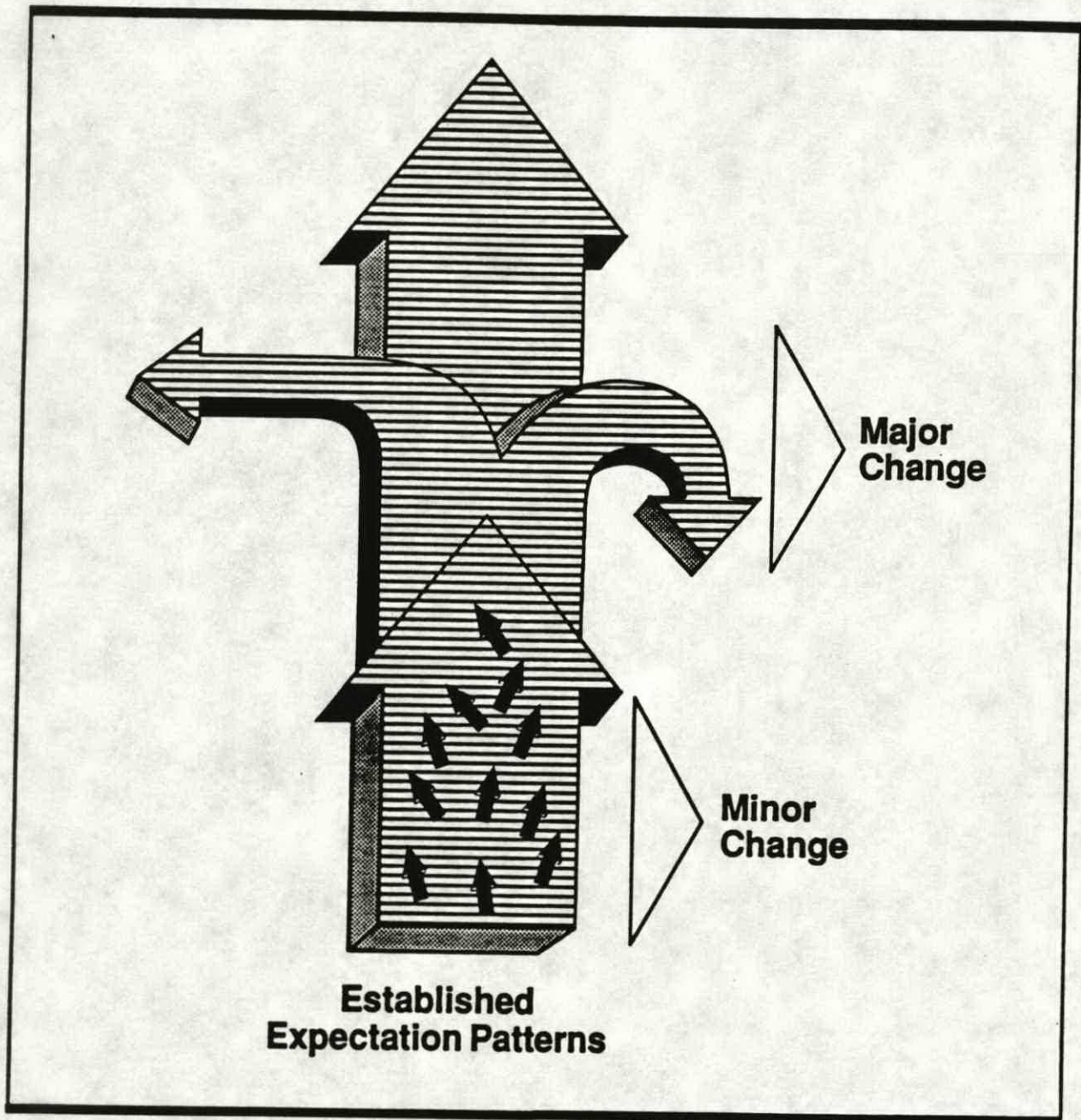
WINNERS

Required that special attention be applied to any change that significantly disrupted those affected by the decision.

LOSERS

Only concerned when negative reactions were obvious or inevitable.

**MAJOR CHANGE PRODUCES
A SIGNIFICANT DISRUPTION OF
ESTABLISHED EXPECTATION PATTERNS**



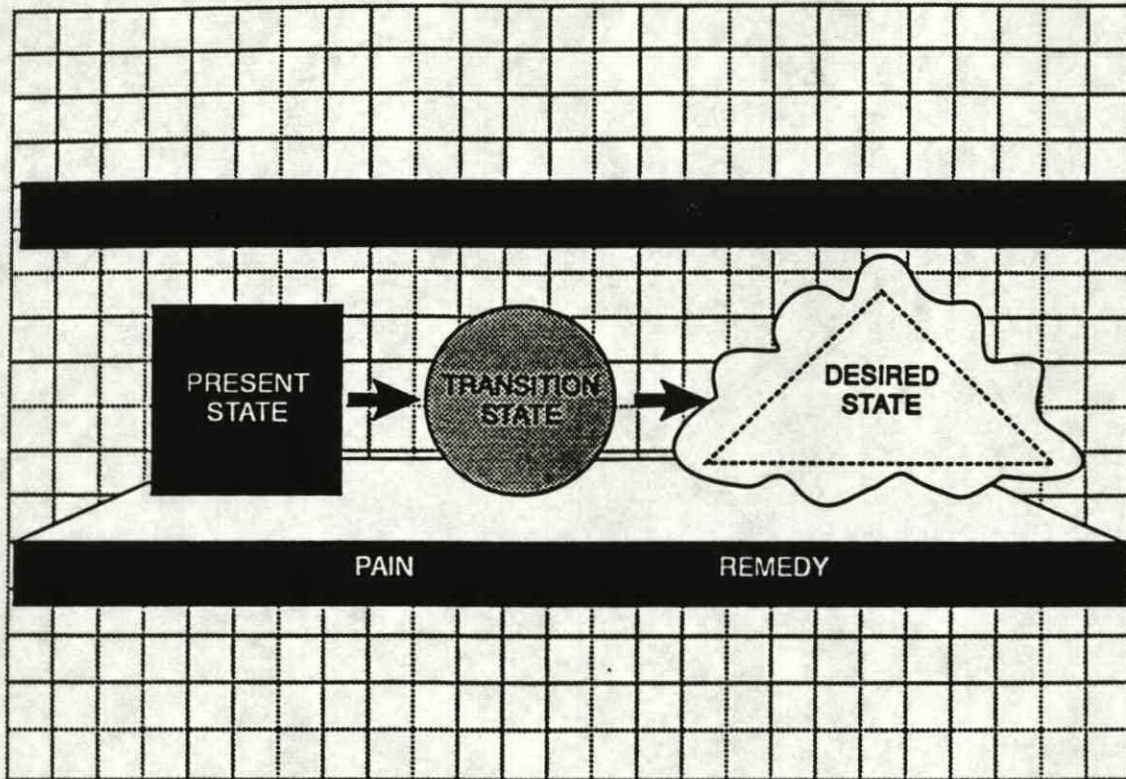
WINNERS

Approached change as a process and demonstrated a high tolerance for ambiguity.

LOSERS

Approached change as an event and demonstrated a low tolerance for ambiguity.

CHANGE IS A PROCESS



Characteristics of the Transition State:

- Low stability
- High emotional stress
- High, often undirected energy
- Control becomes a major issue
- Past patterns of behavior become highly valued
- Conflict increases

Adapted from concepts developed by Kurt Lewin and Richard Beckhard.

WINNERS

Viewed the orchestration of certain roles in the change process as essential to successful implementation.



LOSERS

Assumed that issuing directives was synonymous with successful implementation.

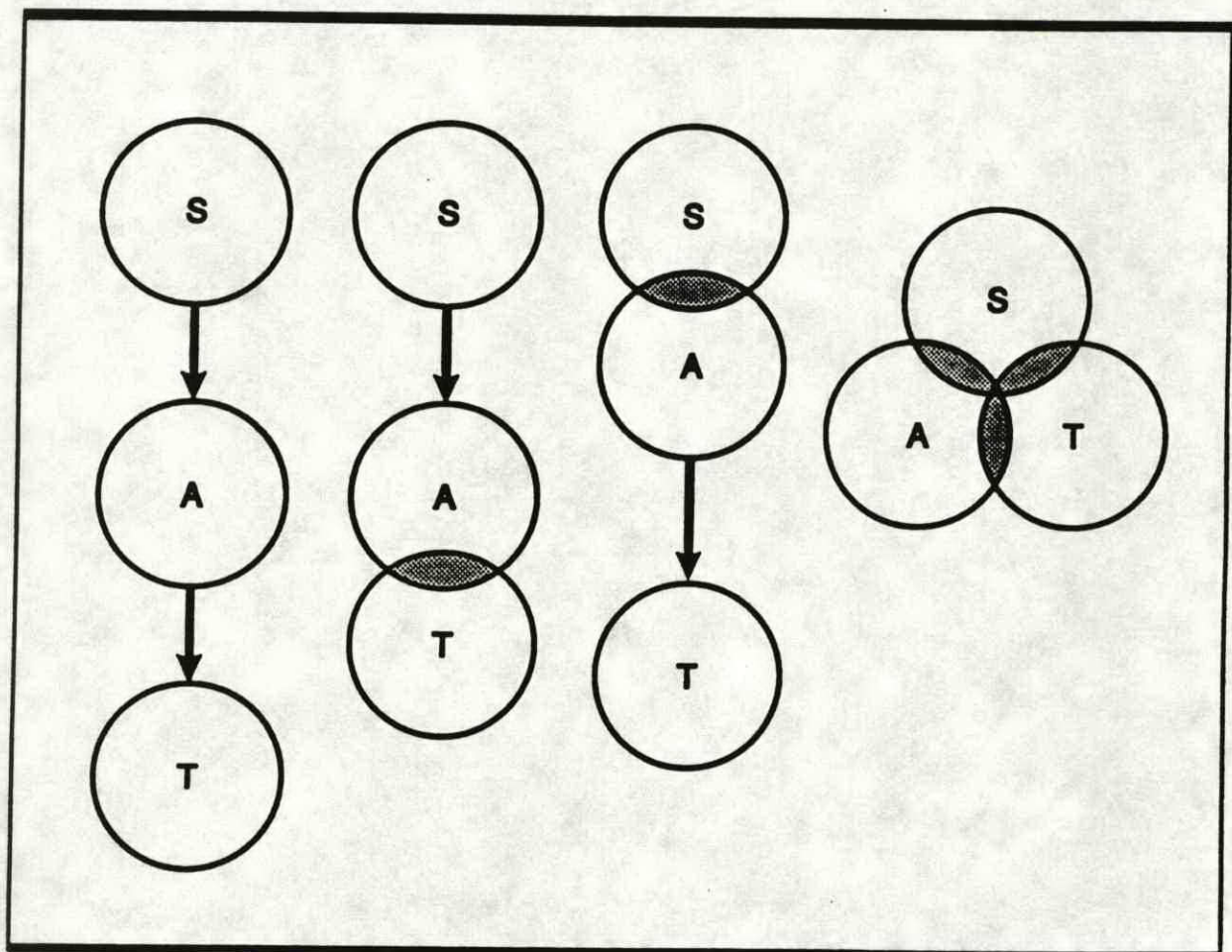
KEY ROLES IN THE CHANGE PROCESS

CHANGE SPONSOR Individual/group who legitimizes the change.

CHANGE AGENT Individual/group who is responsible for implementing the change.

CHANGE TARGET Individual/group who must actually change.

CHANGE ADVOCATE Individual/group who wants to achieve a change, but does not possess legitimization power.



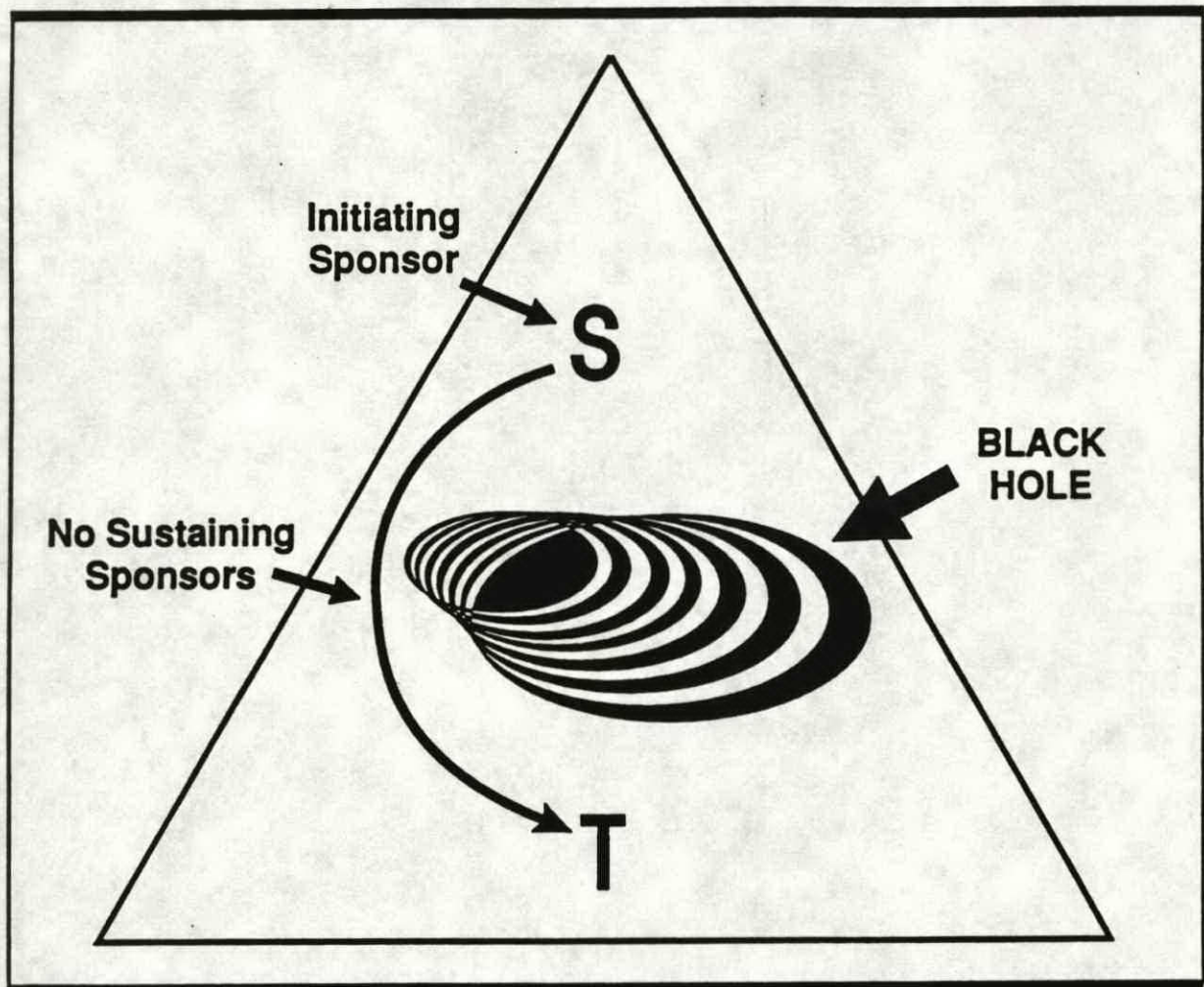
WINNERS

Recognized how powerful a barrier the "black hole" phenomenon was and succeeded in minimizing its occurrence.

LOSERS

Fell victim to the corporate "black hole."

TYPICAL INEFFECTIVE SPONSORSHIP



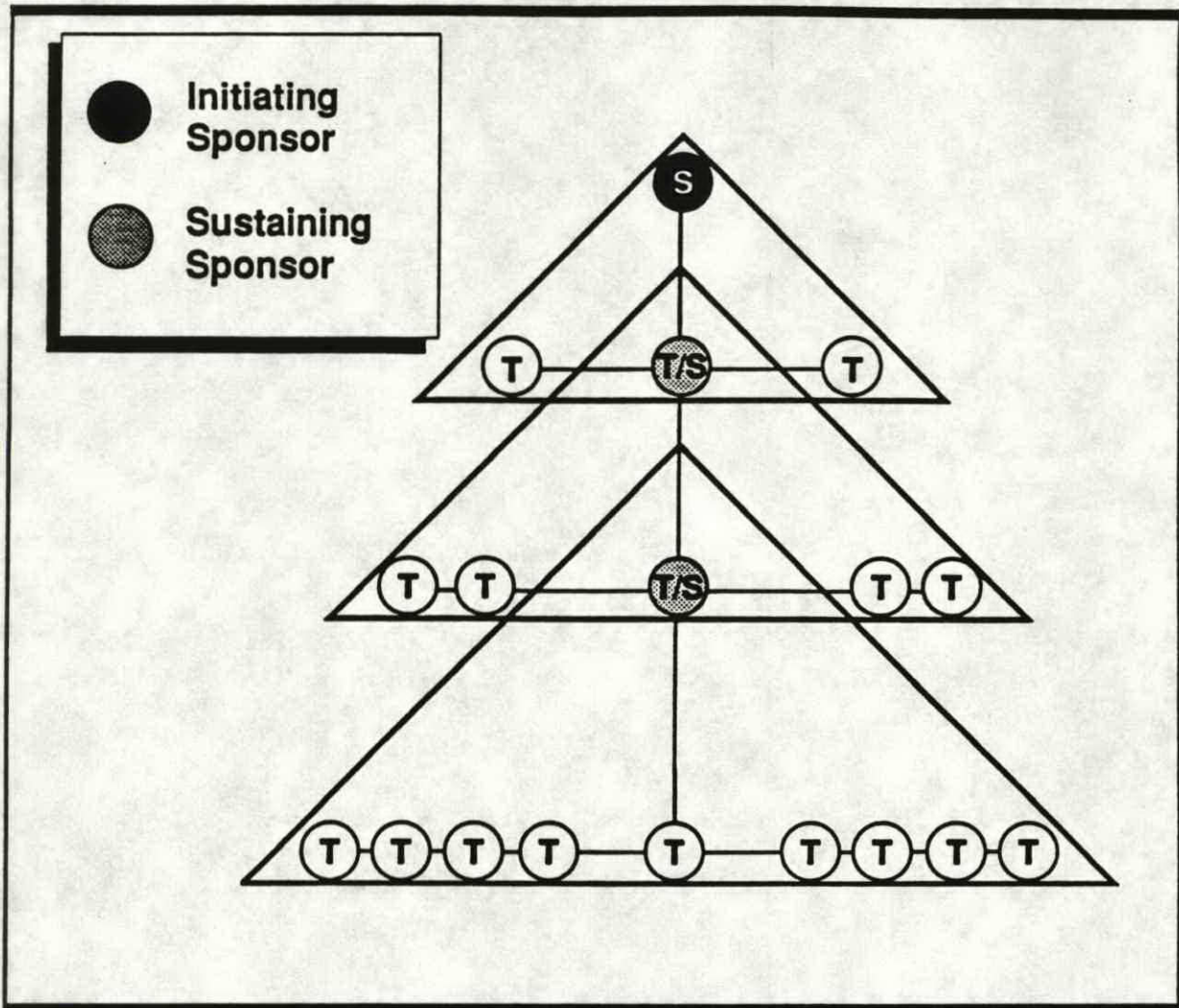
Symptoms:

- Failure to demonstrate sufficient initiating sponsorship.
- Inability to generate sufficient sustaining sponsorship.

Results:

- No Change.
- Superficial Change.
- Short-term Change.
- Distorted Change.

CASCADING SPONSORSHIP



Sponsor Tactics:

- Demonstrated commitment by aligning consequence management with rhetoric.
- Cascade sponsorship in order to minimize black holes.
- Delegate sponsorship responsibilities only to those who have direct legitimization power with targets.

Outcomes:

- Accurate change.
- Durable change.
- Supported change.

WINNERS

Demonstrated strong commitment by playing an active part in "sponsoring" change.

LOSERS

Once the decision for implementation was made, assumed no further involvement was necessary.

PRINCIPLES OF SPONSORSHIP

1. Sponsorship is Critical to Successful Change.

- Significant change within a target population will not occur without sufficient commitment demonstrated by the appropriate sponsors.

2. Weak Sponsors Must be Educated or Replaced, or Failure is Inevitable.

- When sponsors who lack a full understanding of the change implications, are unwilling/unable to take the actions necessary to secure the critical resources, or are unwilling/unable to fulfill their role requirements, they must be educated or replaced, otherwise the change effort will fail to meet its stated objective(s).

3. Sponsorship Cannot be Delegated to Agents.

- Sponsorship can only be delegated to those who have legitimization power. Therefore, it cannot be delegated to agents. Change agents can be charged with implementation responsibilities, but should never be asked to legitimize change.

4. "Initiating" and "Sustaining" Sponsors Must Never Attempt to Fulfill Each Other's Functions.

- "Initiating" sponsors have the organizational power to start the change process. "Sustaining" sponsors, however, can maintain the change process because they have the logistical, economical, and political proximity to the targets.

5. Cascading Sponsorship Must be Established and Maintained.

- There must exist a cascading, direct line of active sponsorship from the "initiating" sponsors to the "sustaining" sponsors, or the change effort will fail to achieve its objective(s).
-

WINNERS

Understood that resistance was inevitable and, therefore, must be expected and managed.



LOSERS

Viewed resistance as avoidable, and if it occurred, it represented someone's failure.

**Why do
people
resist
change**



KEY FINDINGS FROM THE MOC RESEARCH ON RESISTANCE

1 What is resistance?

Resistance is any opposition to a shift in the status quo.

2 Why does resistance occur?

People are control oriented. When expectations are disrupted, their ability to control their lives are minimized and resistance is the result.

3 Is resistance a symptom that something is wrong? Can it be avoided?

Resistance is a natural and inevitable reaction to loss of control. Its occurrence doesn't mean that something is wrong, it indicates that people are no longer able to operate as they expected to and they are uncomfortable.

4 What effect does a positive or negative reaction to change have on the amount of resistance that occurs?

Very little!

"Disruption" (not positive or negative reaction) is the focal point for understanding resistance. When people resist change, they are resisting the loss of control caused by their expectations being disrupted. As disruption increases so does resistance. Therefore, strong resistance will always be the companion of major (significantly disruptive) change.

5 When does resistance occur?

Expectations are disrupted most often when people perceive more danger, less opportunity, or a greater amount of ambiguity in a situation than they anticipated.

WINNERS

Demanded that structure and discipline be applied to the planning and execution of all major changes.



LOSERS

Allowed "spray and pray" approaches to be used during implementation.

WINNERS

Accurately determined when to be careful about implementation planning.



LOSERS

Could not determine when special implementation planning was required.

Communication

Planning Worksheet

Initiative(s): Product Quality Imperative

From the Implementation Readiness worksheet, identify which outcomes are and are not present for the new initiative(s). For those that are *not* present, identify the relevant stakeholders and designate activities that will establish the desired outcome. Use the suggested action steps to help identify and plan appropriate activities. Also, assign responsibility for planning and completing the activity and the required start and end dates.

Is Outcome Present? Yes No	Outcome and Suggested Action Steps	Stakeholders	Activities	Person Responsible	Start Date	End Date
<input type="checkbox"/> <input checked="" type="checkbox"/>	<p>1) Stakeholders clearly understand the change.</p> <ul style="list-style-type: none"> • Communicate nature, purpose and scope of the change. • Communicate links between the change and other activities. • Communicate how the change will be implemented. 	All Employees CRs, TCs, ADRs, Merch All Mfg Employees	PQI Overview Team Mtgs for Detail / Q&A	MUM TDMs/Mfg Supervisors	9/6 9/13	9/10 On-going
<input type="checkbox"/> <input checked="" type="checkbox"/>	<p>2) Stakeholders recognize why the change must occur.</p> <ul style="list-style-type: none"> • Provide clear and compelling case for action. • Communicate gaps in current performance against key criteria. • Post clear and easily understood reasons for the change. • Communicate realistic and positive expectations for change. 	All Employees All Employees	Implementation Objectives Sheet Trade Audit Presentation	MUM MUM	9/6 10/15	10/6 11/23
<input type="checkbox"/> <input checked="" type="checkbox"/>	<p>3) Stakeholders understand the impact and the outcomes of the change and they know their specific implementation objectives.</p> <ul style="list-style-type: none"> • Communicate customer, organizational & financial benefits. • Outline picture and measures of success. • Communicate impact of change to each stakeholder. • Highlight benefits of change to team/individual. • Provide specific implementation objectives to stakeholders. 	All Employees	PQI Objectives: Posters and Tabletop Fliers	TDMs/Plant Manager	9/1	9/30
<input type="checkbox"/> <input checked="" type="checkbox"/>	<p>4) Stakeholders know the schedule and the timing of the change.</p> <ul style="list-style-type: none"> • Identify key milestones in the implementation plan. • Communicate timing and pace of the change. • Describe interim state conditions. • Provide "scorecard" on progress in reaching milestones. 	All Employees All Employees	Implementation Event Posters Paycheck Flier	MUM/TDMs/ Plant Manager Plant Mgr/TDMs	9/13 10/1	3/31 3/31

REMEMBER: Plan activities for after the "go live" date.

Commitment

Planning Worksheet

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Is Outcome Present? Yes No	Outcome and Suggested Action Steps	Stakeholders	Activities	Person Responsible	Start Date	End Date
<input type="checkbox"/> <input checked="" type="checkbox"/>	<p>5) Stakeholders are involved in the implementation process.</p> <ul style="list-style-type: none"> Identify required roles in implementation. Capitalize on opportunities for stakeholder involvement. Identify formal & informal leaders in stakeholder groups. Assign "special" roles for key players. 	<p>Plant Mgr, PAM, TDMs</p> <p>PAM, Production Mgr, CRs, Loaders, Checkers</p>	<p>Implementation Team Leaders Mtg. (EOW)</p> <p>Warehouse Implementation Team</p>	<p>MUM</p> <p>PAM</p>	<p>9/13</p> <p>10/4</p>	<p>3/31</p> <p>3/31</p>
<input type="checkbox"/> <input checked="" type="checkbox"/>	<p>6) Stakeholders identify with the change.</p> <ul style="list-style-type: none"> Create a visual symbol for the change. Prominently display the symbol in work locations. Place the symbol on uniforms, shirts, jackets, etc. Utilize the symbol on local communications. 	<p>CRs, ADR, TC, Loaders, Checker, TDMs</p> <p>Plt Mgr, Prod Mgr, PAM, Loaders, Line Ops, QC Techs</p>	<p>Selling and Delivery Implementation Team</p> <p>Mfg. Implementation Team</p>	<p>TDMs</p> <p>Plant Manager</p>	<p>10/4</p> <p>10/11</p>	<p>3/31</p> <p>3/31</p>
<input type="checkbox"/> <input checked="" type="checkbox"/>	<p>7) Stakeholders influence the change through feedback.</p> <ul style="list-style-type: none"> Identify information needed to support implementation. Determine recipients of collected information. Implement feedback process to collect facts and feelings. Adjust implementation plan based on new realities. Increase frequency of informal discussions w/stakeholders. 	<p>All Employees</p> <p>All Employees</p> <p>All Employees</p>	<p>Set up "Feedback Flip Charts"</p> <p>Post PQI POP</p> <p>"Get Fresh" Shirts</p>	<p>Plant Mgr, TDMs/PAM</p> <p>TDMs/Mfg Mgrs</p> <p>TDMs/Mfg Mgrs</p>	<p>10/1</p> <p>10/1</p> <p>1/1</p>	<p>3/31</p> <p>11/30</p> <p>1/14</p>
<input type="checkbox"/> <input checked="" type="checkbox"/>	<p>8) Events are planned to maintain high energy levels.</p> <ul style="list-style-type: none"> Plan activities around attainment of key milestones. Recognize & reward contributors in highly visible manner. Provide status updates on progress of change. 	<p>Sales/Mfg Performers</p> <p>All Employees</p> <p>All Employees</p>	<p>Trade Audit Team</p> <p>New Year's/1st Qtr Breakfast</p> <p>PQI Hero Award</p>	<p>MUM</p> <p>MUM</p> <p>MUM/TDM/Plant Manager</p>	<p>9/15</p> <p>1/1</p> <p>10/1</p>	<p>10/15</p> <p>3/31</p> <p>3/31</p>

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Planning Worksheet

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Is Outcome Present? Yes No	Outcome and Suggested Action Steps	Stakeholders	Activities	Person Responsible	Start Date	End Date
<input type="checkbox"/>	9) The right people are in the right positions at the right time. <ul style="list-style-type: none"> Develop position descriptions w/ roles, accountabilities and measures. Identify and select candidates for new or changed positions. Prepare transition plans for all job movements. Provide severance and outplacement support when necessary. 	All Exempt Employees CRs, Merch, Mfg Technicians CRs, Merch, ADR, TC	PP&A Coaching Support for Sales; similar process Sales and Delivery Training	MUM/All Mgrs TDMs/ Mfg Supv TDMs	11/1 11/1 9/20	3/31 3/31 10/1
<input type="checkbox"/>	10) Stakeholders have the skills and competencies to do what is required. <ul style="list-style-type: none"> Schedule and conduct required training for the change. Identify local issues requiring additional support. Develop action plans for specific local issues. Conduct follow-up plan to assess training effectiveness. 	Line/Maint Technicians All Mfg Performers Plt Mgr, Prod Mgr, PAM	New Equipment Training Mfg. Training Route Truck Loading 2	Production Mgr. Plant Mgr Make Process Leader	9/15 9/20 10/11	9/15 10/8 10/15
<input type="checkbox"/>	11) The special resource needs for the change are identified and secured. <ul style="list-style-type: none"> Identify additional/incremental work associated with change. Identify work coverage needs/ develop work coverage plans. Identify and plan for costs associated with the change. 	All Warehouse Performers All Performers CRs, Merch, ADR, TC All Employees	Warehouse Training Manager 1-on-1 follow-up Trade Clean-Up Team PP&A; Coaching Support for Sales	PAM All Managers TDMs All Managers	10/18 11/15 10/1 1/1	10/22 3/31 12/31 On-going
<input type="checkbox"/>	12) Specific coaching and support processes are in place to reinforce the required new behaviors. <ul style="list-style-type: none"> Detail new requirements for employees to managers. Provide support resources for managers. Include specific measurable goals for the change in performance plans. Link formal & informal rewards to required new behaviors. 	TDMs, Plt Mgr, PAM Business Agents CRs, Merchandisers	Process Team to Visit Locations PQI Overview and Policy Review OOD Product Return/ Rotation Policy Review	Process Director MUM/HR Mgr. MUM/TDMs	10/15 10/1 11/1	3/31 11/30 1/31

REMEMBER: Plan activities for after the "go live" date.

**How can
organizations
successfully
face periods of
major change**



CHANGE CAN BE MANAGED

Organizations that successfully manage change display two characteristics:

- They train their people to be more resilient during change, thus raising the threshold at which "Future Shock" occurs.
 - They reward their people for carefully planning and skillfully executing change initiatives, thus reducing the number of assimilation points needed for successful implementation.
-

POSITIVE TARGET RESPONSE TO A CHANGE

