

John Durante

Process Improvement Group

February 9, 2005

**Leading
Change**

**How do you feel when asked
to
change??**

Change is inevitable...

- **Human tendency is to resist change**
- **“The only constant is change”, especially in business**
- **We are all improving processes, improving quality, which most likely require changes in behavior**

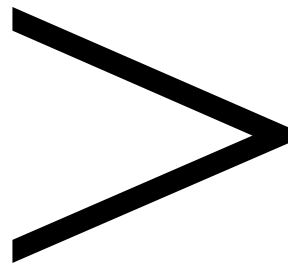
**Change is coming, whether
we like it or not...**

“The rate of change is not going to slow down anytime soon. If anything, competition in most industries will probably speed up even more in the next few decades.”

Source: *Leading Change*

Overcoming resistance to change is the challenge

**NEED
FOR
CHANGE**



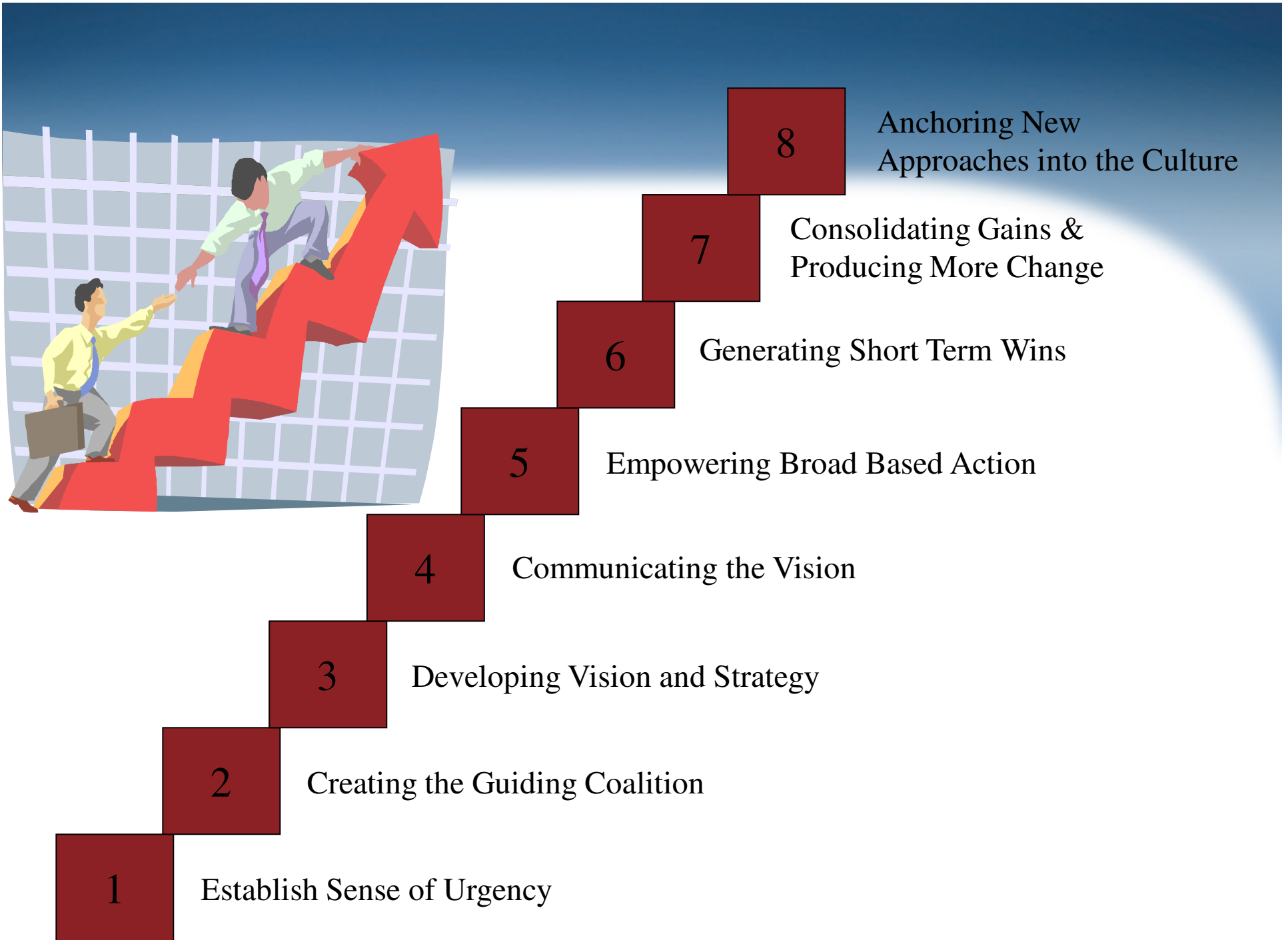
**RESISTANCE
TO
CHANGE**

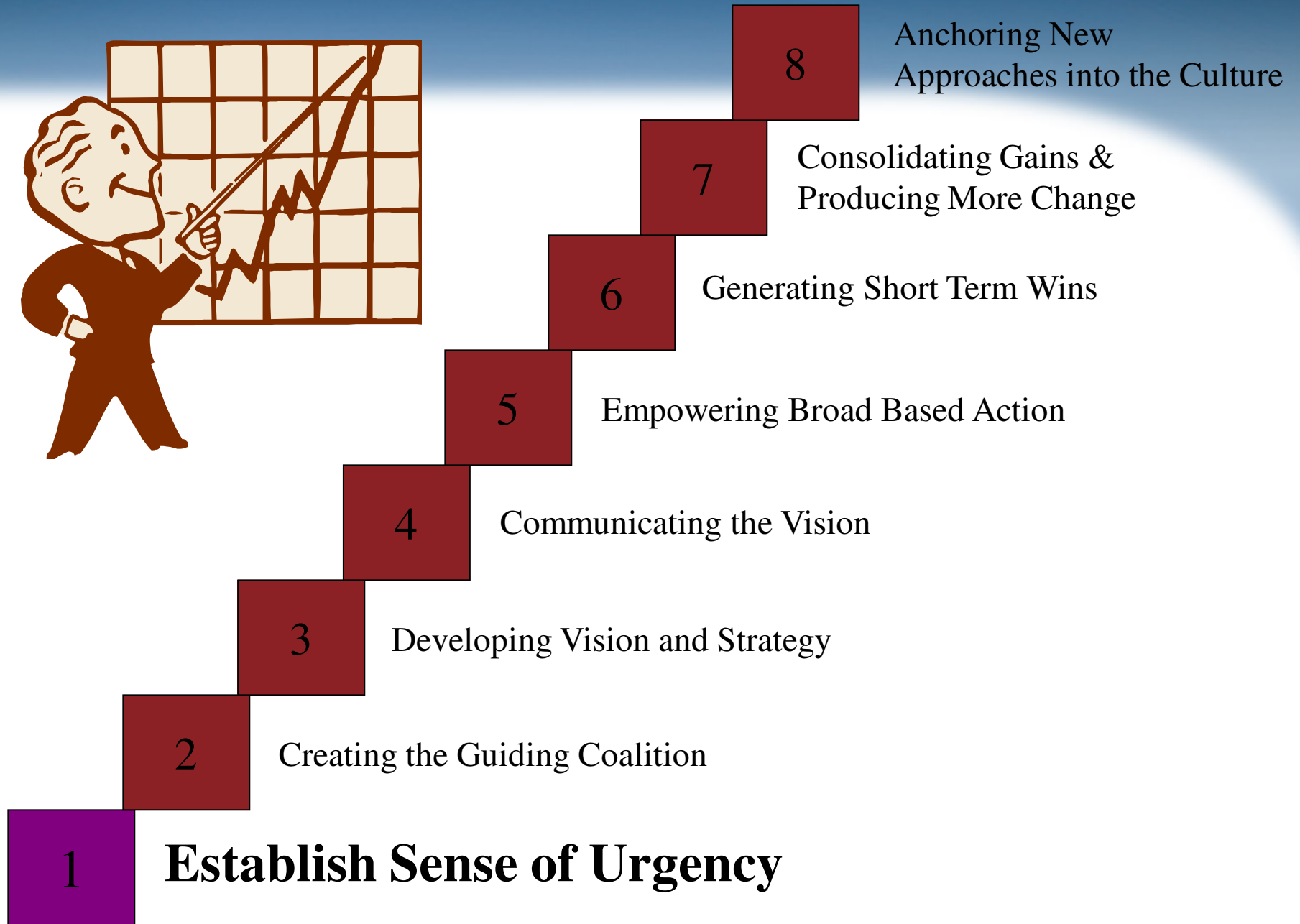
My purpose tonight is to...

- **Share an eight-stage process for leading change**
- **Share some tools to take the theory and apply it**
- **Demonstrate the key points through examples**

WIIFY – “What’s In It For You?”

- **Avoid complacency**
- **Company success**
- **Individual success**
- **Career opportunities**
- **\$\$\$\$**





Stage 1: Establish a Sense of Urgency

- **Understanding sources of and reducing complacency**
- **Identifying:**
 - **Market and Competitors**
 - **Opportunities**
 - **Potential Crises**

Why?

- **Overcome complacency and the forces that want to maintain status quo**
- **Create/recognize a crisis**
- **Convince guiding coalition change is necessary**

How? SWOT Analysis

Project:

Date:

Participants:

| | |
|---|--|
| <p style="text-align: center;"><u>Strengths</u></p> <p>1 2 3 4 5</p> | <p style="text-align: center;"><u>Weaknesses</u></p> <p>1 2 3 4 5</p> |
| <p style="text-align: center;"><u>Opportunities</u></p> <p>1 2 3 4 5</p> | <p style="text-align: center;"><u>Threats</u></p> <p>1 2 3 4 5</p> |

Example

Strengths

- 1 Technical knowledge
- 2
- 3
- 4
- 5

Weaknesses

- 1 Gaining acceptance for change
- 2
- 3
- 4
- 5

Opportunities

- 1 Gain knowledge in leading change
- 2
- 3
- 4
- 5

Threats

- 1 Poor department performance
- 2 Competitor's lead change well
- 3
- 4
- 5



Stage 2: Create the Guiding Coalition

- **Group with the power**
- **Teamwork**
- **Urgency is shared**

Why?

- **One cannot do it alone**
- **Ensure the right people are involved**
- **Begin creating trust**
- **Begin creating the shared vision**

Example

Assessment of the Guiding Coalition – How did I do?



Stage 3: Develop a Vision and Strategy

- **Directing change (“Laser Focus”)**
- **Ambitious to force people out of comfort zone**
- **Appeal to customer and shareholder needs and expectations**
- **Take advantage of opportunities**

Why?

- **Clarify the future direction for change**
- **Motivate people to take action and move towards the vision**
- **Coordinate actions/link the vision to strategic goals**
- **Communicate the vision**

How? Define and Link Vision, Behaviors, Goals

Project:

Date:

Participants:

Create Vision Statement:

| |
|--|
| |
|--|

Identify Behaviors to Decrease/Increase:

| <u>Decrease</u> | <u>Increase</u> |
|-----------------|-----------------|
| | |

Goals:

| |
|--|
| |
|--|

Example

Project: Implement a change process

Date:

Participants:

Create Vision Statement:

Change seats to increase business effectiveness; flexibility, accuracy and customer satisfaction

Identify Behaviors to Decrease/Increase:

Decrease

"Silo" thinking

Acceptance of status quo

Increase

Acceptance of Change

Flexibility

Process flow

Goals:

Improved cycle time

Reduced waste



Stage 4: Communicate the Change Vision

- **Constantly communicate**
- **Every means possible**
- **Lead by example**
- **Listen**

Why?

- **Confirm understanding**
- **Test in daily events**
- **Modify if necessary**
- **Empower for broad-based action**

How? Communication Plan

Project:

Date:

Participants:

Target Audience

Message

Who Delivers

When/Frequency

How

| | | | | |
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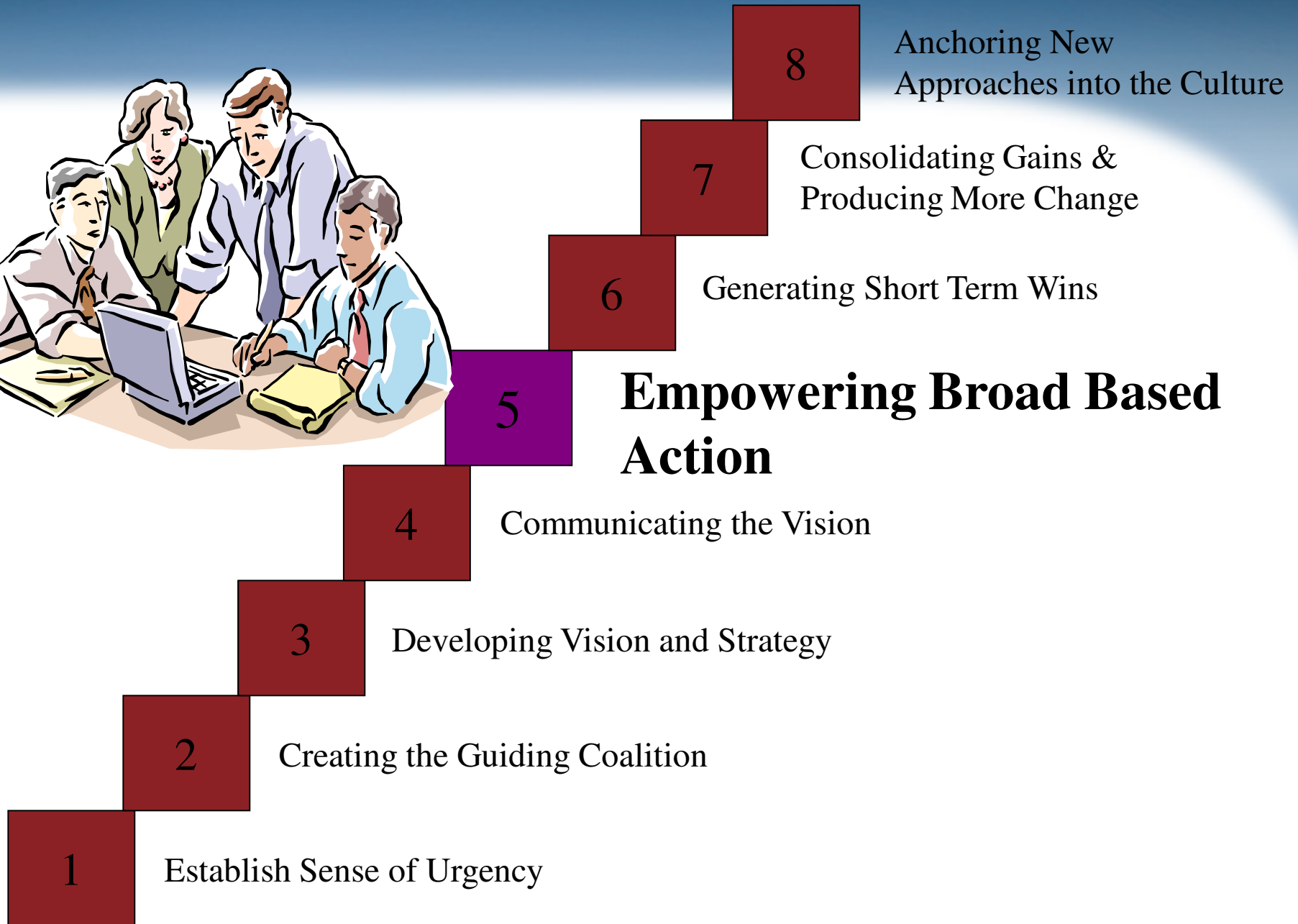
Example

Project: Implement a change process

Date:

Participants:

| <u>Target Audience</u> | <u>Message</u> | <u>Who Delivers</u> | <u>When/Frequency</u> | <u>How</u> |
|------------------------|------------------------|---------------------|-----------------------|---------------|
| Business Managers | Business Effectiveness | VP Finance | March 2005/monthly | Face to face |
| Operations Managers | Improve Cycle Time | Business Manager | March 2005/yearly | Team Meetings |
| All Employees | Reduce Waste | Quality Manager | March 2005/weekly | E-mail |



Stage 5: Empower Broad-Based Action

- **Encourage to make vision reality**
- **Obstacles removed**
- **Systems and structures changed**

Why?

- **Establish the shared sense of purpose**
- **Understand who has issues/concerns**
- **Find solutions to issues/concerns**
- **Setup for short term wins**

How? Define, Measure and Analyze Employees

Project:

Date:

Participants:

| | <u>Employee</u> | <u>Position</u> | <u>Issue/Concern</u> | <u>Solution</u> |
|---|-----------------|-----------------|----------------------|-----------------|
| 1 | | | | |
| 2 | | | | |
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| 4 | | | | |
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Example

Project: Implement a change process

Date:

Participants:

| <u>Employee</u> | <u>Position</u> | <u>Issue/Concern</u> | <u>Solution</u> |
|-----------------|-----------------|----------------------------|---|
| Joe | For | ... | ... |
| Mary | Neutral | Do not understand | Awareness Training |
| Fred | Against | More work | Map current process and eliminate waste |
| Jack | Against | Procedure prohibits change | Change the procedure to align with vision |



Stage 6: Generate Short-Term Wins

- **Emphasize short-term results**
- **Visible improvements**
- **Clearly related to the change**
- **Recognize and reward**

Why?

- **Provide evidence that sacrifices are worthwhile**
- **Validate vision with results**
- **Overcome remaining resistance**
- **Build momentum to produce more change**

How? Brainstorm CSF's

Project:

Date:

Participants:

1. Phrase the Question:

2. Brainstorm and Sort:

3. Pick Areas for early wins!!

A.

B.

C.

Example

Project: Implement a Change Process

Date:

Participants:

1. Phrase the Question:

What are the critical success factors in implementing the change?

2. Brainstorm and Sort:

Tool Training

Performance
Appraisal

Measurement
System

Process
Training

Bonus Plan

Clear
Measures

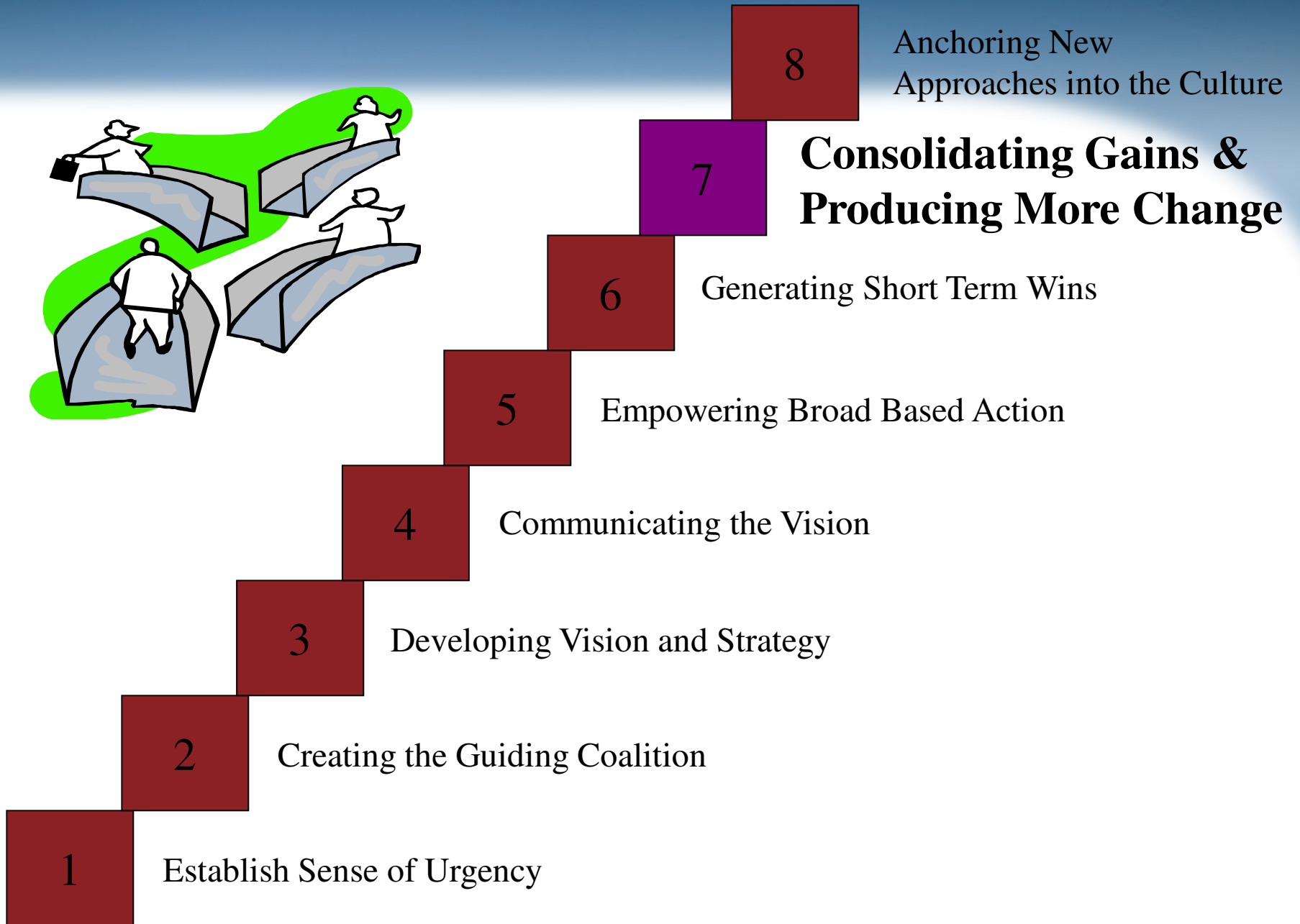
Team Building
Training

Promotion
Criteria

Visible
Measures

3. Pick Areas for early wins!!

- A. Complete training on Change Tools
- B. Modify performance appraisals to include section on leading change
- C. Implement a measurement system to measure progress



Stage 7: Consolidate Gains & Produce More Change

- **Credibility**
- **More people to implement the change vision**
- **New projects and change agents**

Why?

- **Increase speed of change**
- **Gain commitment at all levels**
- **Understand and eliminate process interdependencies**

How? Case Studies

Project:

Date:

Participants:

| | <u>Project/"Win"</u> | <u>Team</u> | <u>Measure Before</u> <u>Change</u> | <u>Measure After</u> <u>Change</u> |
|---|----------------------|-------------|--|---------------------------------------|
| 1 | | | | |
| 2 | | | | |
| 3 | | | | |
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Example

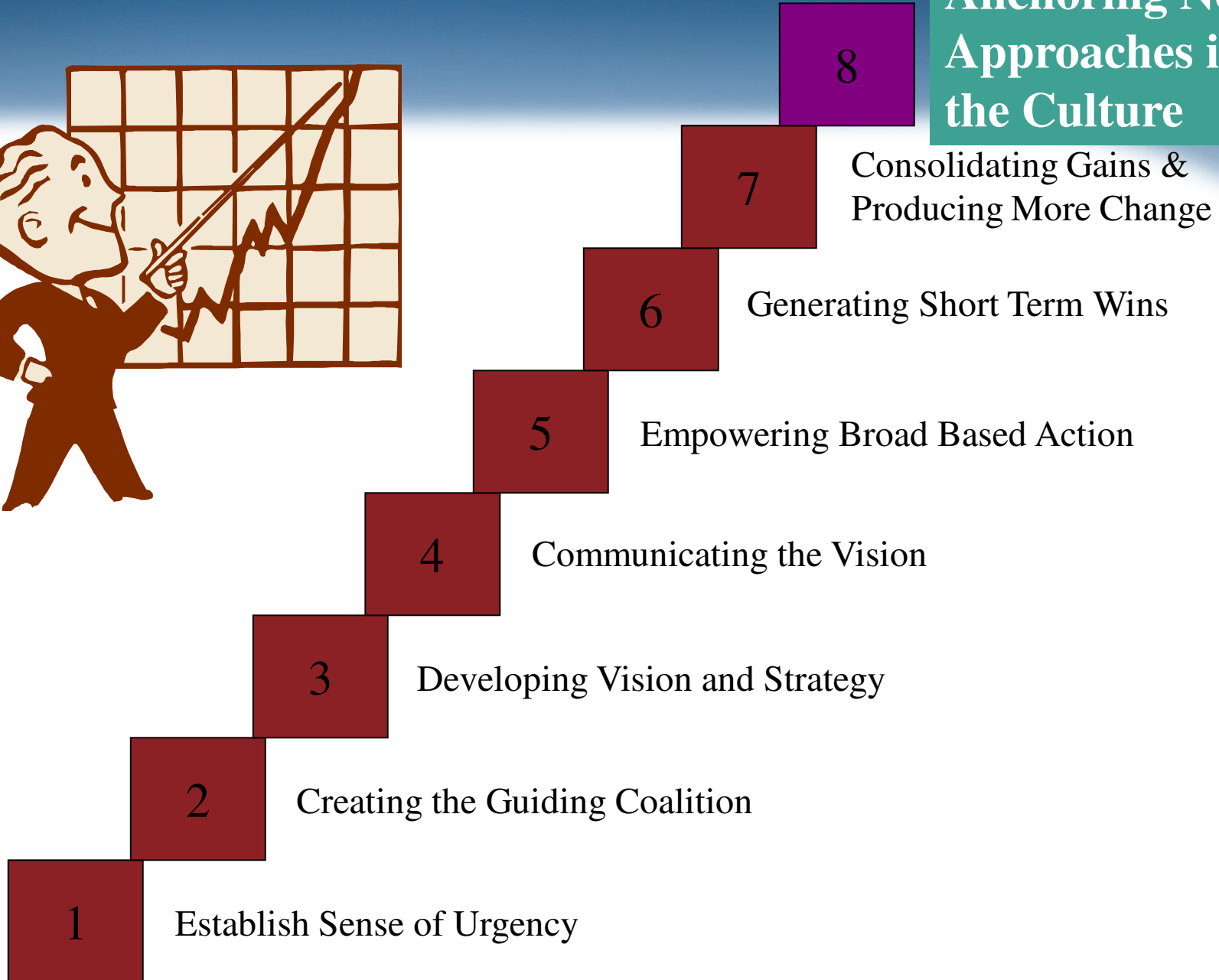
Project: Implement a change process

Date:

Participants:

| <u>Project/"Win"</u> | <u>Team</u> | <u>Measure Before Change</u> | <u>Measure After Change</u> |
|---|-------------|-------------------------------|--------------------------------|
| Training on change tools | HR | 10% using tools | 50% using tools |
| Modify performance appraisals with change management goal | HR | 15% achieving goal | 50% achieving goal |
| Improve measurement system | Quality | 0% of change efforts measured | 45% of change efforts measured |

Anchoring New Approaches into the Culture



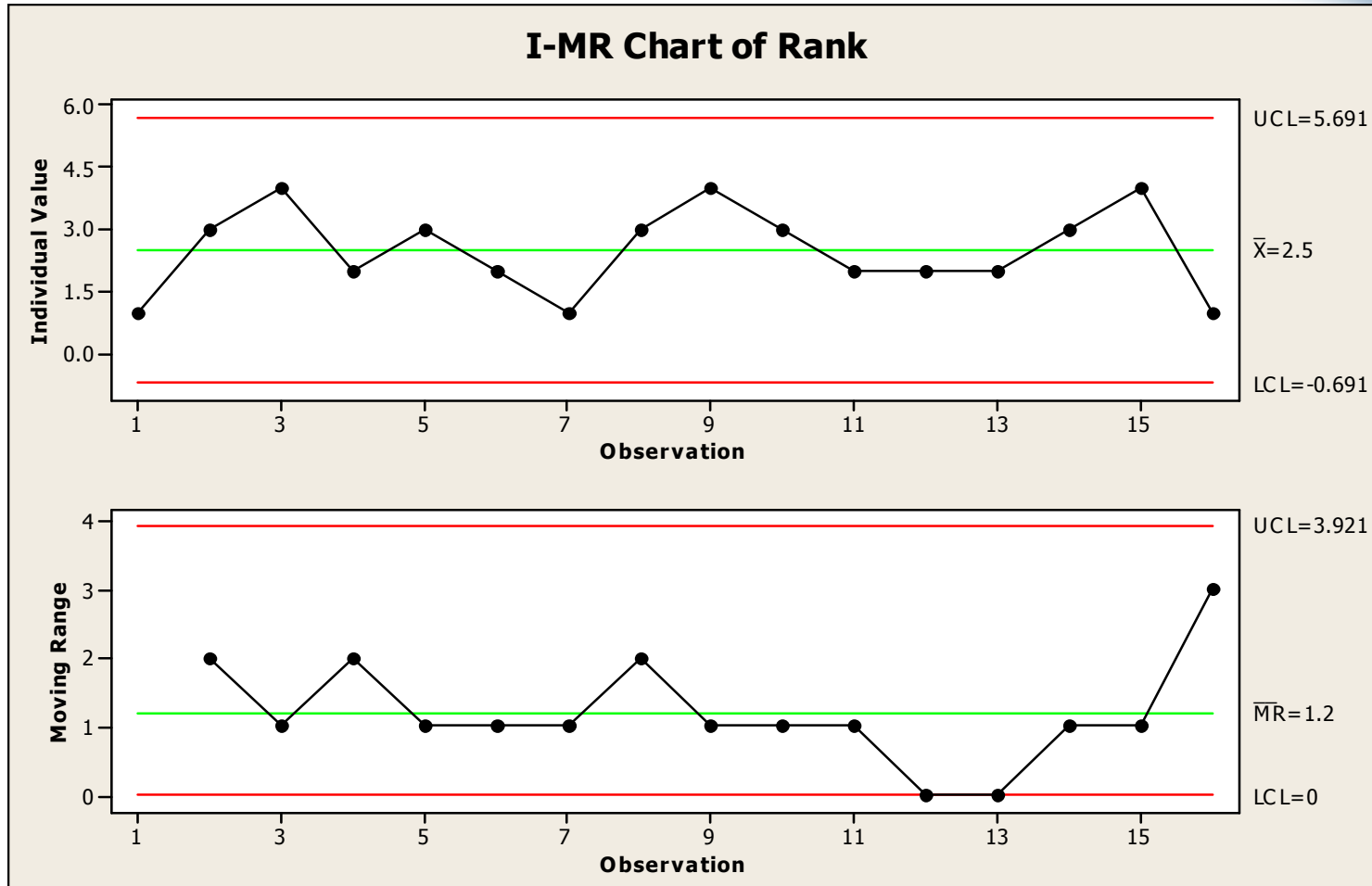
Stage 8: Anchor New Approaches into the Culture

- **Deep into the culture**
 - Norms of behavior
 - Shared values
- **Takes time**
- **Takes evidence**
- **New practices**

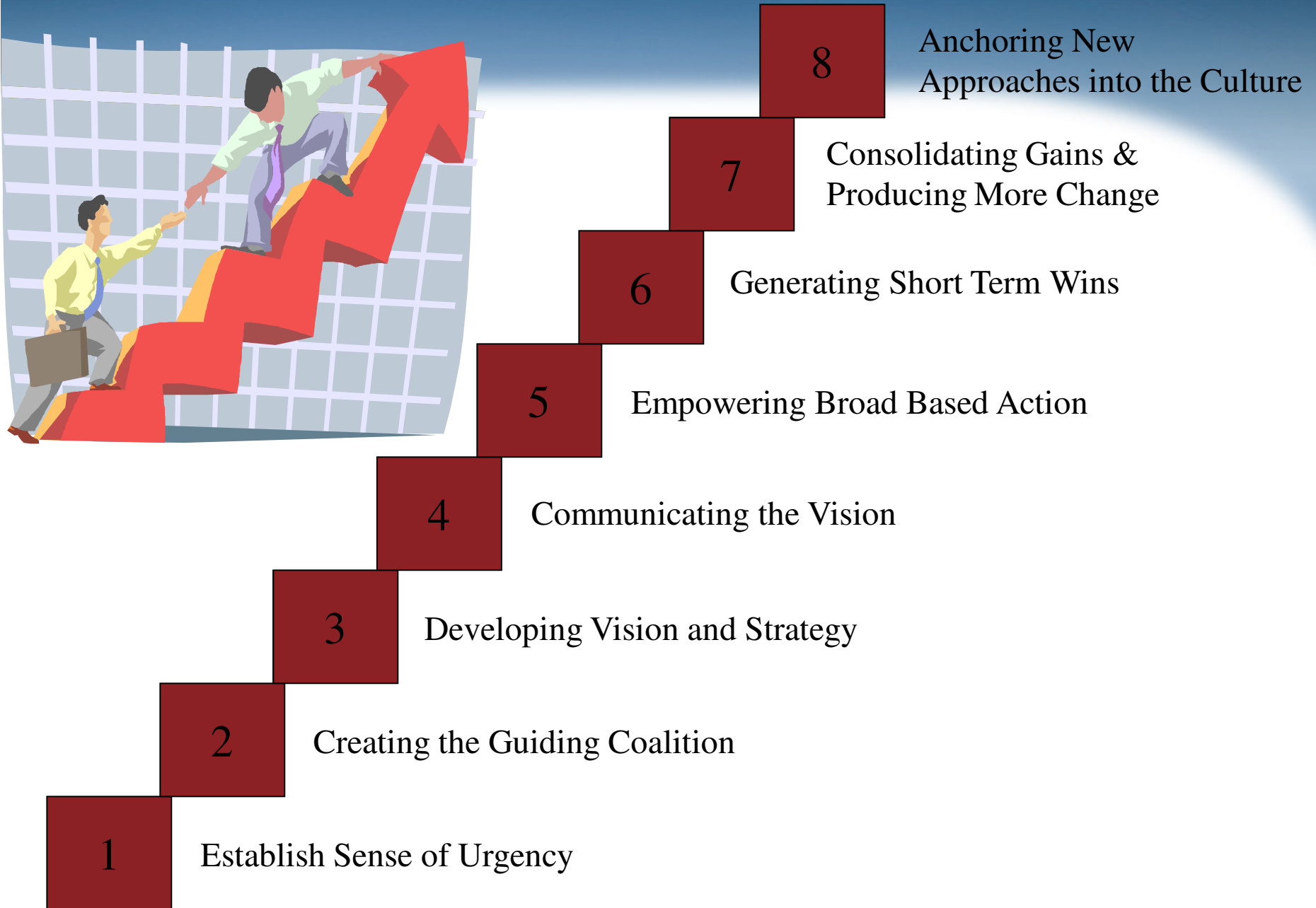
Why?

- **Prevent regression**
- **Permanently change the culture**
- **Reinforce with results**
- **Measure results**

How? Control Chart



Reviewing the 8 Steps



Conclusion

Does this Process Work?

YES!!

- ✓ **John Kotter, Harvard Business School**
- ✓ **25 Years of Experience**
- ✓ **Lessons Learned from Businesses**

AN ACTION PLAN FROM THE WORLD'S
FOREMOST EXPERT ON BUSINESS LEADERSHIP

Leading Change



John P. Kotter

HARVARD BUSINESS SCHOOL PRESS

Thank you!!

708-532-1800 x 1566

Jod@panduit.com