

# Introduction to Change Management

**Manu K. Vora, Ph.D., MBA, ASQ CQE & ASQ Fellow**

Adjunct Professor, College of Business, Northern Illinois University, Illinois

Past Vice President, American Society for Quality (ASQ)

Chairman and President, Business Excellence, Inc.

P. O. Box 5585, Naperville, IL 60567-5585, USA

Tel: 630-548-5531, [manuvora@b-einc.com](mailto:manuvora@b-einc.com); Website: <http://www.b-einc.com>

Presented to ASQ Chicago Section 1201 (Pre-Dinner Presentation)

October 13, 2010, Downers Grove, Illinois

## Change Management – Personal Background

- **35 years** of practical experience *managing change in customer, people, process and leadership areas*
- **Change Management in For-Profit Organizations:**
  - AT&T Bell Laboratories, Naperville, IL
  - Cahaba Government Benefit Administrators, LLC, Birmingham, AL
  - Infogix, Inc., Naperville, IL
  - Institute of Gas Technology, Chicago, IL
  - Lucent Technologies, Lisle, IL
  - Multi-Arc India Limited, Mumbai, India
  - Omzest Group, Muscat, Oman
  - Pinnacle Business Solutions, Inc., North Little Rock, AR
  - TriSpan Health Services, Inc., Jackson, MS
  - UNITECH Systems, Inc. (Now Infogix, Inc.), Naperville, IL
- **Change Management in Not-for-Profit Organizations:**
  - American Society for Quality (ASQ), Milwaukee, WI
  - Blind Foundation for India, Naperville, IL
  - Information Integrity Coalition, Naperville, IL
  - National Management Institute, Cairo, Egypt
  - School of Continuing Studies, Northwestern University, Evanston, IL
  - Alumni Association, Illinois Institute of Technology, Chicago, IL

## Outline

- Quotes on Change and Some Definitions
- Why and What of Change Management (CM)
- Change Management Foundation
- Change Management Model
- Organization Life Cycle and CM
- Organizational Alignment – The 7-S Model

3

## Quotes on Change

### Change Reality:

- **Change alone is unchanging.** – Heraclitus, Greek Philosopher
- **Nothing endures but change.** – Heraclitus, Greek Philosopher
- **Change is the law of life and those who look only to the past or present are certain to miss the future.** – John F. Kennedy
- **People don't resist change. They resist being changed!**  
– Peter Senge
- **Your success in life isn't based on your ability to simply change. It is based on your ability to change faster than your competition, customers and business.** – Mark Sanborn
- **Neither a wise man nor a brave man lies down on the tracks of history to wait for the train of the future to run over him.**  
– Dwight D. Eisenhower

4

## Quotes on Change

### The Conflict of Change:

- **God, grant me the serenity to accept the things I cannot change, the courage to change the things I can and the wisdom to know the difference.** – *Reinhold Niebuhr*
- **They always say that time changes things, but you actually have to change them yourself.** – *Andy Warhol*
- **Most of us are about as eager to be changed as we were to be born, and go through our changes in a similar state of shock.**  
– *James Baldwin*
- **Change means movement. Movement means friction. Only in the frictionless vacuum of a nonexistent abstract world can movement or change occur without that abrasive friction of conflict.** – *Saul Alinsky*
- **If we don't change, we don't grow, If we don't' grow, we aren't really living.** – *Gail Sheehy*

5

## Quotes on Change

### The Impact of Change:

- **We must become the change we want to see.** – *Mahatma Gandhi*
- **Life is like a dogsled team. If you ain't the lead dog, the scenery never changes.** – *Lewis Gizzard*
- **Change has a considerable psychological impact on the human mind. To the fearful it is threatening because it means that things may get worse. To the hopeful it is encouraging because things may get better. To the confident it is inspiring because the challenges exists to make things better.**  
– *King Whitney, Jr.*
- **Men make history, and not the other way around. In periods where there is no leadership, society stands still. Progress occurs when courageous, skillful leaders seize the opportunity to change things for the better.** – *Harry S. Truman*

6

## Definition

- **The Change (*Organization and operations*)**
  - The goal of change is to improve the organization by altering how work is done by:
    - ❖ Cost reduction
    - ❖ Improving revenue
    - ❖ Solving problems
    - ❖ Seizing opportunities
    - ❖ Aligning work and strategy
    - ❖ Streamlining information flow in the organization
  - Change Impacts the organizations in one or more of:
    - ❖ Processes
    - ❖ Systems
    - ❖ Organization Structure
    - ❖ Job Roles

7

## Definition

- **Change Management (*Impacted employees*)**
  - The process, tools and techniques to manage the **people side** of change to achieve required organizational / business outcomes
  - CM incorporates the organizational tools that can be used to help individuals make **successful personal transitions resulting in the adoption and realization of change**
  - To apply a systematic approach to **helping individuals impacted by “the change” to be successful by building support, addressing resistance and developing required knowledge and ability to implement change (managing the “people” side of the change)**

8

## Causes of Change

### Fundamental & Radical Reorientation provoked by:

- Organization/business transformation
- Change in mission
- Restructuring operations
- Process changes
- Product changes
- Service changes
- Technological changes
- System changes
- Policy changes
- Economic changes
- Environment changes - competitive threats, mergers and collaborations, etc.
- Any others?

9

## Change Questions

The following five questions must be addressed by the **leaders**:

1. Why are we doing this?
2. Why are we doing this now?
3. How is this going to impact me and my organization?  
*Q1 to Q3 – assessment to gauge organization's response*
4. How will we work together to make this happen?
5. What do I need to do to prepare myself?  
*Q4 & Q5 – assessment further gauge organization's capability to drive the organization readiness*

10

## Change Questions Response

**Inadequate response** by leaders to the five questions or **insufficient actions to resolve** will lead to:

- **Potential disruption to the transformational effort:**
  - ❖ Delay, derail or possibly stop a transformation effort
  - ❖ Ultimate results of significant budget overruns
  - ❖ Damaged leadership credibility
  - ❖ Reinforced fear of future change

11

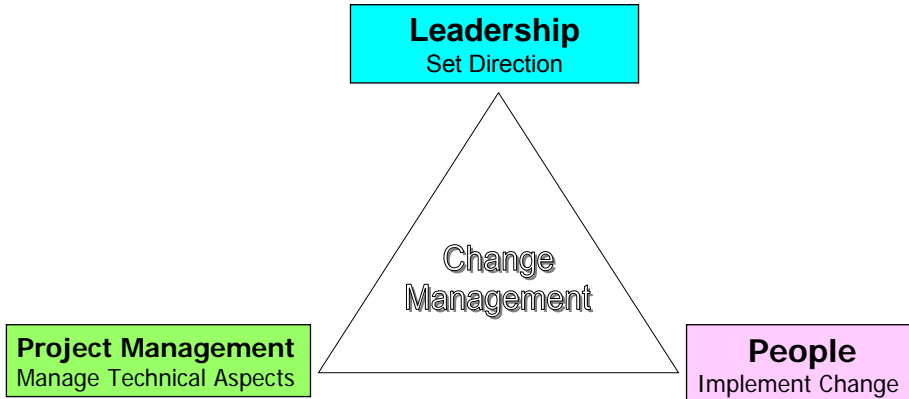
## Impact of Change Management

**Organization/Business Transformation** requires people to:

- Relook at the way they perform their work
- Learn new skills
- Adopt new culture
- Accept new priorities
- Develop new measures of success

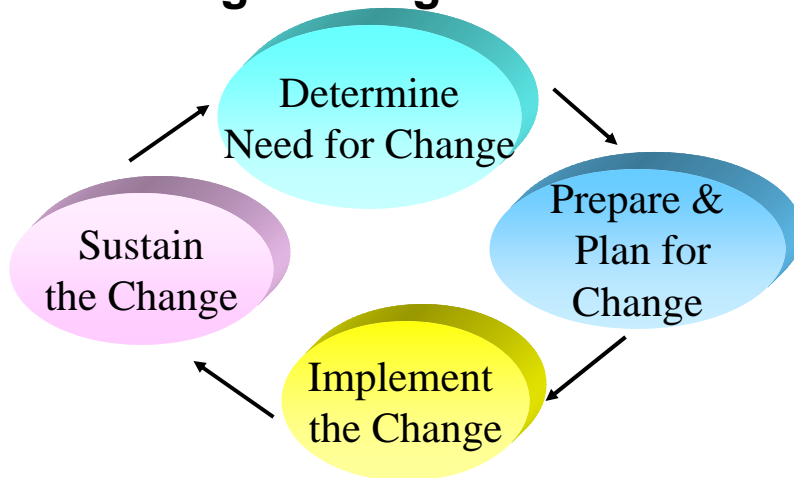
12

## Change Management Foundation



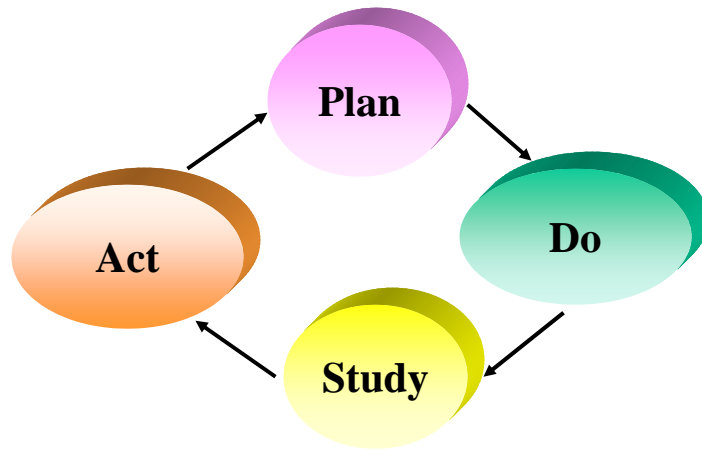
13

## Change Management Model



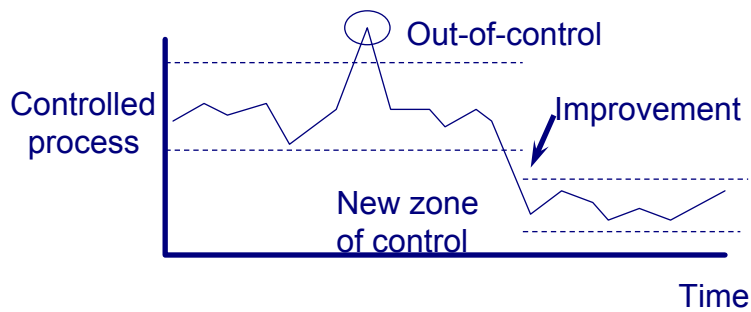
14

## Deming Cycle - Continuous Improvement

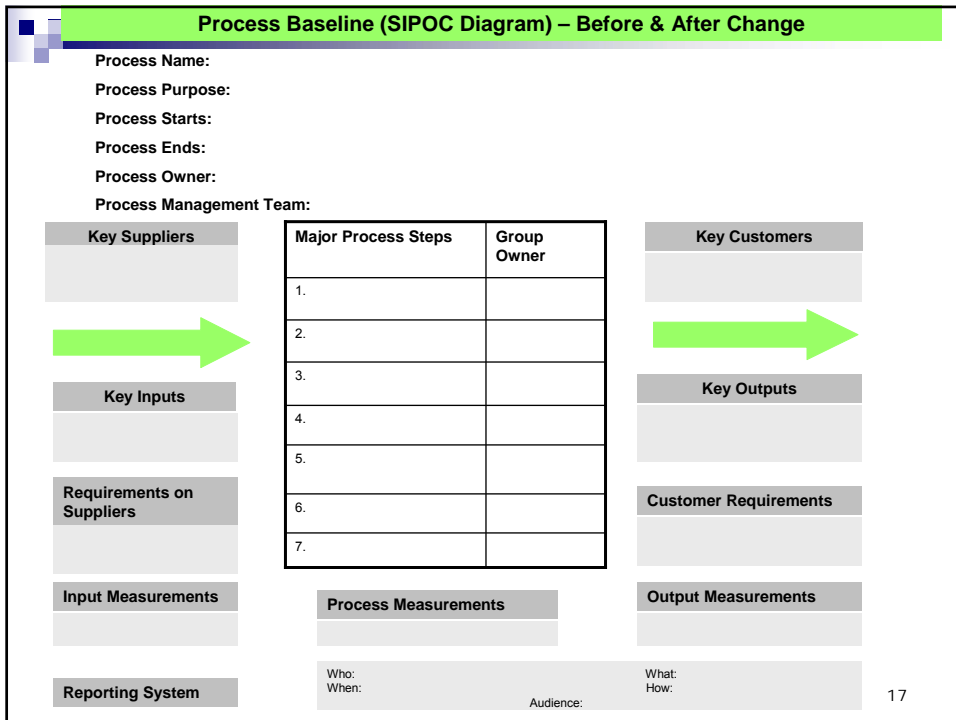


15

## Juran's Quality Trilogy (Planning, Control, Improvement)



16



## Organizational Life Cycle (OLC)

There are five level/stages in any organization:

- Start-up (Birth)
- Growth (fast growth)
- Maturity (slow or no growth)
- Decline
- Death (or Revival)

The four stages of Organizational Life Cycle are:

1. Entrepreneurial stage -> Crisis: Need for leadership
2. Collectivity stage -> Crisis: Need for delegation
3. Formalization stage -> Crisis: Too much red tape
4. Elaboration stage -> Crisis: Need for revitalization

**Change Management is Crucial during all stages of OLC**

*“Understanding the Theory and Design of Organizations”, Richard Daft, 2007.*

## The Rise and Renewal of an Organization



19

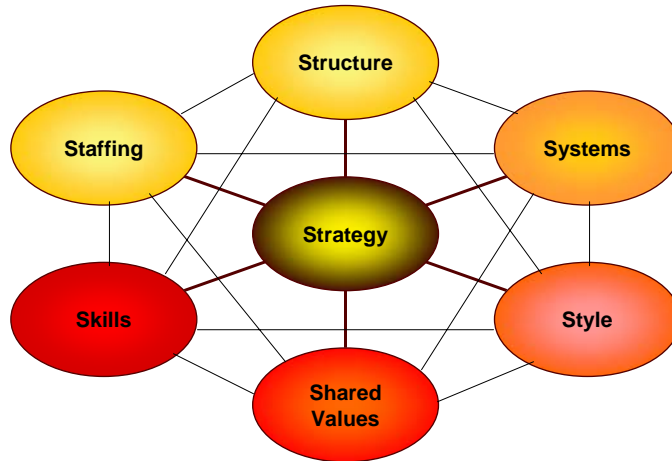
## OLC and When to Change?

- You **Like** to change – when you are in a **Growth** stage
- You **Need** to change – when you are in **Maturity** stage
- You **Must** change – when you are in **Decline/Death** stage

20

## Organizational Alignment – The 7-S Model

(Harvard Business School, November 19, 1996.)



21

## Thanks

## Questions?



22

# Change Management in Action

**Manu K. Vora, Ph.D., MBA, ASQ CQE & ASQ Fellow**

Adjunct Professor, College of Business, Northern Illinois University, Illinois

Past Vice President, American Society for Quality (ASQ)

Chairman and President, Business Excellence, Inc.

P. O. Box 5585, Naperville, IL 60567-5585, USA

Tel: 630-548-5531, [manuvora@b-einc.com](mailto:manuvora@b-einc.com); Website: <http://www.b-einc.com>

Presented to ASQ Chicago Section 1201 (Post-Dinner Presentation)

October 13, 2010, Downers Grove, Illinois

## Outline

- Strategic View of Change Management:
  - 8 Success Factors
  - 6 Performance Levers
- Role of Leadership and Strategic Planning in CM
- John Kotter's CM Model
- Kurt Levin's Freeze Phases
- Role of Project Management in CM
- Talent Management to Sustain the Change
- Key Resources

## Change Management Exercise

Changes you have experienced in your organizations (Discussion):

- Change management practices:
  - Successful
  - Unsuccessful
- Reasons/factors behind:
  - Successful changes
  - Unsuccessful changes
- Key lessons learned

25

## Strategic View of Change Management

- Successful transformation requires 70-90% leadership versus 10-30% management effort.
- ***It is easiest to ride a horse in the direction it is going.*** In other words, don't struggle against change; learn to use it to your advantage.

26

## Strategic View of Change Management

- Any Change Management effort regardless of the type of transformation consists of **Assessment** and **Action**
- **Assessment:** Identifying the people (stakeholders) who will be impacted in a transformation and continually **assessing the readiness of stakeholders** to make the necessary transition
- **Action:** Taking the necessary actions to **build support for the change**

27

## Strategic View of Change Management

### **Change Management Methodology Framework**

#### **8 Success Factors (Assessment):**

1. Establish a Sense of Urgency
2. Clarify and Share the Transformation Vision
3. Increase Change Capability
4. Establish Change Communication
5. Involve Stakeholders
6. Engage Leadership at All Levels
7. Implement Project Integration
8. Enhance Performance and Organization Alignment

28

## Strategic View of Change Management

### *Change Management Methodology Framework*

#### **6 Performance Levers (Action):**

Leadership Effectiveness/ Alignment

1. Organization Alignment
2. Performance Management and Incentives Alignment
3. Communication Infrastructure
4. Training and Professional Development
5. Staffing and Deployment

29

## Leadership for Change Management

There are many leadership challenges, but they can be summarised as follows:

- Ability to understand truth/reality
- Ability to see and share the vision
- Ability to respond to change
- Ability to liberate potential
- Ability to translate vision into action and actions into the next level of vision

30

## Leadership for Change Management

### **Leaders Must Embrace:**

- Change
- Innovation
- Unexpected

### **Leadership Presence:**

- First lead yourself then others
- Serving
- Five Levels of Leadership – Jim Collins (Good to Great)
- Leadership Insights
- Response-Ability
- Story Telling

31

## Leadership Versus Management

### **Leadership (Produces Change):**

- Establishing Direction by Strategic Planning
- Aligning People
- Motivating and Inspiring

### **Management (Produces Predictability & Order):**

- Planning & Budgeting
- Organizing & Staffing
- Controlling & Problem Solving

*Management is efficiency in climbing the ladder of success; leadership determines whether the ladder is leaning against the right wall.*

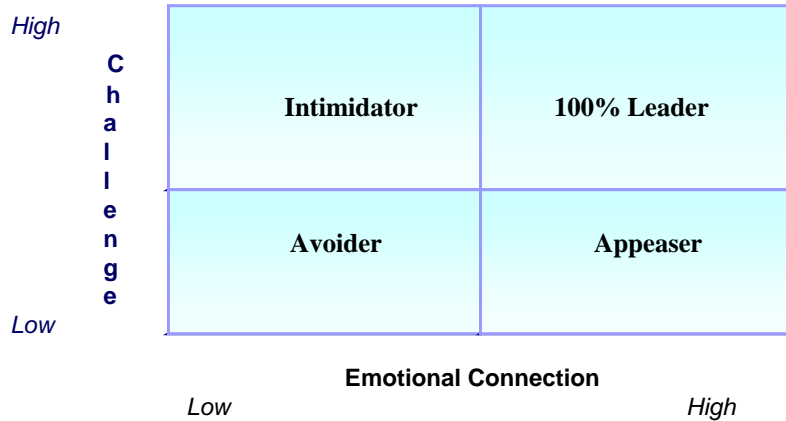
*- Dr. Stephen R. Covey*

32

## 100 Percenters – Mark Murphy (2010)

### Thought Leadership Quiz

<http://www.leadershipiq.com/thought-leadership/quiz>



33

## Jim Collins - "Level 5" Leadership



34

## The Two Sides of Level 5 Leaders

### ■ Professional Will

- Creates superb results, a clear catalyst in the transition from **good to great**.
- Demonstrates an unwavering resolve to do whatever must be done to **produce the best long-term results**, no matter how difficult.
- Sets the **standard of building an enduring great company**; will settle for nothing less.
- Looks in the mirror, not out the window, to **apportion responsibility for poor results**.

35

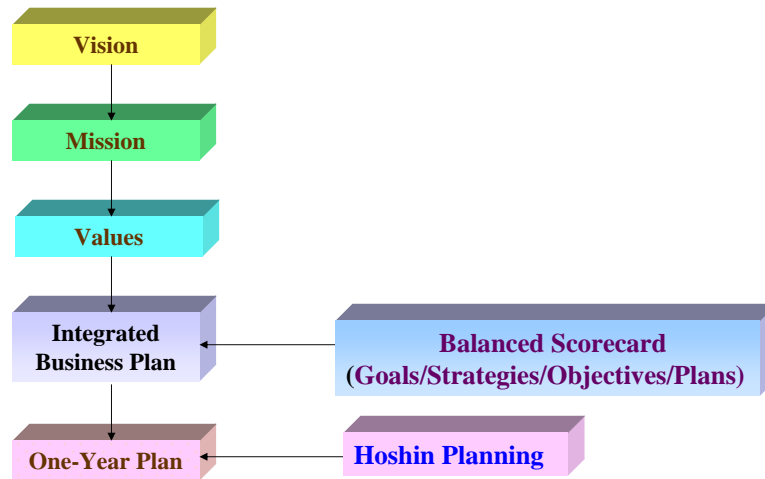
## The Second Side of Level 5 Leader

### ■ Personal Humility

- Demonstrates a **compelling modesty**, shunning public adulation; never boastful.
- Acts with **quiet, calm determination**; relies principally on inspired standards, not inspiring charisma, to motivate.
- **Channels ambition into the company**, not the self; sets up successors for even greater success in the next generation.
- Looks out the window, not the mirror, to **apportion credit for the success of the company**.

36

## Vision, Mission and Values



37

## Best Practice Examples

### Eastman Chemical Company (1993 Baldrige, Mfg.): *Strategic Intent*

**Vision:** To be the world's preferred chemical company

**Mission:** To create superior value for -

- ✓ Customers
- ✓ Employees
- ✓ Investors
- ✓ Suppliers
- ✓ Public

**Guided by:** Company directions

**Driven by:** Quality policy - The Eastman Way

**Focusing on:** Exceeding customer expectations while achieving our major improvement opportunities

38

# Organizational Assessment

## ➤ Baldrige Award Organization Assessment (40 Q)

- ❑ Category 1: Leadership (6Q)
- ❑ Category 2: Strategic Planning (5Q)
- ❑ Category 3: Customer and Market Focus (5Q)
- ❑ Category 4: Measurement, Analysis & Knowledge Management (5Q)
- ❑ Category 5: Workforce Focus (6Q)
- ❑ Category 6: Process Management (4Q)
- ❑ Category 7: Results (9Q)

Ref: [http://www.baldrige.nist.gov/PDF\\_files/ProgressAL.pdf](http://www.baldrige.nist.gov/PDF_files/ProgressAL.pdf)

39

## Baldrige Criteria for Performance Excellence Framework: A Systems Perspective



40

# Organizational Assessment

## ➤ Determine Key Organizational Issues:

- Assemble Leadership Team Members for Internal Environmental Scan:
  - Strengths
  - Weaknesses
- Conduct Brainstorming
- Compile Affinity Diagram:
  - Service Quality
  - Cost of Service (Budget)
  - Cycle Time (Timeliness)
  - Capacity (Ability to process, Throughput)
- Prioritize Brainstormed Ideas & Selection of Projects
  - Multivoting and Pareto Analysis
  - Priority Matrix (Priority, Impact, Feasibility)

41

# Change Management Models

- Appreciative Inquiry Model
- Elizabeth Kubler-Ross Model  
(The Last Lecture You Tube)
- Commitment to Change Model
- Cultural Indicator Change Model
- John Kotter's 8 Stages Change Model

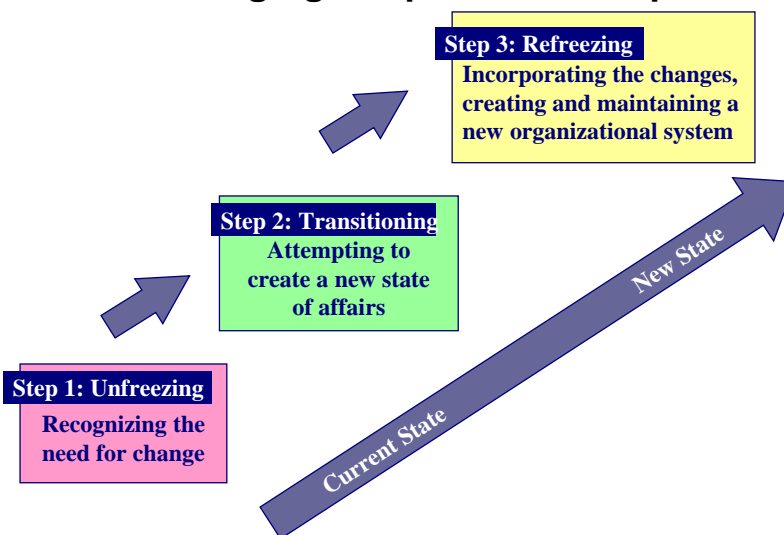
42

## John Kotter's 8 Stages for CM

1. Establish a Sense of Urgency
2. Create the Guiding Coalition
3. Develop a Vision and Strategy
4. Communicate the Change Vision
5. Empower Employees for Broad-Based Action
6. Generate Short-Term Wins
7. Consolidate Gains and Produce More Change
8. Anchor New Approaches in the Culture

43

## Kurt Lewin's Freeze Phases Changing People: Basic Steps



Source: George & Jones, 2002

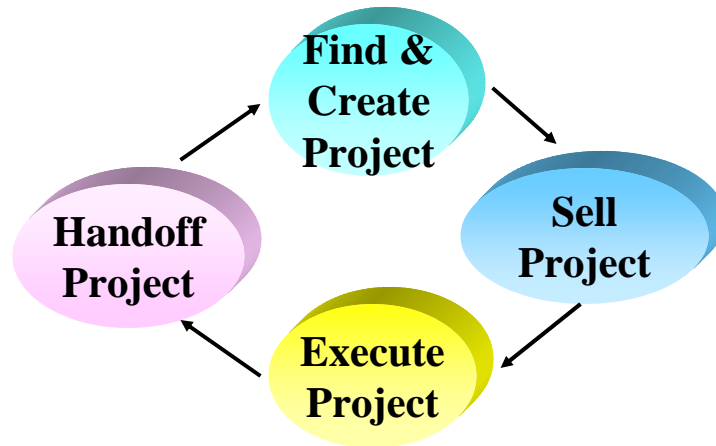
44

## Definition

- **Project Management (*Tasks and activities*)**
  - Application of knowledge, skills, tools and techniques to **project activities** to meet project requirements
  - PM is accomplished through the application and integration of the PM processes of:
    - ❖ Initiating
    - ❖ Planning
    - ❖ Executing (includes Monitoring & Controlling)
    - ❖ Closing
  - To develop a set of specific plans and actions to achieve **“the change”** given time, cost and scope constraints and to utilize resources effectively (managing the **“technical”** side of the change)

45

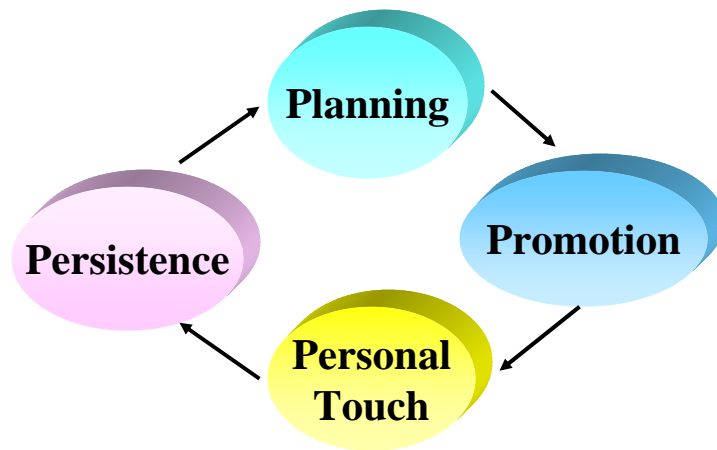
## Project Management Fundamentals



The Wow Project by Tom Peters, Fast Company.COM, 12/19/2007

46

## Productivity Model (4Ps) - PM



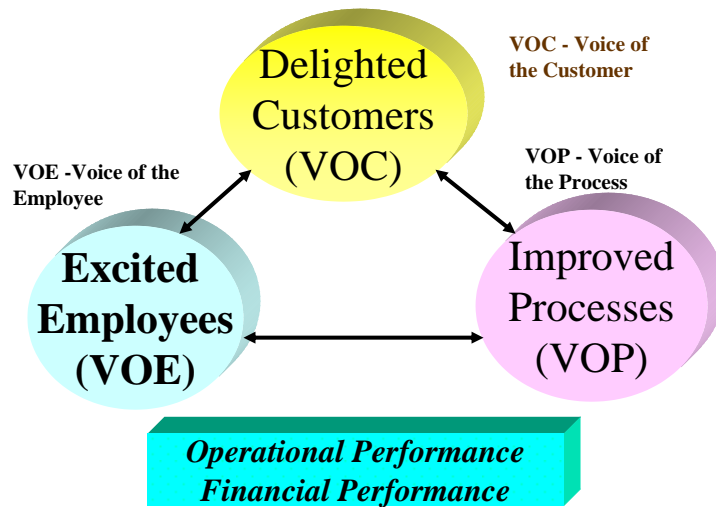
47

## Talent Management Principles

- Organizational Excellence Model
- Employee-Customer-Profit Chain
- Customer-Supplier Relationship
- Employee Engagement Model – CM
- Employee Excellence Model – CM
- Employee Motivation Practices – CM

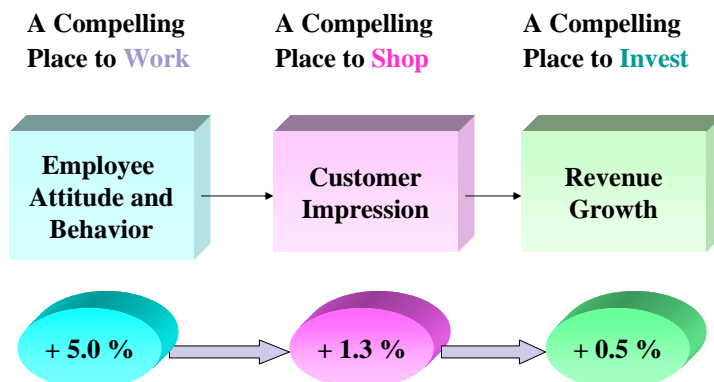
48

# Organizational Excellence Model



49

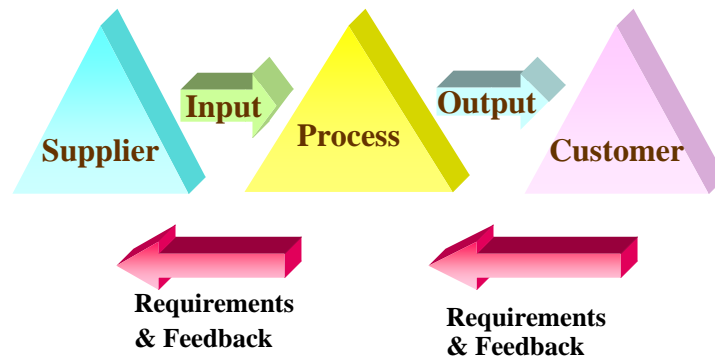
# Employee-Customer-Profit Chain, Sears, USA



*Source: Rucci et al., Harvard Business Review, 1998.*

50

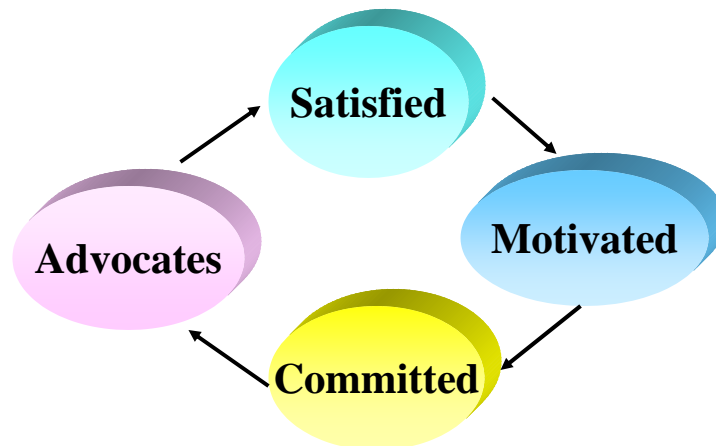
## Customer-Supplier Relationship



*Source: AT&T PQMI, Issue 1.1, 1988.*

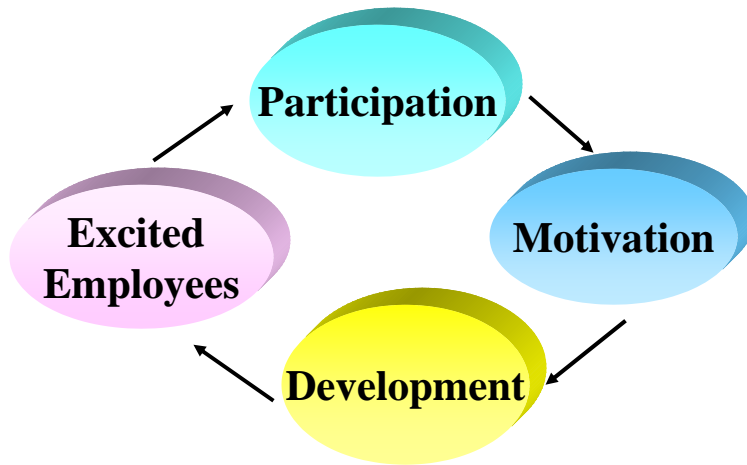
51

## Employee Engagement Model - CM



52

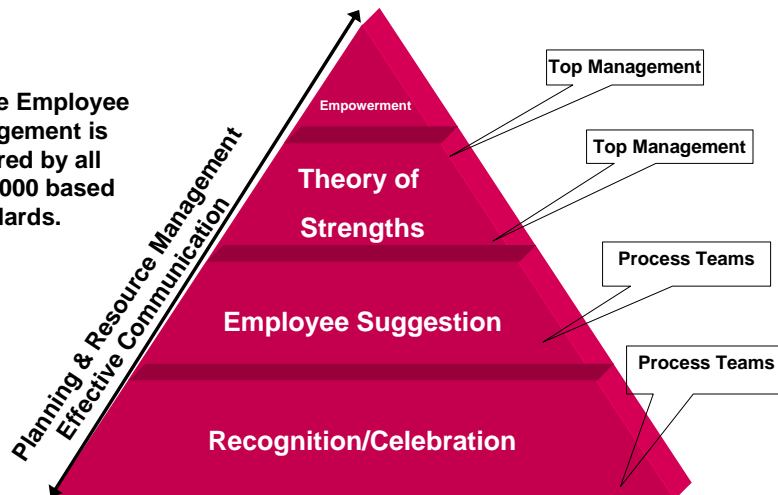
## Employee Excellence Model - CM



53

## Employee Motivation Practices - CM

Active Employee Engagement is required by all ISO 9000 based Standards.



54

## CM –Lessons to Remember

### I. AMA:

- ❖ **Ability** determines what you are *capable* of doing
- ❖ **Motivation** determines *how you do* it
- ❖ **Attitude** determines *how well you do* it

### II. 3H:

- ❖ **Heart** – Emotions
- ❖ **Head** – Ideas and Logic
- ❖ **Hands** – Implementation

### III. Leadership:

Leadership is all about *Influencing, Igniting* and *Inspiring* ordinary people to do extraordinary things.

55

## Successful Change Management Results

1. John Kotter's Eight Steps and some Great Stories
2. Manu Vora's Cases
3. Egyptian Export Helpdesk
4. Baldrige Winners – Multiple Awards (major transformations)

56

## John Kotter's Eight Stages for Successful Change

Stage	Action	New Behavior
1	<b>Increase urgency</b> among relevant people.	People start telling each other, "Let's go, we need to change things!"
2	<b>Build the guiding team</b> with credibility, skills, connections and formal authority.	A group powerful enough to guide a big change is formed and they start to work together well.
3	<b>Get the vision right</b> – create sensible, clear, simple and uplifting vision and sets of strategies.	The guiding team develops the right vision and strategy for the change effort.
4	<b>Communicate for buy-in</b> – simple, heartfelt messages sent through many unclogged channels.	People begin to buy into the change and this shows in their behavior.
5	<b>Empower action</b> by removing key obstacles that stop people from acting on the vision.	More people feel able to act and do act on the vision.
6	<b>Create short-term wins</b> by providing credibility, resources and momentum to the overall effort.	Momentum builds as people try to fulfill the vision while fewer and fewer resist change.
7	<b>Don't let up</b> by creating wave after wave of change until the vision is a reality.	People make wave after wave of changes until the vision fulfilled.
8	<b>Make change stick</b> by nurturing a new culture.	New and winning behavior continues despite the pull of tradition, turnover of leaders, etc.

57

## Kotter's Stages – Some Great Stories

- **Stage 1 – Urgency - a story that demonstrates the problem**  
(424 different kind of gloves [\$5-17] on display on the Boardroom table.)
- **Stage 2 – Guiding Team - choose a team of “the right” people**  
(Two companies merged – “The Blues versus the Greens” – lack of trust and open communication.)
- **Stage 3 – Get the vision Right – paint a vivid picture**  
(“The plane would not move, period”. Quality is number one and until the plane is done and done right, it would not move to a new position.)
- **Stage 4 – Communicate for Buy-in – present the vision clearly and honestly and address responses such as anger**  
(The Screen Saver – “We will be #1 in UK market by 2001”. Vision and then goals on everyone's screen saver.)

58

## Kotter's Steps – Some Great Stories

- **Stage 5 – Remove Barriers to “Empower Action”**  
(Retooling the Boss – send the naysayer to work for the customer using your product.)
- **Stage 6 – Create Short-term Wins – shoot for some quick immediate successes**  
 (“The Big Four” goals – posting the top four on bulletin boards throughout the company generated momentum for change.)
- **Stage 7 – Don’t Let Up – reignite the initial fire of change campaign**  
 (“Reducing 25 pages to 2 page monthly report” – focus on important work and reduce unnecessary effort to adopt new strategies.)
- **Stage 8 – Make Change Stick – teach the innovative norms to new hires and promote who exemplify the fresh values**  
 (“The Path to the Patient” – New employee orientation focused on non-silo R&D in a drug development company.)

59

## Manu Vora's CM Cases – For-Profit Entities

CM Project	John Kotter's Stages for Change Management							
	Urgency	Team	Vision	Comm.	Empower	S-T Wins	No Let Up	Sustain
<b>AT&amp;T Bell Laboratories:</b>								
1. Systems Engineering Quality (1985-1989) – 4 years	√	√	√	√	√	√	√	√
2. NQM Satellite Broadcasts (1989-2007) – 19 years	√	√	√	√	√	√	√	√
3. ASQ CQE Refresher Course (1989-1994) – 5 years	√	√	√	√	√	√	√	√
4. SSBU Recognition Process (1990-1994) – 4 years	√	√	√	√	√	√	√	√
5. ISCBU Customer Satisfaction (1990-1995) – 5 years	√	√	√	√	√	√	√	√
6. Voice of the Customer (VOC) (1995-2000) – 5 years	√	√	√	√	√	√	√	√
<b>Pinnacle Business Solutions, Inc. (PBSI):</b>								
7. PBSI Employee Recognition/ Suggestion processes (2006-present) – 4 years	√	√	√	√	√	√	√	√

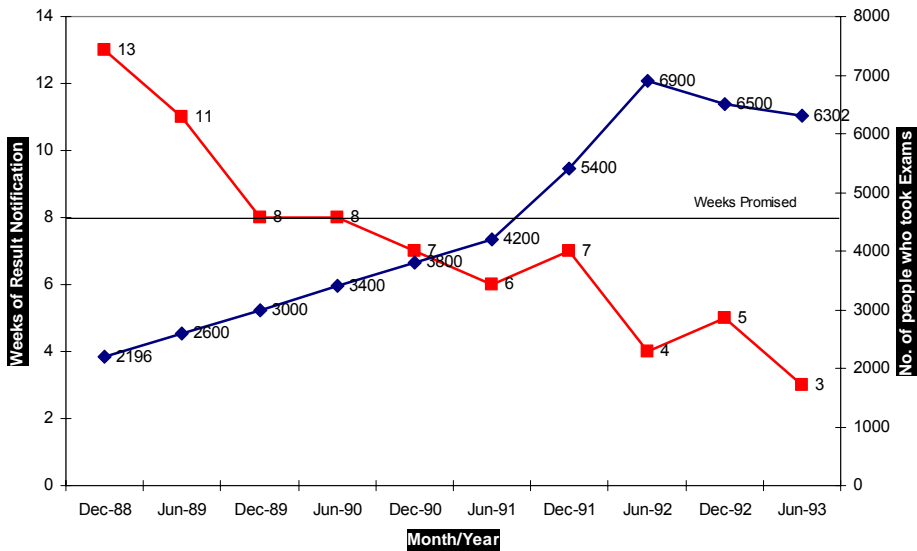
60

## Manu Vora's CM Cases – Non-Profit Entities

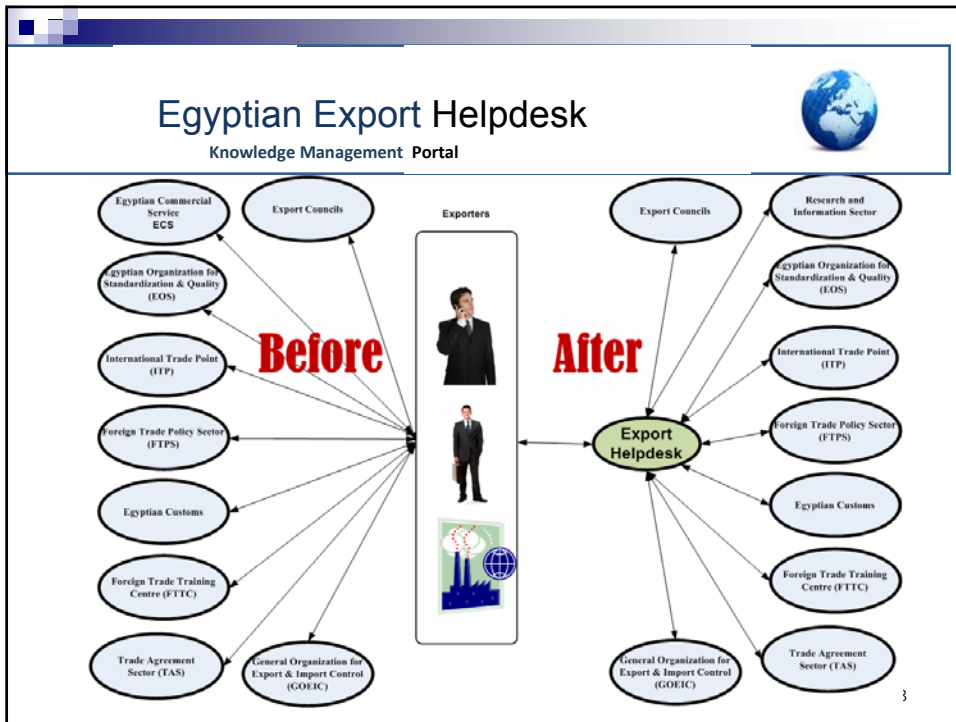
CM Project	John Kotter's Stages for Change Management							
	Urgency	Team	Vision	Comm.	Empower	S-T Wins	No Let Up	Sustain
<b>American Society for Quality:</b>								
1. Certification Exam. Process (1989-1994; - present) – 21 Yrs.	√	√	√	√	√	√	√	√
2. 50th AQC Conference (1994-1996) - 2 Yrs.	√	√	√	√	√	√	√	√
3. Society Recognition Process (1997-1998; - present) - 13 Yrs.	√	√	√	√	√	√	√	√
4. NI Quality Conference (1998-present) - 13 Yrs.	√	√	√	√	√	√	√	√
5 Society Capital Campaign (1999-2001) - 2 Yrs.	√	√	√	√	√	√	√	√
6. <b>BFI</b> Fund Raising for Blind (1989-present) - 21 Yrs.	√	√	√	√	√	√	√	√
7. <b>IIT</b> Alumni Awards Program (2006-present) - 5 Yrs.	√	√	√	√	√	√	√	√

61

**Cycle-Time Reduction for ASQ Exam Result Notification Interval**



62



## Baldrige Winners – Multiple Awards (Major Transformations)

- **AT&T** – 3 (1992 – Mfg; 1992 – Service; 1994 – Service)
- **Boeing** – 2 (1998 – Mfg.; 2003 – Service)
- **Dana Corporation** – 2 (1996 – Service; 2000 – Mfg.)
- **Motorola** – 2 (1988 – Mfg.; 2002 – Mfg.)
- **Ritz Carlton** – 2 (1992 – Service; 1999 – Service)
- **Solectron Corporation** – 2 (1991 – Mfg.; 1997 – Mfg.)
- **Sunny Fresh Foods** – 2 (1999 – Small Bus.; 2005 – Mfg.)
- **Xerox** – 2 (1989 – Mfg.; 1997 – Service)

<http://www.baldrige.nist.gov>

## Overall References

- AT&T (1988), *Process Quality Management & Improvement Guidelines*, Issue 1.1.
- Kaye, B. & Jordan-Evans, S. (2002), *Love'Em or Lose"Em*, Berrett-Koehler, San Francisco, CA.
- Kotter, J. P. & Rathgeber, H. (2005), *Our Iceberg Is Melting: Changing and Succeeding Under Any Conditions*, St. Martin's Press, NY.
- Kotter, J. P. & Cohen D.S. (2002), *The Heart of Change: Real-Life Stories of How People Change Their Organizations*, Harvard Business School Press, Boston, MA.
- Kotter J. P. (1996), *Leading Change*, Harvard Business School Press, Boston, MA.
- Lencioni, P. (2007), *The Three Signs of a Miserable Job*, Jossey-Bass, San Francisco, CA.
- Lencioni, P. (2006), *Silos, politics and Turf Wars*, Jossey-Bass, San Francisco, CA.
- Lencioni, P. (2004), *Death by Meeting*, Jossey-Bass, San Francisco, CA.
- Lencioni, P. (2002), *The Five Dysfunctions of a Team*, Jossey-Bass, San Francisco, CA.
- Lencioni, P. (2000), *The Four Obsessions of an Extraordinary Executive*, Jossey-Bass, San Francisco, CA.
- Lewin's Freeze Phases, [www.changingminds.org](http://www.changingminds.org).
- Morgan, N. (2006), *Running Meetings*, Harvard Business School Press, Boston, MA.
- Murphy, M. (2010), *Hundred Percenters*, McGraw-Hill, NY.
- Spackman, L. (2009), "Change That Sticks", *Quality Progress*, pp. 22-28, April issue.
- Vavra, T. G. (2002), "ISO 9000:2000 And Customer Satisfaction", *Quality Progress*, pp. 69-75, May issue.
- Vora, M. K. (2005), "Managing Human Capital" chapter in *Six Sigma for Transactions and Service*, P. 471-500, McGraw-Hill, New York, NY.
- Vora, M. K. (2005), "Voice Of the Customer (VOC) Management", Invited Keynote Address at The Costa Rica Quality Conference, San Jose, Costa Rica, March 15.
- Vora M. K., Harthun S. & Kingen R. (1993), "ASQC Certification Committee Practices What It Preaches", *Quality Progress*, pp. 99-103, November issue.
- Warda, R. M. (2009), "Know Thyself", *Quality Progress*, pp. 30-36, April issue.

65

## Thanks

## Questions?



66