Managing Change Projects

Denne værktøjskasse indeholder følgende værktøjer:

- Introduction: Managing Change Projects - How to implement change - structure and emotions?
- User guide: Managing Change Projects
- Background Article: Managing Change
- Form 1: Stakeholder Analysis Grid
- Form 2: Projects Enablers and Constraints
- Mini Survey Guide
- Mini Survey 1: Health Check and Change Project Environment
- Mini Survey 2: Health Check and Project Progress
- Checklist: Social and Psycological Aspects og Managing Planned Change

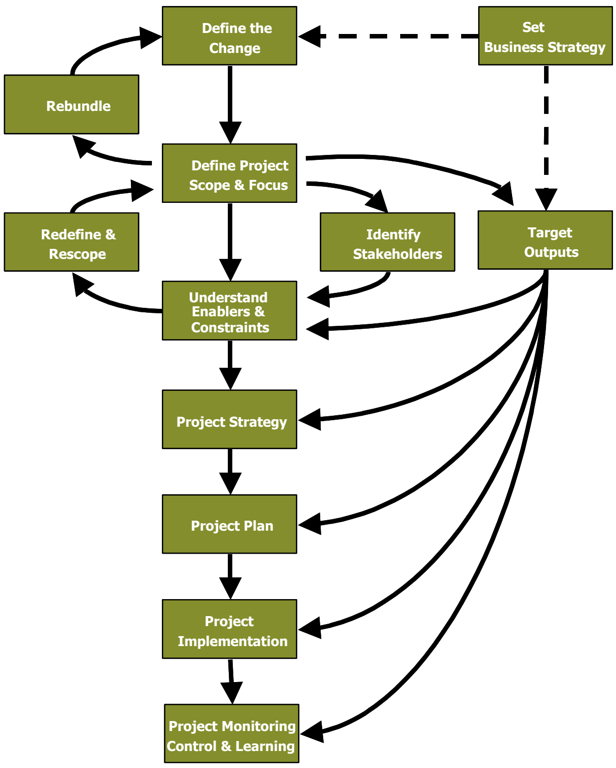
henrikwbendix.dk A/S
Højager 69, c/o Bendix • DK-8530 Hjortshøj
Tel. +45 4037 1943
www.henrikwbendix.dk
CVR 2567 4669

Introduction

How to implement change – structure and emotions?

This tool kit gives guidance on how to plan and manage the organizational change process. It describes a simple 10-step process, to manage the change process:

Business strategy: The strategic need for change
Target outputs: Medium term development objectives and programs to deliver them
Defining the change: The changes required to achieve the development objectives
Project scope and focus: Individual projects to deliver particular development objectives
Identifying stakeholders: People with a stake in the change, and plans to gain their support for the project
Understanding enablers and constraints: The organizations readiness to change, and plans to remove constraints
Project strategy: The success criteria for the project, and key factors for achieving those criteria
Project plans: Actual plans for undertaking the project
Project implementation: The work of the project is undertaken
Project monitoring, control and learning: Progress on the project, and action to maintain progress. Lessons learned about how to improve future projects



The tool kit is linked to the others you find on the henrikwbendix.dk site. You may want use any one of a number of strategic analysis kits to help identify the need for change at the first step. Similarly, you may want to use Analyzing Stakeholders or Conflict Management to help overcome the barriers at steps 5 and 6.

Background Article:
Kristoffer Grude, Rodney Turner: *Managing Change*
The main author of the tool kit wrote this general article with colleague Kristoffer Grude. It sums up the general understanding of the conditions under which planned change takes place and how most effectively to operate under these circumstances.
Probably your benefits from reading the article will be greater after you have used the kit and before the next change project!

Author

This tool kit is written by Rodney Turner, London, 2001

Rodney Turner is Professor of Project Management at Erasmus University Rotterdam, in the Faculty of Economics, and Director of EuroProjex. He is a Visiting Fellow at the University of Technology Sydney, and Visiting Professor at Henley Management College, where he was previously Professor of Project Management, and Director of the masters programme in Project Management. Rodney is also Operations Director of ECI Benelux, the Benelux region of the European Construction Institute, which he helped to found.

The tool-kit is edited by Henrik W. Bendix, Copenhagen, July 2001.

If you need advice concerning this theme do not hesitate to contact hwb@henrikwbendix.dk

Otherwise these toolkits might inspire you:

- **Structure Review - Is the organisation in shape with general conditions?**
  This Tool-kit let you take a helicopter-view of the business from an organizational point of view. Check the general conditions influencing the way the organization must operate: the business environment, the strategy, current leadership, the internal climate, and the technology involved in production and in running the business. You will find out, whether the current structure is a proper response to these conditions.
  Find it at www.henrikwbendix.dk Check "Resources".

- **Vision Management – Do we really share our visions and goals?**
  This Tool-kit should be used when the company needs a shared mindset/identity or when management needs a tool to communicate with all employees and possibly with customers as well. Or it can be used when management wants to improve the general level of enthusiasm and motivation throughout the company.
  Find it at www.henrikwbendix.dk Check "Resources".

User Guide: Managing Change Projects

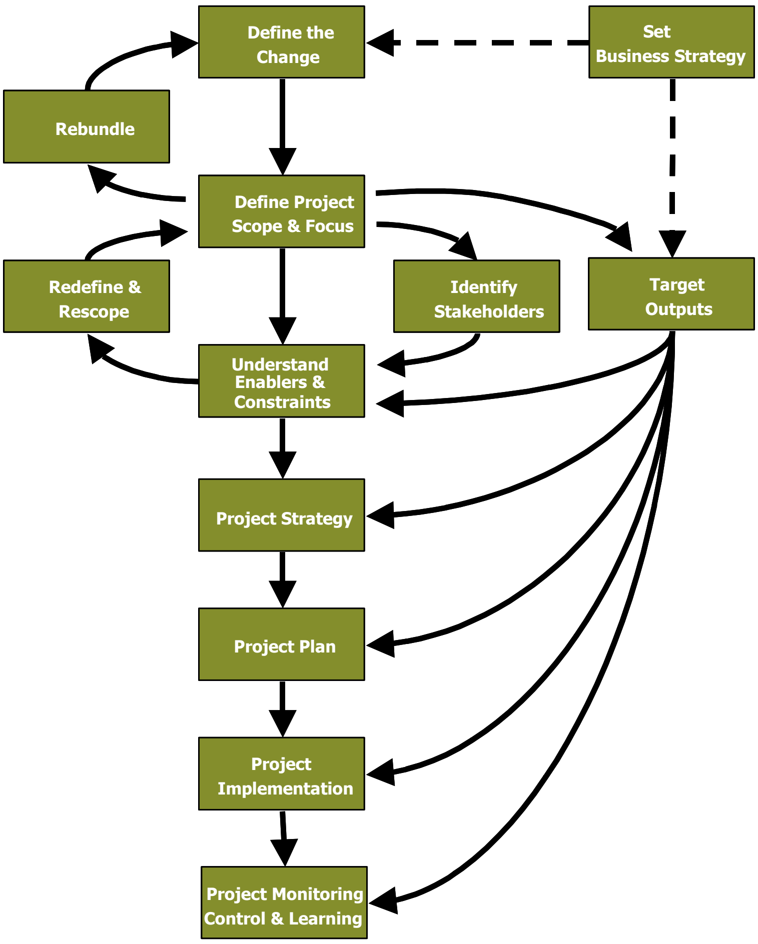
In this guide, we describe project-based management as a process for implementing change. We show that the processes used need not be the overly complicated approaches often proposed by traditional project managers, (project management as "rocket science"), but that a simple application of the concepts of project management, based on goal directed approaches, can provide a powerful vehicle for implementing change. We show how to convert business strategy into the definition of change required, and thence into a project, and how to use the principles of goal directed project management to plan and manage the change. We illustrate the approach by an example, based on an actual project.

Project Management as a Process for Implementing Change

Figure 1 illustrates a simple, structured process, which shows how the project management can be applied to manage change. This process consists of several steps, and within each step there are several activities. Some managers may view this model as being relatively complex. We have met managers have greeted simpler models of managing change through projects than this, by saying that they are too complex and bureaucratic than their needs; and yet other managers who look at more complex models, and say they are too simplistic for their complex and difficult projects. For instance, a simpler five stage process might be:

- Diagnosis;
- Planning;
- Implementation;
- Control
- Learning.

We offer Figure 1 as a relatively simple, structured approach. If your projects are more simple than this, then you can pick and chose those elements of the model which meet your needs. If they are more complex then you can embellish the elements of the model through further reading of the references given. In this section we describe the steps in Figure 1, and illustrate some of them through a change project at a telecommunications company, called here TriMagi.



henrikwbendix.dk A/S
Højager 69, c/o Bendix • DK-8530 Hjortshøj
Tel. +45 4037 1943
www.henrikwbendix.dk
CVR 2567 4669

Step 1: Business Strategy

The first step is to develop a business strategy. Without a clear definition of where the business is going, and how it is expected to develop, it is not possible to identify what changes will contribute to that development, and those that are irrelevant. Without a clear business strategy, changes may be implemented which are detrimental to the development of the business. Techniques for identifying business strategy are well known. The development of a business strategy may involve:

Figure 1: Projects for implementing change

- SWOT analysis
- Product analysis
- Competitor analysis
- Market analysis
- Customer analysis
- Technology analysis
- Analysis of information and communication technology
- Skill base analysis
- Analysis of organisational and management structure;
- Supplier analysis

Step 2: Target Outputs

These requirements for change will lead first to development objectives. However, as the change programme, and its constituent projects, develops, this will lead to objectives at lower and lower levels of management, Figure 2. This cascade of objectives illustrates quite clearly the contribution of people at different levels of the organisation to the overall development of the organisation, through the programme and projects of change. At the development level, the objectives will be

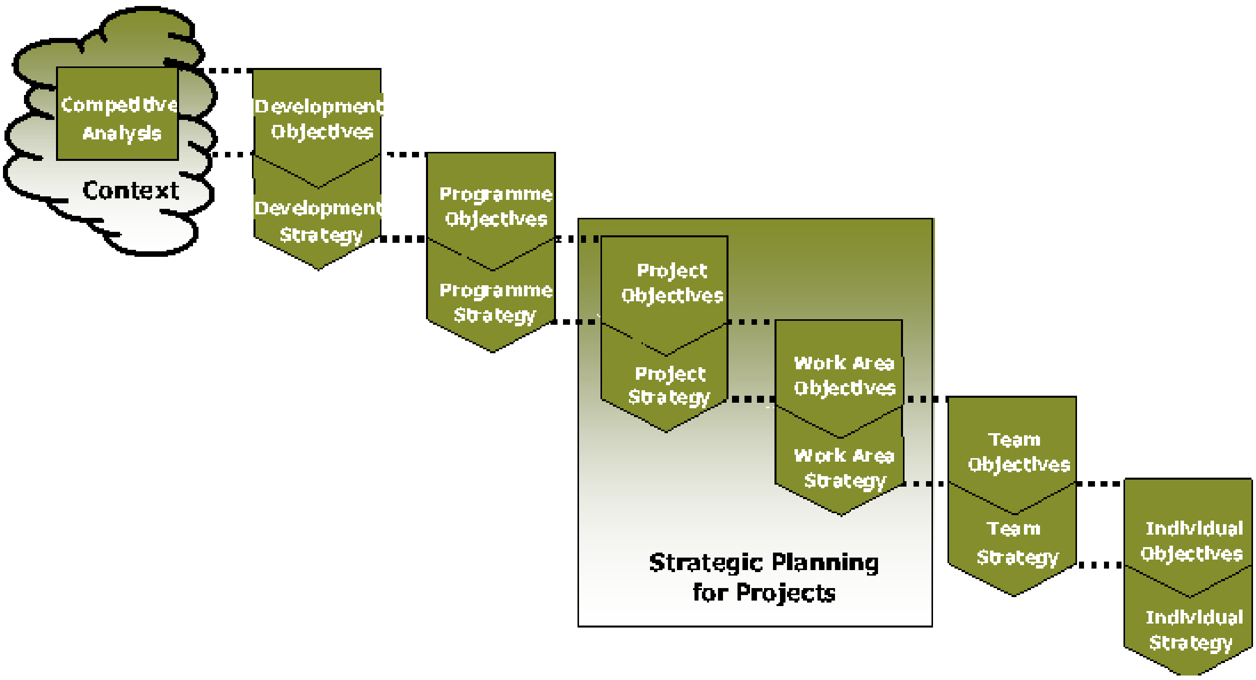


Figure 2: Cascade of objectives in a change programme

relatively long term. However, as you move to lower levels, they become more short term, definitive and even quantitative.

In the jargon of Project Management, the rocket science, this cascade of objectives is called a Product Break-down Structure. In the jargon of the strategist, you will hear these objectives called at different levels: aims; goals; targets; objectives, etc. The jargon is unnecessary. You can look on it quite simply as objectives at different levels of management. Managers at one level have objectives, and they derive a strategy for achieving those objectives. That strategy will define lower level objectives, which will be delegated to other, (lower level), managers. However, you see that the process is initiated by the business strategy.

This cascade illustrates quite clearly that each project will be part of a larger programme of change. What you often find in development programmes is that the individual projects cannot be justified in their own right. They only have value to the organisation as part of the overall programme. An example is a project to develop a palm nut plantation in Malaysia, part of a programme to develop a palm nut oil industry. The plantation has no value without factories to convert nuts to oil, or distribution mechanisms to take nuts from plantations to factories, and oil from factories to customers.

Step 3: Defining the Change

The business strategy and cascade of objectives define the need for change, and programmes and projects of change, which will deliver it. Development workshops are very effective in identifying the need for change, defining the change, and launching projects, (see Turner, 1999; Simister, 2000). A possible agenda for a start-up workshop, which supports this entire process, is given in Table 1.

Step 4: Defining Project Scope and Focus

Now the individual projects must be defined. A technique for doing this is to define the Purpose, Scope and Outputs of each project.

Agenda for a Start up Workshop	
Agenda Item	**Duration (hours)**
Define success criteria	1.5
Project definition · purpose/scope/objectives	1.5
Milestone Plan	3.0
Responsibility chart	2.0
Schedule milestones	1.0
Stakeholder analysis	1.0
Risk analysis	2.0
Quality plan	1.0
Activity plans for early mile-stones	2.0
Control plan	1.0

This is a standard agenda indicating some important entities and the amount of time you should allow to be spent

Purpose
This is the reason for doing the project; the business, programme, and or change objectives it is expected to fulfil. The purpose may also describe the expected benefit from doing the project, in quantitative or qualitative terms.

Scope
This is a high level description of what will be done to achieve the purpose. It may put forward several alternatives, indicate the preferred one, and say, briefly, what that solution entails in terms of work to be done. The scope also serves to

henrikwbendix.dk A/S
Højager 69, c/o Bendix • DK-8530 Hjortshøj
Tel. +45 4037 1943
www.henrikwbendix.dk
CVR 2567 4669

ring fence the project, so it will also indicate what will not be done. There are several reasons for indicating what will not be done. There may be several reasons for excluding work:

1. some work may be unnecessary for achieving the change objectives, so it must be excluded to avoid people trying to slip their own, covert objectives into the project - try to avoid "nice to haves";

2. some work may be shared between several simultaneous change projects, for ex-ample redeployment, training or marketing, and so a single project is set up to undertake it. It is not excluded from the original project to put it out of sight and out of mind, but to reinforce that the interface must be managed.

Outputs or deliverables
These are measurable end points of the project, what it will produce or deliver. When the objectives are achieved, the project will be over, and some “facility” delivered to the operations managers, to be operated to achieve the long term benefit or purpose. (The facility may not necessarily be an engineering product; it can be one or more of the possible project deliverables listed in (i) above. Even primarily engineering or IT projects will require cultural or organisational changes, including changes to people, their numbers, skills, and values, the organisational structure and the management systems.

Box 1 gives the possible background to a project at TriMagi, and its Purpose, Scope and Outputs. In addition, the project definition may encompass some other issues:

- Impact on other parts of the organisation;
- Resource needs;
- Its degree of difficulty, urgency and priority.

Some of these may be dependent on the analysis of stakeholders, constraining and enabling forces, and project strategy as discussed next. As projects are defined, it may be continually necessary to recycle to previous steps, to define new projects, to eliminate some overtaken by new projects, and to regroup them into new programmes of work to achieve more focused programme or change objectives.

Case: TriMagi - PROJECT DEFINITION REPORT	
PROJECT:	**RATIONALISATION OF REPAIR AND MAINTENANCE OFFICES**
BACKGROUND With its expansion in Europe, TriMagi Communications intends to rationalise its Customer Repair and Maintenance Offices, CRMOs, in the Benelux countries, starting in its home base in Holland. There are currently 18 CRMOs in the region. Each office is dedicated to an area within the region. An area office receives all calls from customers within the area reporting faults. The fault is diagnosed either electronically from within the office, or by sending an engineer to the customer's premises. Once diagnosed the fault is logged with the field staff within the office, and repaired in rotation. Each area office must cope with its own peaks and troughs in demand. This means that the incoming telephone lines may be engaged when a customer first calls, and it can take up to two days to diagnose the fault. To improve customer services, the company plans to rationalise the CRMO organisation within the	

region, with three objectives:

- Never have engaged call receipt lines within office hours;
- Achieve an average time of two hours from call receipt to arrival of the engineer at the customer's premises;
- Create a more flexible structure able to cope with future growth both in the region and throughout Europe, and the move to "Enquiry Desks", dealing with all customer contacts.

This improvement can be achieved by changing the CRMO structure using new technology recently developed by the company's R&D department. In the new structure there will be three call receipt offices, two diagnostic offices and four field offices servicing the entire region. It would be possible to have just one office for each of call receipt and diagnosis, but that would make the service exposed to technical failure.

Incoming calls would be switched to a free line in one of the call receipt offices. It will be logged automatically, and passed on to a diagnostic office. The diagnostic office will try to diagnose the fault electronically, which should be possible in 90% of cases. The diagnostic offices are also able to discover faults before the customer notices them. The diagnostic offices will pass the faults to the field offices to repair the faults, and diagnose the remaining 10%.

The field offices will be nominally assigned to an area within the region, but will share cases to balance their workload.

Case: TriMagi - PROJECT DEFINITION REPORT	
PROJECT:	**RATIONALISATION OF REPAIR AND MAINTENANCE OFFICES**

PURPOSE

The purpose of the project is to rationalise the CRMO organisation:

A: To improve customer service so that:

- all customers calling the receipt offices obtain a free line;all calls are answered within 10 seconds;
- the average time from call receipt to arrival of an engineer on site is two hours;

B: to improve productivity and flexibility so that:

- the costs are justified through productivity improvements;
- the call receipt offices can be made part of a unified "enquiry desk";
- but there are no redundancies so that all productivity improvements are achieved trough natural wastage, redeployment or growth.

SCOPE

The work of the project includes:

- changing from the existing structure of 18 area offices to three call receipt offices, two di-agnostic offices and four field offices;
- investigating which of two new CRMO networking technologies is appropriate for the new structure, and to implement that chosen;
- refurbishing the nine new offices to current standards;
- training and redeploying staff to meet the needs of the operation of the new CRMOs;
- installing hardware to connect the CRMOs to the new Customer Information System, and to implement a statistical package to analyse fault data.

The work of the project excludes:

- any staff who are surplus to requirements within the CRMO structure will be passed to central personnel for redeployment on other expansion projects.

With the implementation of the new Customer Information System, the call receipt offices may within the next two years be incorporated into unified "enquiry desks" dealing with all customer contacts. However, it will not be the project team's responsibility to achieve that integration.

OUTCOMES

The CRMO Rationalisation Project will be completed when the CRMO facilities have been installed and are operational in nine offices, three call receipt offices, two diagnostic offices and four field offices, with:

- appropriate networking technology and supporting statistical MIS required to achieve the stated customer service levels;
- appropriate operating systems and procedures required to achieve the customer service levels and productivity improvements;
- appropriate numbers of trained staff, and no surplus staff;
- the first offices operational within five months and the work complete within nine months.

Case: TriMagi - PROJECT DEFINITION REPORT	
PROJECT:	**RATIONALISATION OF REPAIR AND MAINTENANCE OFFICES**
WORK AREAS To achieve the project's outcomes, the following Areas of Work are required: **A Accommodation** Refurbish new offices, install hardware and furniture. (There is only one floor area available in the region large enough to take the first call receipt and fault diagnosis offices. The remaining eight offices must be housed in existing CRMO space). **T Technology** Decide on networking technology to be used, implement statistical MIS, implement networking technology in new offices. **O Organisation** Communicate all changes to the staff involved, define the operation of the new CRMOs, train and redeploy staff to fill new positions. **P Project** Plan the project, organise the resources, obtain financial approval. The last is required to allow for the actual management of the project, and will deliver the last of the objectives listed above.	

Step 5: Identifying Stakeholders

Next you identify all the people who have an involvement in, an interest in, or are influenced by the change, called the Stakeholders. The Tool Kit Stakeholder Analysis deals in greater detail with stakeholders. The agenda for the start-up workshop shows stakeholder analysis following the milestone planning. In reality it will start much earlier, because key stakeholders will have been invited to the workshop. But within the context of the workshop it comes best where shown, once the responsibility chart has been created, and shows the roles of any additional stakeholders. To analyse stakeholders you identify:

1. Their objectives (success criteria)
2. Whether they are for the project or against
3. Whether they can influence the outcome or not
4. Whether they stance is based on knowledge or ignorance

You then develop a plan to influence them based on that information. This information can be recorded in a simple table, called a Stakeholder Analysis Grid (Form 1).

The background article, "Managing Change" gives some guidance as to the issues involved in managing change and influencing the stakeholders, and in particular de-scribes reaction to normal and extreme change and how they need to be managed.

Step 6: Understanding Enablers and Constraints

You will now be able to identify and analyse the driving and constraining forces for change. To do this, apply Form 2. As a result of this analysis it may be necessary to recycle to step 4 or 5 to change the decisions made there, or even to steps 3 or 1. (Step 2 is updated throughout the process).

Step 7: Project Strategy

Before beginning to plan the project in detail, it is worthwhile setting a basic strategy for its implementation. Figure 3 suggests a seven forces model for project strategy. The forces are:

Two forces external to the parent organization:

1. The drivers arising from the sponsorship of the organization's financiers, the benefit they expect, and the urgency that creates
2. The resistance arising from political, economic, social, technical, legal and environmental influences in the project's context

Two forces internal to the parent organization, but external to the project:

3. The drivers arising from the definition of the project required to deliver the re-turns to the financiers
4. The resistance arising from the attitudes of people within the organization

Three drivers from the project, the people, systems and organization of project management:

5. The people working on the project, their knowledge and skills, needs for careers, team working, leadership and industrial relations
6. The management systems to be used to manage functionality, configuration, work, organization, quality, cost, time, risk and safety, and the life-cycle to be followed
7. The organization of the project, the roles and responsibilities of the people working on the project, the numbers required, and the need to procure additional skills from outside the parent organization where they don't exist internally.

A last step in strategy is to define the success criteria for the project. This can be essential to focus everyone on what is expected. Research has shown that if the success criteria are not defined from the outset, the project is likely to fail. Again, the workshop shows the success criteria preceding project/definition. In the context of the workshop, they are best addressed early, to set the context of the workshop, but in reality they will be constantly revisited.

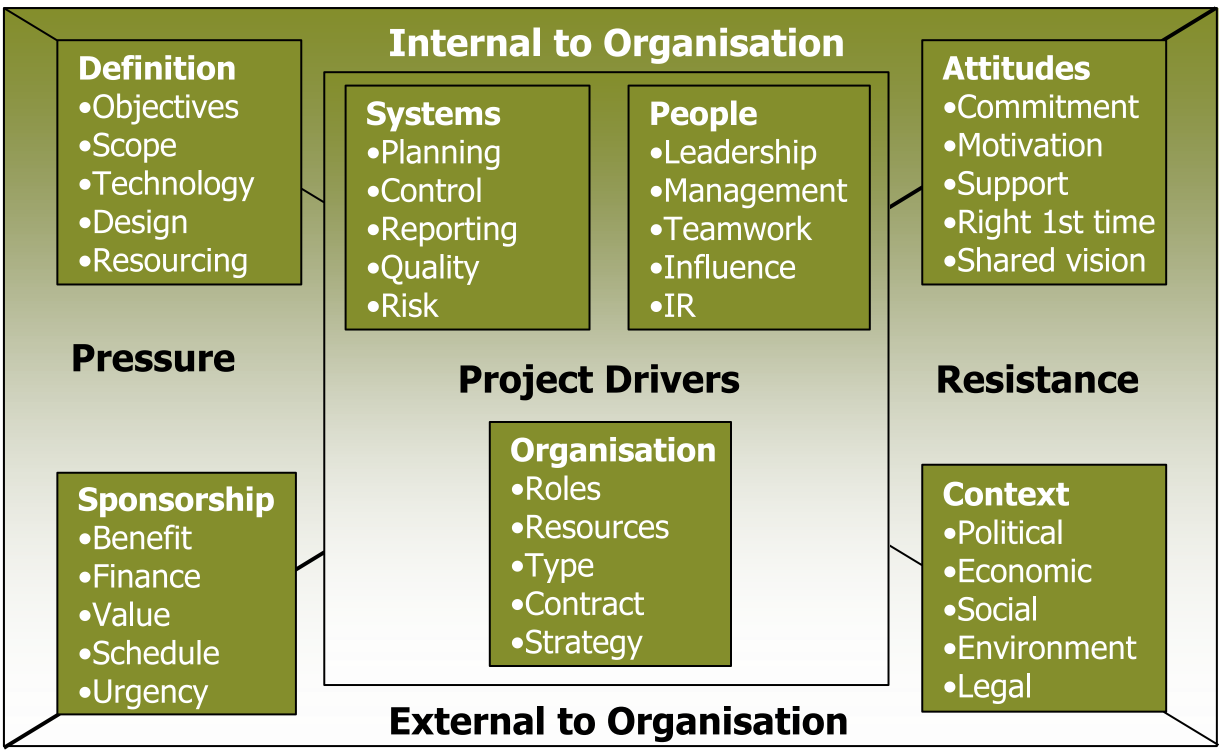


Figure 3: Strategic management of products

Step 8: Project Plans

Figure 4 illustrates the essential plans you need to manage a change project. The elements of this model are:

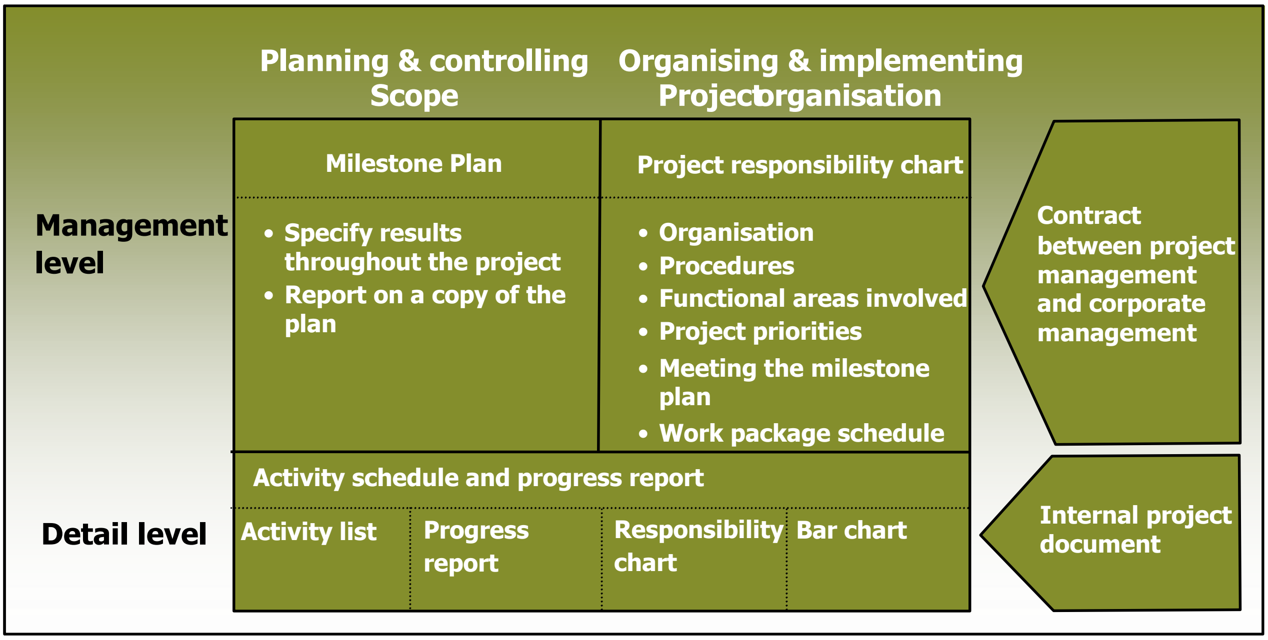


Figure 4: Three essential plans for a project

Milestone Plan

The milestone plan defines at a strategic level what the project will deliver. Through 15 to 20 milestones, the project team define the intermediate goals they will deliver to achieve the project's objectives. Figure 5 is an example milestone plan for the change project at TriMagi defined above. Notice that the milestones are grouped into areas of work, or result paths, to help the project team achieve an overall balance to their approach to the project. A simple plan like this can be a powerful tool for creating a vision for the project, and gaining the commitment of all the people involved to the change project to the intermediate milestones, and the date by which they have to be delivered.

The milestone plan is best developed around a flip, chart, with the attendees at the start-up workshop all focused on the result. A suggested process is:

1. Brainstorm potential milestones. Try to generate 40 or 50 ideas
2. Rationalize the list down to about 15 to 20 milestones
3. Decide on three or four areas of work (result paths) for the project linked to the deliverables, (step 4)
4. Write the potential milestones on “Post-it” notes and sort into the areas of work on a whiteboard
5. Sort into logical order, starting with the last milestone
6. Draw the logic between the milestones

The milestones can be quantitative or qualitative, technical or cultural, concrete or abstract. On a change project they will often be qualitative, cultural, abstract mile-stones, representing key decisions or organizational change results.

Responsibility Chart
The responsibility chart shows the responsibility of the various groups of people involved in the project to delivering the project objectives. Against each milestone in the rows of the chart are placed a series of symbols to represent what each group of people will do to deliver that milestone, the names of the groups being at the head of the column. The chart at the milestone level defines the involvement of groups, rather than individuals. Figure 6 is a chart for the CRMO Project at TriMagi. This chart also has a column at the extreme right for showing how much work each milestone en-tails, and space for a bar chart, (Gantt Chart in the jargon of project management, the rocket science), to show when it will happen.

The responsibility chart should also be developed in the start-up workshop, in-group working. Copy the milestones and departments or functions involved in the project onto a blank chart. Project on to a white board, and fill in with everybody contributing. This will lead to much discussion, but at the end, everyone will be committed to the result.

Activity Schedule
For a project of up to a few months duration these two are the only plans you need. For larger projects, you will need an activity plan for each milestone. Figure 7 is one plan for a milestone on the CRMO project at TriMagi. The activity plans should be developed on a rolling wave basis, (that is when work on the milestone is about to start), at a workshop attended by the individual project team members who will do this work. They will now be the named resources in the columns of the chart. To develop an activity plan you repeat the process for the milestone plan and responsibility chart at a lower level. At this level the activities will usually be more specific (concrete) than the milestones at a higher level.

Risk plan
It is worthwhile to analyse the risks of the project. A simple risk analysis process is:

1. Identify the risks associated with each milestone
2. Identify what impact they have on other milestones
3. Categorize the risks into major, medium and minor according to
   · the likelihood that they will occur
   · the level of their impact
4. Develop a risk mitigation plan for significant risks. Risk mitigation strategies in-clude
   · avoidance by eliminating the risk or removing its impact
   · deflection by taking out insurance or passing on to a contractor
   · contingency by developing plans should they occur
5. Monitor and control the risks

A simple table can also contain this information to aid the last step, Table 2.

Quality plans
The milestones make very useful quality review points. You just need to carefully define what you mean by each milestone, and check that you achieve that as each milestone is delivered. On a project, where you only have one attempt at it, it is important to check that the quality is right from the start, and not wait until the end to check it, when it is too late.

Step 9: Project Implementation

With these simple plans you can get people to do work milestone by milestone, having them develop their own activity schedules, as they are about to start.

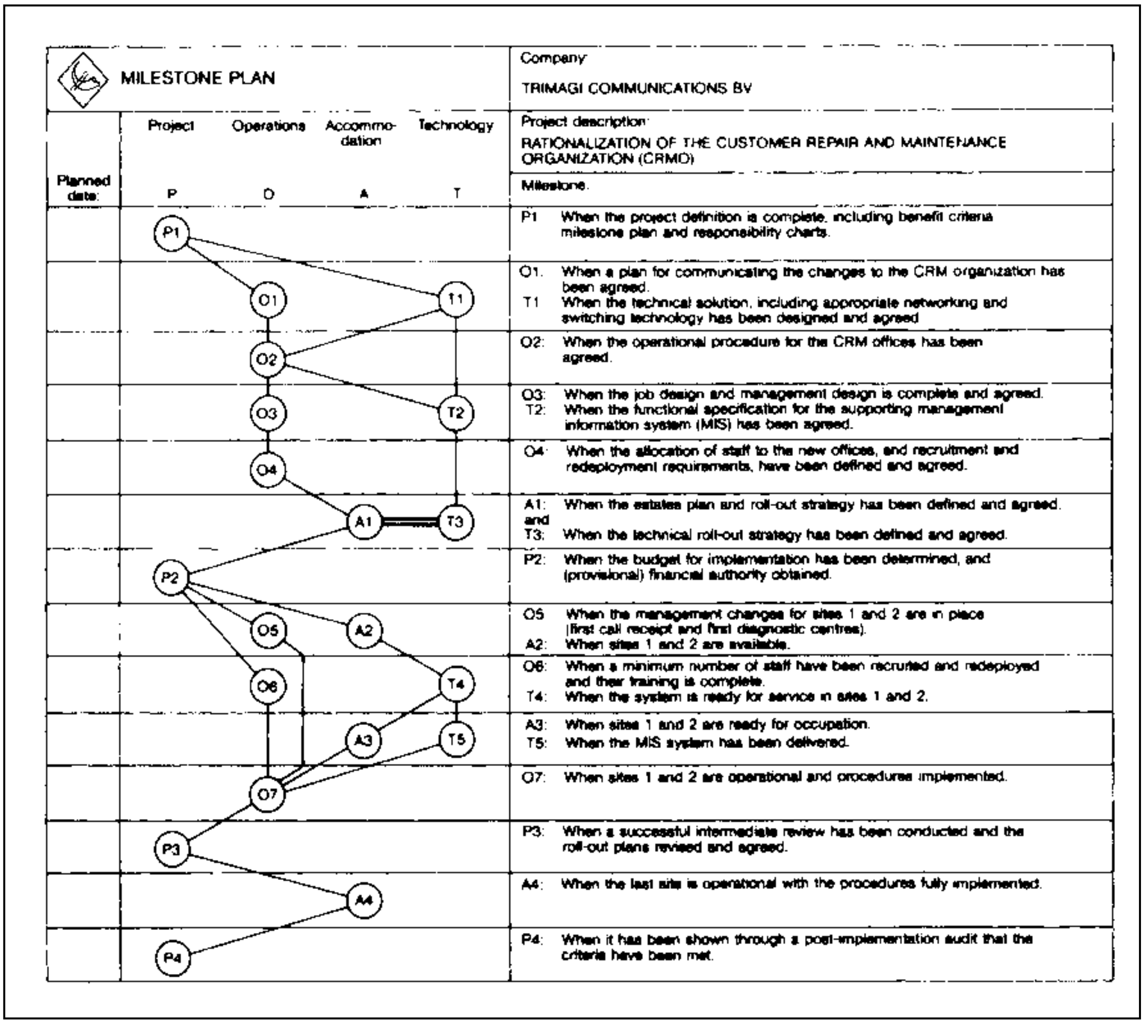


Figure 5: Example milestone plan for a change project

Table 1: Roles and responsibilities	
Letter	*Role or Responsibility*
X	e**X**ecutes the work
D	takes **D**ecision solely or ultimately
D	takes **d**ecision partly or jointly
P	monitors **P**rogress
T	provides **T**uition or coaching on the job
C	must be **C**onsulted
I	must be **I**nformed
A	available to **A**dvise

Table 2: Risk register						
MS	*Risk*	*Impact*	*Chance*	*Consq'e*	*Severity*	*Mitigation*
T3	Technical solution not feasible	All	Medium	High	High	Research other solutions Start early
etc						

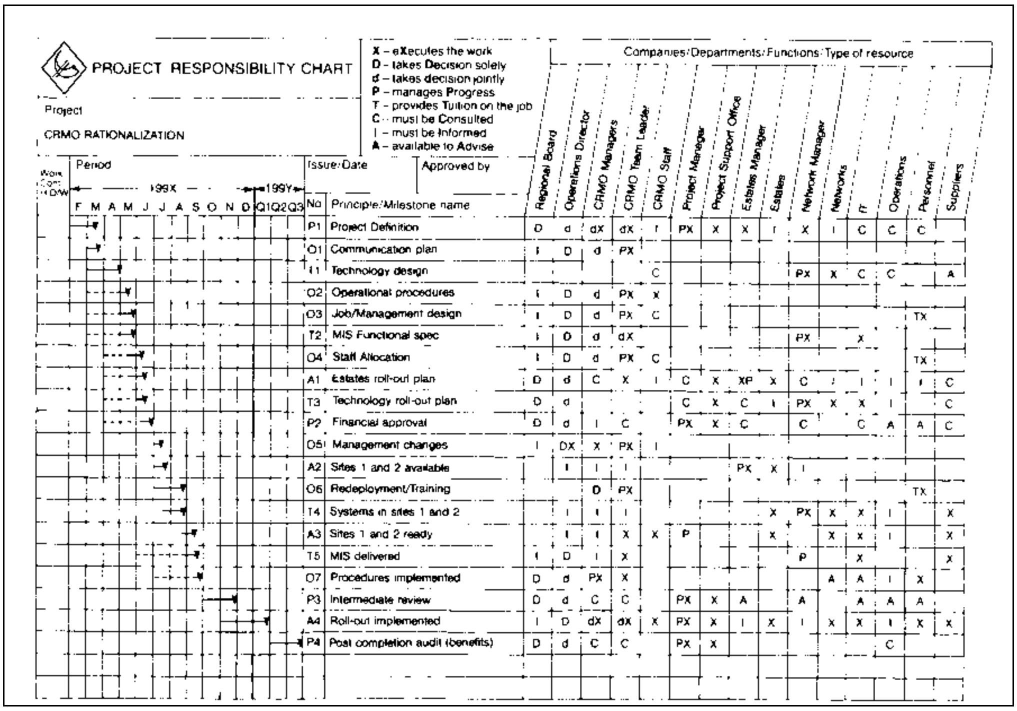
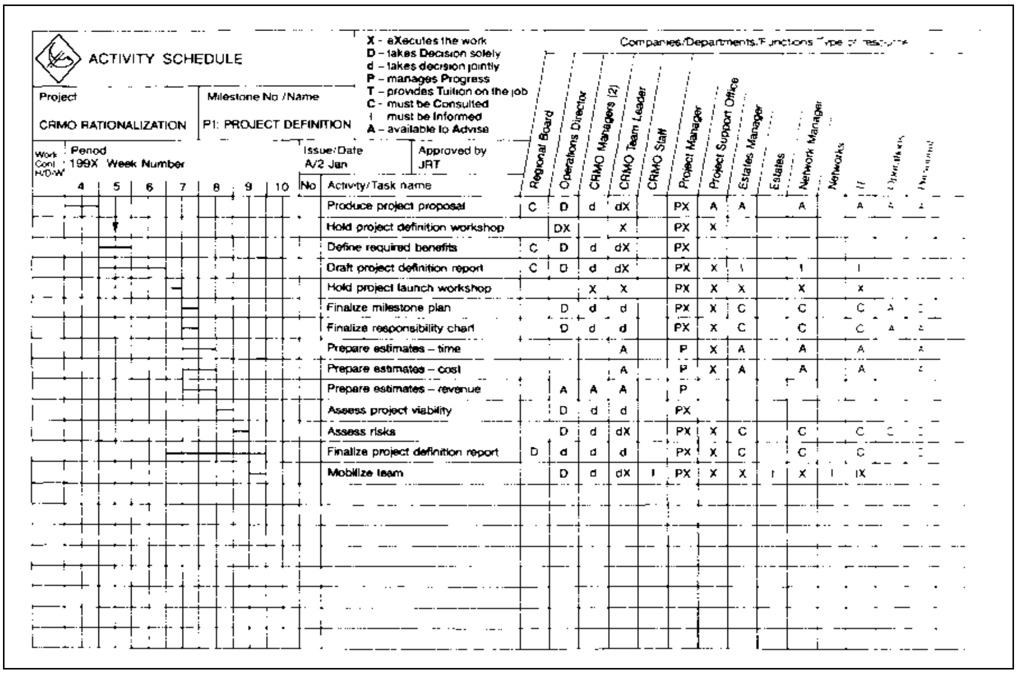


Figure 6: Example responsibility chart at the milestone level for a change project



ACTIVITY SCHEDULE

X – eXecutes the work
D – takes Decision solely
d – takes decision jointly
P – manages Progress
T – provides Tuition on the job
C – must be Consulted
I – must be Informed
A – available to Advise

Project: CRMO RATIONALIZATION
Milestone No./Name: P1: PROJECT DEFINITION
Period: 199X Week Number
Issue/Date: A/2 Jan
Approved by: JRT

Companies/Departments/Functions Type of resource

Activity/Task name	Regional Board	Operations Director	CRMO Managers (2)	CRMO Team Leader	CRMO Staff	Project Manager	Project Support Office	Estates Manager	Estates	Network Manager	Networks	IT
Produce project proposal	C	D	d	dX		PX	A	A		A		A
Hold project definition workshop		DX		X		PX	X					
Define required benefits	C	D	d	dX		PX						
Draft project definition report	C	D	d	dX		PX	X	I		I		I
Hold project launch workshop			X	X		PX	X	X		X		X
Finalize milestone plan		D	d	d		PX	X	C		C		C
Finalize responsibility chart		D	d	d		PX	X	C		C		C
Prepare estimates – time				A		P	X	A		A		A
Prepare estimates – cost				A		P	X	A		A		A
Prepare estimates – revenue		A	A	A		P						
Assess project viability		D	d	d		PX						
Assess risks		D	d	dX		PX	X	C		C		C
Finalize project definition report	D	d	d	d		PX	X	C		C		C
Mobilize team		D	d	dX	I	PX	X	X	I	X	I	IX

Figure 7: Example activity schedule for a change project

Step 10: Project Monitoring, Control and Learning

As the project progresses, you must monitor progress, and determine whether you are likely to achieve your objectives as assumed in the plan, in particular, will they be achieved within the original time, cost and quality assumptions. Figure 8 shows this monitoring done at two levels. The project manager gathers reports from the team against the activity schedules, Figure 9, and feeds summarised reports to the pro-ject's sponsors on the milestone plan, Figure 10. The top cycle may be over a longer frequency than the bottom cycle. You must also make predictions about how the project will perform, by forecasting the likely completion. There is a strong view that you cannot control the past, only the future. This is forward looking control. Hence, you forecast completion by planning the remainder of the project, starting from now, in much the same way as you planned originally. If your new plan begins to diverge from the original plan, you have four choices:

- Find a new way of doing the project to recover your original plan;
- Throw resource and cost at the project to maintain the timescale;
- Let the timescale slip;
- Do less work, reducing the functionality of the product, but maintaining the qual-ity of that you do complete.

These are in decreasing order of desirability. The second option can sometimes have the opposite effect - adding resource delays the project further as the existing project staff take time out to brief the new staff.

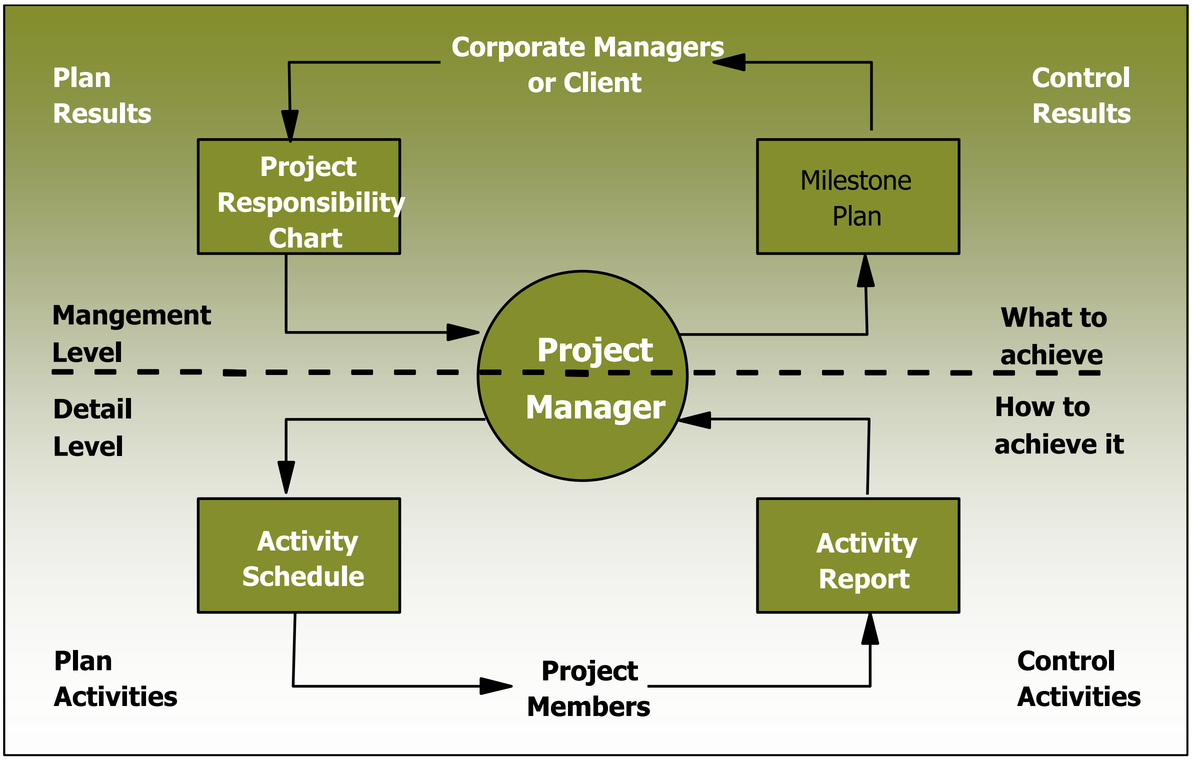
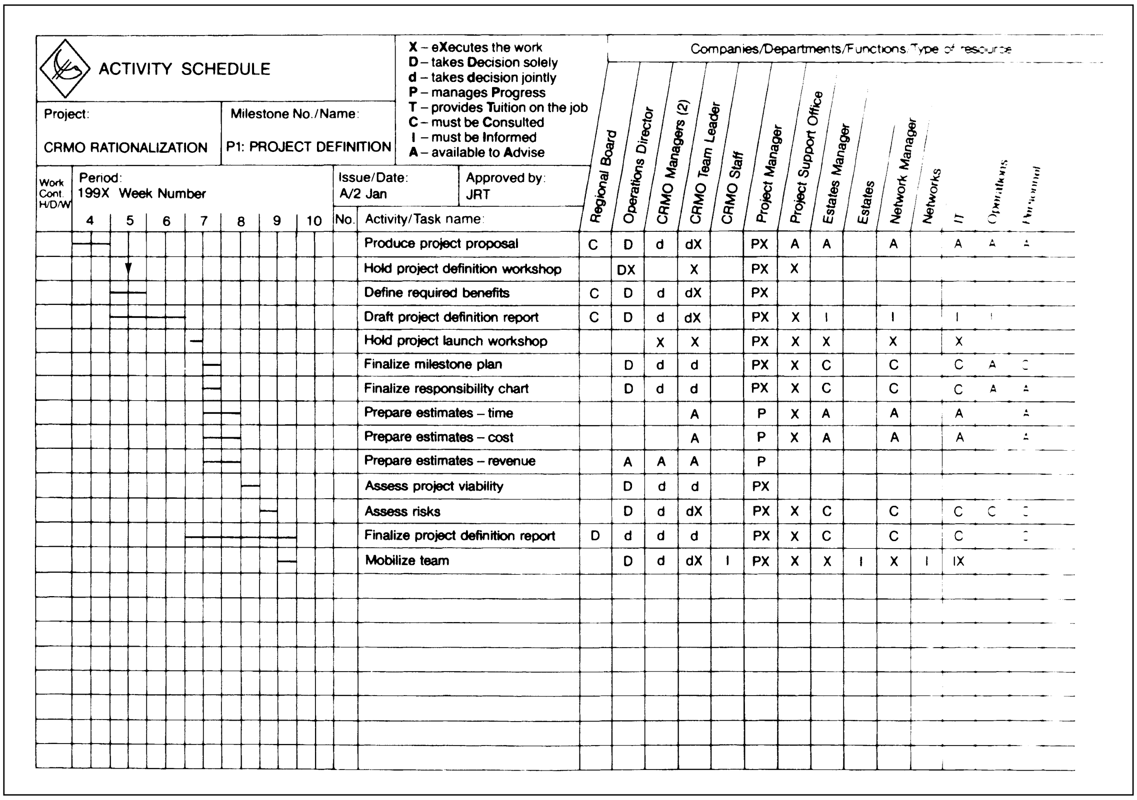


Figure 8: Monitoring and control on two levels



Activity/Task name	Regional Board	Operations Director	CRMO Managers (2)	CRMO Team Leader	CRMO Staff	Project Manager	Project Support Office	Estates Manager	Estates	Network Manager	Networks	IT	Operations	Personnel
Produce project proposal	C	D	d	dX		PX	A	A		A		A	A	A
Hold project definition workshop		DX		X		PX	X							
Define required benefits	C	D	d	dX		PX								
Draft project definition report	C	D	d	dX		PX	X	I		I		I	I	
Hold project launch workshop			X	X		PX	X	X		X		X		
Finalize milestone plan		D	d	d		PX	X	C		C		C	A	C
Finalize responsibility chart		D	d	d		PX	X	C		C		C	A	A
Prepare estimates – time				A		P	X	A		A		A		A
Prepare estimates – cost				A		P	X	A		A		A		A
Prepare estimates – revenue		A	A	A		P								
Assess project viability		D	d	d		PX								
Assess risks		D	d	dX		PX	X	C		C		C	C	C
Finalize project definition report	D	d	d	d		PX	X	C		C		C		C
Mobilize team		D	d	dX	I	PX	X	X	I	X	I	IX		

Figure 9: Reporting progress at the team level against the activity schedule

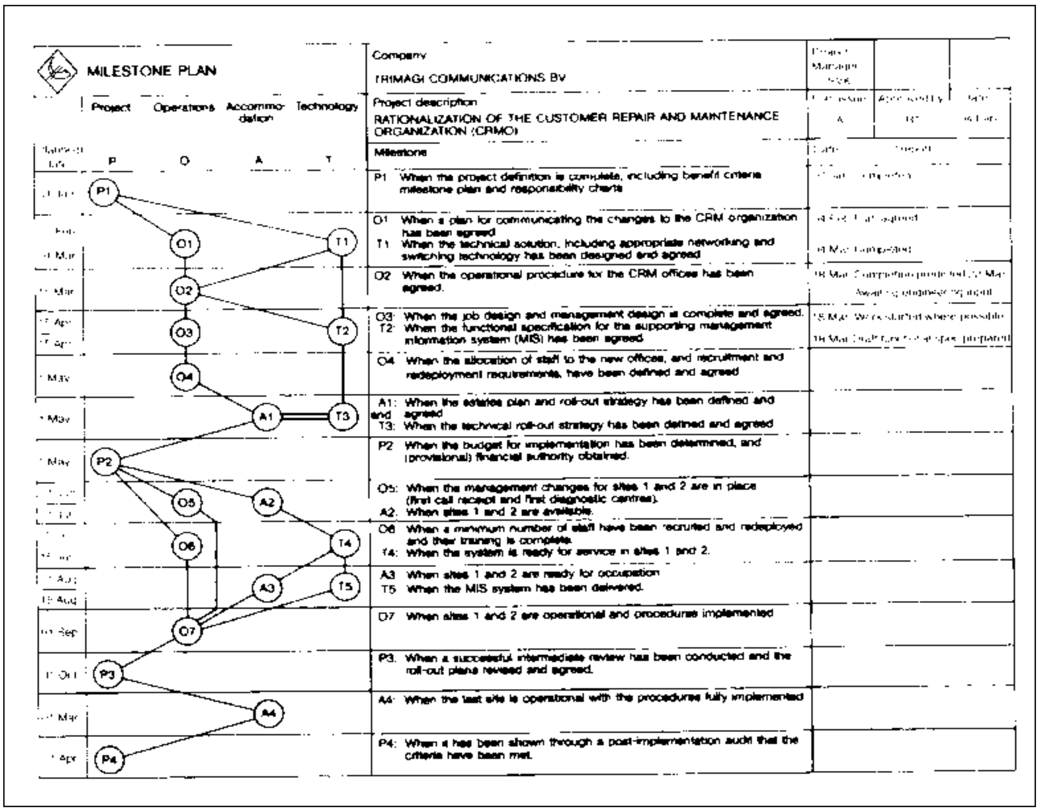


Figure 10: Reporting progress at the project level against the milestone plan

Managing Change

by Kristoffer Grude and Rodney Turner

Abstract

In this article, we identify that change is an inherent part of human life and hence an essential part of corporate strategy. We explain how change is inevitable, and yet it is in the nature of people to resist it. We then consider how the nature of the resistance encountered will vary between normal levels of change and more extreme levels. However, in both cases, the resistance is predictable, and should be planned for and managed.

Introduction

> "*There is nothing permanent except change itself*", Heracleitus (513BC).

This quotation has become something of a modern cliché. What is perhaps surprising is how old it is, about 2500 years old!!! For nearly three millennia there has been nothing permanent except change, and so we can fairly predict that it will continue to be so for our lifetimes. Hence the only certainty in our management careers is that we will be involved in change, and we will have to manage it. In this article, we consider what creates the need for organizations to change, but also give a word of caution that organizations should not change for change's sake. We consider the reaction of people to change, and in particular their reaction to "normal" levels of change and to "extreme", "life-threatening" levels of change. From this we deduce the need to manage the totality of the change process.

The Need to Change

> "*If you put a frog in water and slowly heat it, the frog will eventually let itself be boiled to death. We, too, will not survive if we do not respond to the way the world is changing*". Charles Handy (1991)

There are two elements to this quotation.

1. The world is changing, and if the organization does not respond, it will die;
2. Often we do not notice change in the outside world, making it more difficult to make people respond to changes they have not perceived. We are cosseted in our organizations, making us feel comfortable, and oblivious to the change in the outside world.

Corporate strategy used to be simple, the upper loop in Figure 1. Managers identified competitive pressures facing their organizations, and changed to respond to them. Changes were small compared to the size of the operation, and so could be undertaken as an evolution, what was sometimes called Habitual Incremental Improvement, small adjustments to the sail and the tiller to take advantage of small changes in wind direction.. That changed in the late 1970s to early 1980s; the competitive environment became more turbulent, and larger, faster, more significant changes were required. Organizations became caught in a triple whammy:

Due to internationalisation and liberalisation of the marketplace, competition became increasingly tougher. In sector after sector profit margins are being squeezed by broadening competition.

(a) Yet customers became more demanding, wanting:

- better service;
- shorter delivery times;
- higher quality;
- lower prices;

and recognising their power customers began to make quite unreasonable demands on their suppliers with every expectation of them being fulfilled.

(c) At the same time organizations needed to continue to invest in the development of:

- technology;
- new products and markets;
- people;
- management systems to cope with new legal frameworks and social structures;

Through all of this they must continue to provide the owner with a return to justify their investment. The water began to boil. Organizations responded undertaking larger change projects as part of their competitive strategy, the second loop in Figure 1. However, that did not suffice either as the changes introduced required new ways of working and often a new culture in the organization. Managers must now follow the third loop in Figure 1, often changing the organization, its structure and culture as part of their competitive strategy. Johansson *et al* (1992) say that if you are second best in the world, you cannot become best by continuous improvement. As the wind direction changes, you sometimes need to tack spontaneously to achieve you ultimate objective up wind of your current position.

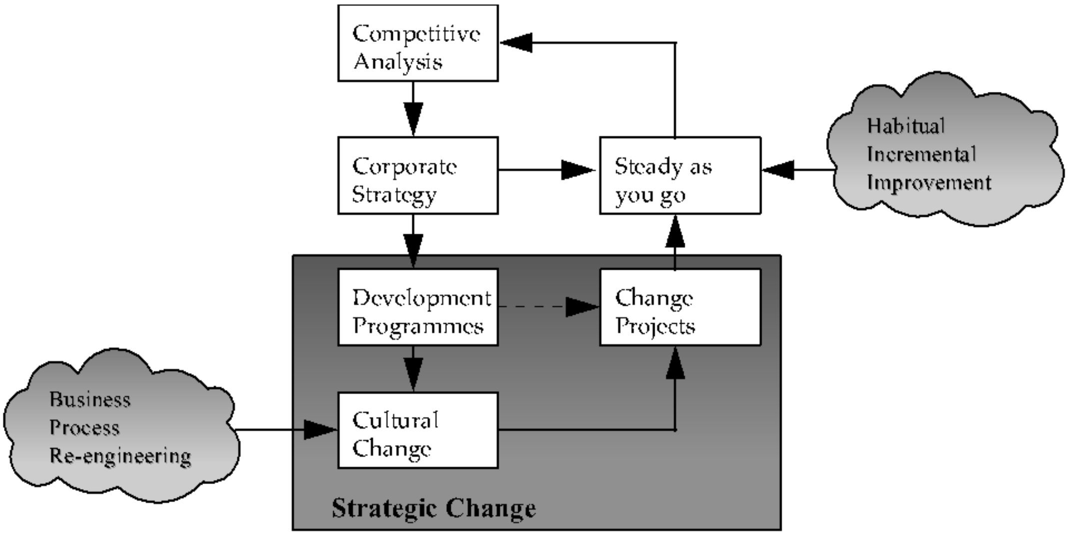


Figure 1 Change projects as part of competitive strategy

The Need not to Change

However, beware!!! We are dealing with a subject where mass psychosis is evident. People have become so persuaded by modern gurus preaching change they sometimes introduce it for its own sake, without having any clear strategic reason why it is necessary, or if they adopted the right response. Beware the siren voices trying to pull you onto the rocks. Case 1 is one of Aesop's fables - another story as valid today as it was 2500 years ago. In this story:

- it is not clear that change was ever necessary;
- if it was, it is not clear what was the right solution;
- by trying to please everybody, father and son pleased nobody and lost their business.

Case 1 The Miller, his son and their donkey, (one of Aesop's fables).

The Miller and his son were taking their donkey to town to sell it. They were walking alongside their donkey, when they passed a group of people who started laughing,

"Look at them walking alongside their donkey when they could be riding it."

The father said to his son,

"You get up on the donkey and I will continue walking alongside."

Soon they passed a second group of people who began to scorn the son,

"What is the youth of today coming to? Why are you riding, you lazy bones, while your father walks?"

The father and son swapped places. Shortly they came to a third group of people who scorned the father,

"Look at the man riding, while his son, a mere child, walks."

The son's legs were getting weary, so the father suggested the son join him on the donkey. Shortly they came to a third group of people who asked the miller and his son where they were riding the donkey to.

"We are taking it to market to sell it."

"Well, you better not ride it or you will tire it out and nobody will want to buy it. In fact, you better now carry it the rest of the way."

The miller and his son got off and started carrying the donkey. As they crossed the bridge coming into town, the towns people started laughing at the sight of the man and his son carrying their donkey. They laughed so loud, the donkey began to wriggle, so that they dropped it over the edge of the bridge. The donkey was drowned. The miller and his son went home. The miller said,

"I wish I had never left home this morning. Then I had a donkey. I tried to please all those people and now I have nothing."

Before implementing change you must be sure:

(a) *It is necessary:* you must identify the strategic imperative that is creating the need for change. However, at times competitive advantage will be maintained by doing nothing, for example in the 100 year old restaurant, which customers seek precisely because it has remained unchanged for many years.

(b) T*he need for change is understood:* you must understand what is creating the need for change, what is the problem that is threatening your competitive advantage, not just what the symptoms are.

(c) *You have designed the correct solution:* there are many siren voices selling glib solutions, each from their own perspective, all unaware of the facts of your case. You must design a solution that is right response for your problem. This will include not only the right technical solution, but also the right cultural solution, (Andersen *et al* 1987, Turner, 1999, Turner *et al,* 1996). Further, the cultural change must also include a response to overcome resistance to the change as discussed in the next three sections.

The Ability to Change

> "*Human nature is like a stick of Brighton Rock; bite all the way down, it still says Brighton Rock*", Graham Greene, (1938).

Serious literature and history itself will tell you that people do not change fundamentally:

- Heracleitus's quotation and Aesop's fable are as valid 2500 years on;
- read Plato's description of young people in his day give you an uncomfortable feeling that it is taken from yesterday's newspaper;
- a Roman poet, visiting the seaside in the first century AD, complained about being woken by drunken louts.

So if people are so unchanging, is this at odds with Heracleitus's statement? It is and it is not:

- it is not, because people are so unchanging things are as valid 2500 years on;
- but it is because people prefer things not to change; they prefer their lives to remain stable.

The perceived wisdom is that people resist change. In fact most people are tolerant of some change. Some are more tolerant of change than others, although we would say our experience is the majority of people are fairly intolerant of change. (A significant minority positively relish it). Furthermore, it is not so much change that people resist, as having it imposed on them. However, people put a lot of effort into cementing relationships, and reinforcing rituals, which give them a feeling of security, continuity and stability.

So, how do we bridge the gap between the radical need for change that we impose on ourselves, and our natural reluctance to change? This may seem contradictory. In fact it is more of a dilemma, posing a serious challenge to society, business organizations. Badly handled, change can prove to be costly and devastating. It is made more difficult by the fact that most people will not have noticed the water getting hot. Looking on the bright side, history shows us that people are adaptable, in the right circumstances and the right coaching. The key to success is understanding the nature of change, and managing people's reactions more than the technical elements of the change. There is no doubt that those organizations which master change quicker and better will obtain substantial competitive advantage.

Change agents throughout history have been vilified. One, Nicolo Machiavelli, was said to be the devil incarnate. It is never easy to achieve change when in conflict with the establishment. So if you do not have the power to overthrow them, (as Lenin suggested you should), then it is essential to get sufficient support from leading individuals, (top management), to sponsor and support the change. In today's enlightened an effective organizations, the need for sponsorship is essential. Without the whole-hearted support of top management and key employees, you will not succeed as a project manager of change. Equally important is the co-operation and commitment of the people being changed. In order to make the most of people's ability to change, careful planning is needed, but subject to the understanding of human behaviour.

Reactions to Change - Normal Change

Most people are tolerant of some change in their lives, although most prefer a fair proportion of stability in their lives, it does not mean that they always resist and resent change. Indeed, because change is permanent, a certain level of change can be said to be "normal". Just below this level, people will not notice the change. Just above, they may resist. However, it is more they resist having the change imposed on them. If they can participate in the change process, and feel a sense of ownership of the ideas, most people will co-operate with the change. Most parents know this. Ordering children around will result in conflict. Coaching them to do for themselves the things that you want them to do produces better results. Some people grow more flexible as they grow older, some grow more stubborn. On average, most people remain equally receptive to new learning experience throughout their lives. They just become better at hiding their feelings, less direct in challenging their superiors, but more subtle in their ways.

A change process is subject to forces reinforcing it, and others resisting it, Figure 2. People will block change for different reasons, but they can be turned around and become supporters if the process is structured in the right way. If this is properly understood, the process can be planned. Another way of looking at this is the Stakeholder Grid, Figure 3. People can be judged against two parameters, whether they view the change positively or negatively and their ability to influence the change. For those people who view the project negatively, we try to find ways of making them view it positively. If that does not work, we try to isolate them so they have no influence on the change. For those who view the change positively, but have no influence, we try to find ways of giving them influence. Case 2 illustrates this.

Case 2 Making a negative viewpoint positive

Rodney Turner was involved in a change project at a public utility. The main user representative on the project team was aged 63. In his job he was temporarily promoted from management grade 1 to management grade 2. He was due to be made redundant by the project. Under company rules, if he was made redundant he would leave on his substantive grade, management grade 1, and that lower grade would determine his pension for the rest of his life. He viewed the project extremely negatively, and as main user representative had a major influence. The project was not a success. The way around this was to find him a role on the project which would make his promotion substantive. At 63 he was unlikely to be promoted in any other way, and so his higher pension was unlikely anyway. Making his promotion substantive would switch his perception of the project.

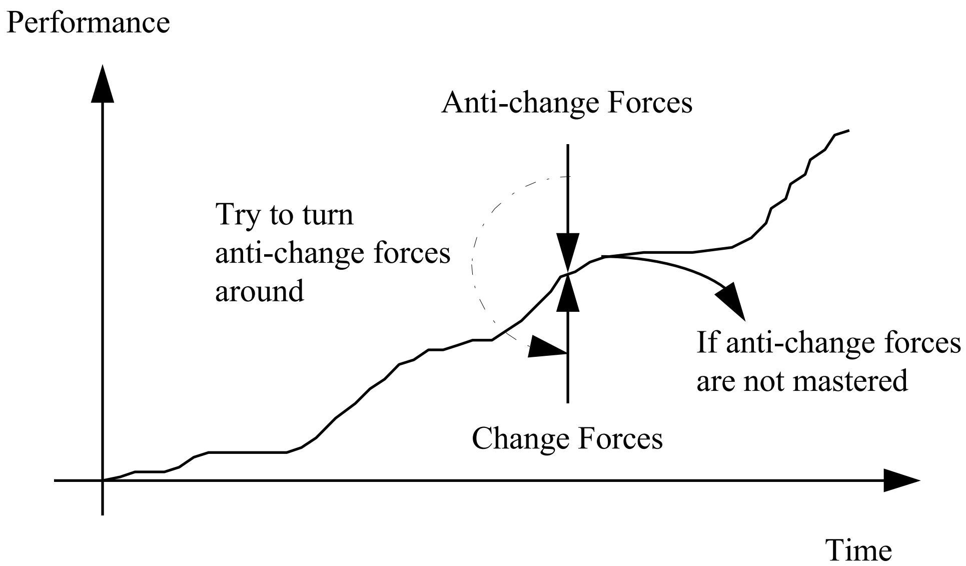


Figure 2 Forces for and against change

henrikwbendix.dk A/S
Højager 69, c/o Bendix • DK-8530 Hjortshøj
Tel. +45 4037 1943
www.henrikwbendix.dk
CVR 2567 4669

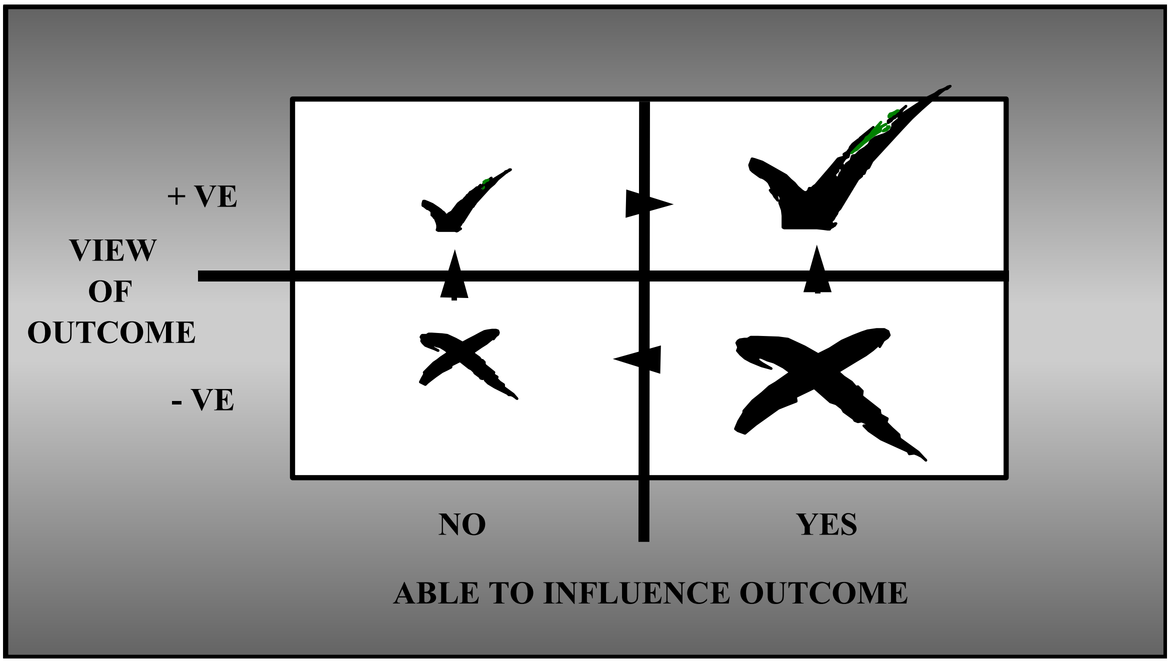


Figure 3 The stakeholder grid

Planing the change process means:

(a) being able to communicate the change:

- what is to be changed;
- why it is being done;
- how it is to be done;

(b) understanding how people react to change, either as individuals, or as part of an organization, or a group within an organization, so that we can plan to handle their reactions and minimise risks;

(c) gaining commitment through participation, and understanding this is a many step process, Figure 4.

How often have we had commitment to our project, only to realise that it was superficial and unsustainable, because we did not understand human behaviour, nor have the patience to plan systematically, and carry out the necessary steps. Technical changes are simple in comparison, (Andersen *et al* 1987, Turner, 1999, Turner *et al,* 1996). It is the change agent's role to manage the process outlined in Figure 4. This person may be the project manager. Or he/she may be a manager with wider responsibility for delivering business benefits of the change, (the competitive advantage), with the technical project manager as a sub-project manager reporting to him/her. Whoever he/she is, the change agent is project manager of the cultural change.

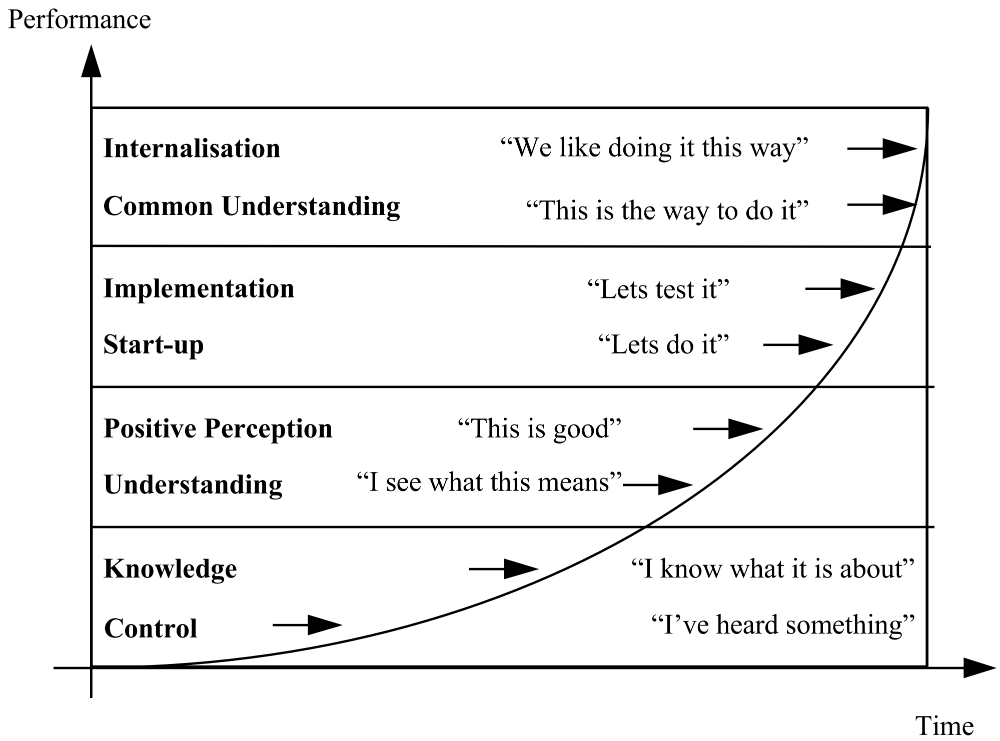


Figure 4 The stage of an organization's commitment to change

Reactions to Change - Extreme Change

> *"There is nothing more difficult to arrange, nor doubtful of success, and more dangerous to carry through, than initiating changes in a state's constitution",* Nicolo Machiavelli (1514)

Organizations, and their people, are sometimes faced with levels of change well above normal, such as total reorganization, downsizing or geographical relocation. These cannot be managed just by information, coaching and participation. If radical change is needed, implying a heavy impact on the every day life of the individual, one cannot expect people to like it and take a productive attitude. The best you can hope for is get an acceptance of the inevitable, so that they are able to adjust themselves to the situation, and take their future in their own hands.

Research has shown that people when confronted with major disruption in their lives go through the transition shown in Figure 5. This cycle is derived from the observed behaviour of people told they have a terminal illness. There are eight stages, Table 1. This response cycle is predictable, and so can be planned for. If you fail to do so, you will be ill-equipped to deal with reactions and problems as they arise. Each individual will react with different intensity, and will need a different amount of time to be taken through the cycle. Hence, it is important that people are treated individually. Risks and opportunities are rarely self-evident from the start of the project, but emerge progressively through the stages of the project. Identifying and managing the factors requires continual diagnosis and discussion between the parties involved. It is the project manager's role, as change agent, to plan and facilitate the situation, but he or she will not succeed without integrating the tasks into the line organization. At the end of the day, it is the line managers' responsibility to care for their people.

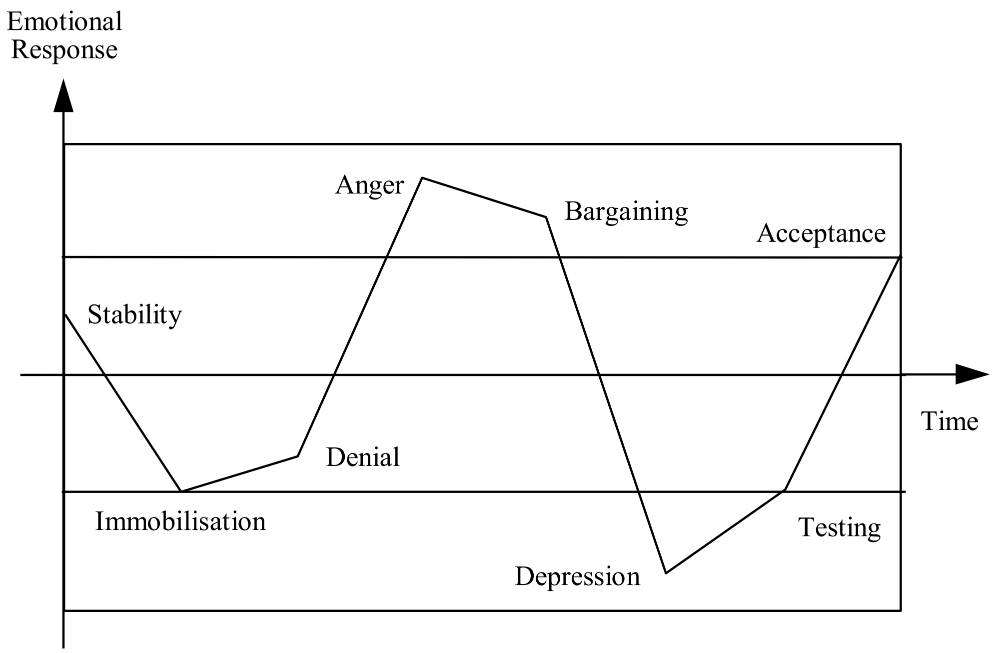


Figure 5 Emotional response to extreme change

Table 1 Emotional response to extreme change

Stage	*Response*
Stability	Management communicates their vision, the need for change and the consequences
Immobilisation	People are taken by surprise. Their reaction is anxiety and confusion
Denial	People defend themselves against the threat to their life or livelihood:- • "They can't mean me!!!" • "Is that what we get for years of loyalty!!!" • "Management is overreacting; it can't be that bad!!!"
Anger	Openly displayed anger emerges. People try to take control, through their power base, trade unions, etc. Alliances are formed; efforts to divide management are made; all means to reverse the situation. Management must resolutely argue the case, and not indulge in personal warfare
Bargaining	People begin to try for a modified solution. All kinds of remedies will be proposed in order to try to reduce the impact of the change: • "If we take a cut in salary?" • "If we increase our productivity?" Management must be steadfast, and stick to reality

Depression	Frustration, and a feeling of having lost spreads. People find it difficult to work, and organizational paralysis sets in. Management must help. They must have plans containing supporting packages, and must actively assist individuals in taking responsibility for themselves in the new situation
Testing	The individual and the organization start working with alternative exit strategies to try to facilitate the individual's transition:- • "Did you say I could have six months pay while looking for a new job?" • "Being paid through a year's MBA programme would help the transition" Management helps to find realistic alternatives
Acceptance	Individuals and the organization deal realistically with the situation. They may not like it but they accept it. Management gives recognition and support towards future plans. New stability is achieved

The Project Manager as Change Agent

> *"The Reasonable man adapts himself to the world; the unreasonable one persists in trying to adapt the world to himself. Therefore all progress depends on the unreasonable man",*
> George Bernard Shaw (1903)

In this article, we have seen change is inevitable; it has been for at least 2500 years. However, it is probably the case that competitive pressures for managing change consistently and successfully have never been greater. We identified that, even still, you should not undertake change for its own sake. You should only undertake change for sound strategic reasons, and only after you have identified the actual problem to be solved, (rather than the symptoms), and you have identified the change that will bring about you required solution.

We then considered how human nature is unchanging. That is to be expected, given the unchanging nature of the inevitability of change. However, it creates a dilemma for the change agent since it means that people are fundamentally resistant to change. The change agent must plan for an manage the expected resistance. The response will differ depending on the level of change. At near normal levels of change, the resistance can be overcome through education, training, coaching, consultation or coercion. People do not so much resist change, as resist having it imposed on them. At much higher levels of change, especially those that are "life-threatening", (or at least "life-style-threatening"), the resistance turns into rejection. People must now be coaxed through a much longer rejection to acceptance cycle.

The change agent must beware that:

(a) Major change projects fail more often through people problems than technical ones.

(b) Shock waves from disruptive change can be damaging, as people lose focus. The costs of unnecessary change, too much change, and poorly managed change can be enormous.

(c) Every organization has a finite capacity to change to create competitive advantage. Failure to exploit this capacity effectively will set the business back.

Change is complex; change is risky; change is met with mixed feelings; but change is inevitable. Success requires a carefully planned integration of technology and organizational behaviour.

Summary

1. The world is changing, and organizations which do not respond will die, but often people will not notice the change in the outside world, and that will make them resistant to change.

2. When introducing change, you must be clear:

    - change is necessary;
    - what change achieves the desired outcome;
    - to do what is right for you, not what others want.

3. Although the species inevitably evolves, the individuals do not. People resist change.

4. People are tolerant of some change, different people to different levels. At low levels, people do not so much resist change as resist having it imposed on them. People will often react well if they are actively involved in the change and can be made to see the benefit.

5. However, at extreme levels, change can become "life" threatening. Then people respond in a way similar to people with a terminal illness. They must be helped through this response cycle.

6. The project manager has a role to fulfil as change agent to facilitate the change introduced by their projects.

References

Andersen, ES, Grude, KV, Haug, T, and Turner, JR, 1987, *Goal Directed Project Management,* Kogan Page.

Greene, G, 1938, *Brighton Rock*, Heinemann.

Handy, Charles B, 1991, *The Age of Unreason, 2nd edition,* Business Books.

Heracleitus, 513BC, see Collinson, D, 1998, *Fifty Major Philosophers: a reference guide,* Routledge, London.

Johansson, H J, McHugh, P, Pendlebury, A J, and Wheeler, W A, 1994, *Business Process Reengineering,* Wiley.

Machiavelli, N, *The Prince*, 1514, reprinted Penguin, 1961.

Turner, J R, 1999, *The Handbook of Project-based Management, 2nd edition*, McGraw-Hill.

Turner, J R, Grude, K V, and Thurloway, L, 1996, *The Project Manager as Change Agent,* McGraw-Hill.

henrikwbendix.dk A/S
Højager 69, c/o Bendix • DK-8530 Hjortshøj
Tel. +45 4037 1943
www.henrikwbendix.dk
CVR 2567 4669

Form 1: Stakeholder Analysis Grid

Stakeholder	What Do They Want?	Attitude towards Project		Can They Influence it?		Is Attitude Based on Knowledge?		Action
		For	Aga-inst	Yes	No	Yes	No	

henrikwbendix.dk A/S
Højager 69, c/o Bendix • DK-8530 Hjortshøj
Tel. +45 4037 1943
www.henrikwbendix.dk
CVR 2567 4669

Form 2: Project Enablers and Constraints

	Relates to Which Step in Project?	Calls for Revision of Target?		Calls for Revision of Scope?		Stakeholders to Be Involved	Action
		Yes	No	Yes	No		
Enablers							
Constraints							

Mini Survey Guide

This guide refers to the mini surveys 1 and 2 in the Change Project Management tool kit. Here we inform about the surveys' relation to the project, how and when to conduct them, what to be cautious about, and how to utilize the survey results.

Purpose of Mini Surveys

- To ensure the project is well organized
- To ensure that it is properly managed throughout
- To make sure those involved learn from the experience generated

Types of Mini Surveys

The Mini Survey 1 is focused primarily on the human environment of the project in the organization, the attitudes, experiences, and competencies related to the project. Thus, unless the project is a major one, this survey should probably only be conducted once or twice during the early stages of the process.

The Mini Survey 2 focuses on progress. It is an opportunity to measure the current conditions of the project. So, if the project is lengthy, the survey can be conducted regularly during the process to ensure things are on track.

Both types deal with what we could call "projectivity" – an organization's ability to achieve its development goals through project work. The surveys are called "health checks" to indicate that they are informal and conducted by internal people to be subjective tools in the development process. This is contrary to what we could call "audits" that is more formal surveys conducted by independent outsiders in order to generate more objective information maybe for approval by some authoritative body.

Some Important Points on How to Use the Surveys

Focus According to the Specific Need

As you will see the questions in the forms are rather general; but in order to relate the surveys specifically to your project there is space for putting three specific questions you may find important. Be careful only to make only one statement per item for the respondent to deal with and make sure you do not use any jargon, which is difficult for some of the respondents to grasp. Finally, try to avoid unclear or loaded expressions, like "the so-called expert……."

Identify All Relevant Respondents

Select carefully in order to keep it a "mini" survey, but make sure you also cover critical people. It may be unpleasant to get their response, but if you do not know the opposition, you do not know what you are up against! Cover the important stakeholders (those having a positive or negative interest in the project) all around the project.

Inform Well about Purpose and Process
Surveys raise all kinds of reactions from indifference over curiosity to hostility/anxiety even small ones like these. To be sure of the most informative result, inform the people you ask to fill in the forms well on your purpose, how you will deal with the information, and how they should use the forms. Golden rule # 1: If you ask people for their opinion, you must always somehow feed back information to them about what information came out of the data, and what you did with it.

Anonymity is usually offered for respondents in surveys. The mini surveys could be made with only a handful of people and their main function during the process is to form basis for a dialogue with the primary stakeholders. In that case anonymity is less relevant or even un-realistic. The individual respondent must realize that he or she is involved and must be ready to "defend" a statement. If not, learning and corrective action cannot take place.

Be Swift When Conducting the Surveys
Once you have prepared the people, you want to involve, make sure everybody have the forms practically at the same time and they have similar – short – time to respond and hand back the forms. A few days should normally be enough. If you violate this rule there is a risk that they refer to different things, because the project evolves during the period when they respond.

Use the Survey Results to Learn and to Correct
The mini surveys are simple and brief to make them usable even in smaller projects with few resources. Consequently, the individual statements are rather general and each respondent may think of different aspects, when they answer.
This makes clear interpretation of responses difficult, unless you ask the respondents after-wards. Be sure to do this under circumstances wich the respondents feel are safe and comfortable.

Be in a Learning Mode
Probably the fate of the project is a high concern to you and being involved in making it succeed makes you vulnerable to criticism. However, often one learns the most from criticism!
Many respondents may be cautious about these circumstances as you may be. To give your-self a chance to obtain important input, you can learn from, make an effort to maintain an open mind. You decide what input is valuable to you and what is not, but be ready to read and listen to it all. Listen first and sort later. And first of all: do not involve yourself in an argument, do not try to defend your own actions or decisions. Try to make the most of the feed back you get from forms as well as from dialogue with respondents.

How to Interpret Survey Results
In surveys like this the information lie not so much in scores or averages. Instead you should look for extreme scores and for differences in response pattern. The pattern is easy to pick up from the graphs drawn by the respondents.
Then try to interpret why specific persons give specifically high or low scores to certain items, considering their interests and roles related to the change project.

Mini Survey 1: Health Check on Change Project Environment

#	Mark with "X" (1=false and 6=true)	1	2	3	4	5	6
1	The project owner is very committed to the success of the project						
2	The project owner is well equipped to drive the project						
3	The project sponsors assign high priority to this project						
4	The sponsors can provide the necessary backing to the project						
5	The project team is very committed to the project						
6	The team has the personal competencies required to carry the project through						
7	The team has the skills and resources necessary to complete the task						
8	The climate in the organization is very favorably to change						
9	There is good experience in the organization with successfully completing projects						
10	The change project will not have to compete for support with many other activities						
11	There is a general understanding in the organization why the project should be carried through						
12	It will be easy to monitor the project progress						
13							
14							
15							
	Total number of marks						

Instructions:

1. Please consider the various aspects of each question before you answer it
2. The project "owner" is the person formally or informally in charge of the project – the one person for whom the project success is most important
3. The project "sponsors" are the people or units in favor of the project and controlling resources needed for the project to succeed
4. The project "team" are the people appointed to carry out the change project

When completed, please link each ring ("o") with a straight line. Then the answers together form a zig-zag profile, which is easy to compare with the response from others.

henrikwbendix.dk A/S
Højager 69, c/o Bendix • DK-8530 Hjortshøj
Tel. +45 4037 1943
www.henrikwbendix.dk
CVR 2567 4669

Mini Survey 2: Health Check on Project Progress

#	Mark with "X" (1=false and 6=true)	1	2	3	4	5	6
1	The change project is advancing according to or better than the schedule						
2	The intermediate results of the project are living up to or are better than the plan						
3	The background for launching the project was very favorable						
4	The planning of the activities was fully sufficient for realizing the project						
5	The project activities are generally executed well						
6	The internal cooperation in the project team is fine						
7	The coordination with persons, units, and activities outside the project is going well						
8	The communication with other parts of the organization is securing good working conditions for the project						
9	The progress of the project is effectively monitored						
10	The future working conditions of the change project are effectively monitored						
11	The parties involved in the project continuously analyze their experience						
12	The parties use the analyses to make necessary adjustments of the project						
13							
14							
15							
	Total number of marks						

Instructions:

1. Please consider the various aspects of each question before you answer it
2. The "parties" mentioned in items 11 and 12 are the team working on the project, the owner in charge, and the sponsors supporting the project
3. When completed, please link each ring ("o") with a straight line. Then the answers together form a zig-zag profile, which is easy to compare with the response from others.

Checklist: Social and Psychological Aspects of Managing Planned Change

It is practical to treat implementation of changes as projects. This way, things are more structured, resources are prioritized, tasks are assigned, information is distributed etc. However, if you only work this way with change, you seriously risk that many efforts will not succeed or be less successful. Why?
Because things never develop as they should! Surprising events take place, intended events never happen and most of all: people react otherwise than expected!

When we plan changes, we work rationally: we analyze, we prioritize, we overcome the technical obstacles. Human reactions both are rational, sensible, and very emotional at the same time. The emotional part follows other rules than the rational part.
So, to deal "rationally" with the emotions triggered during change processes, you should take them into account up front. Sometimes you need to do things to pave the way emotionally for a change, at other times you should be aware of obstacles to find a way around them. Here is some advice on how:

1. Whenever information is lacking, speculation will fill the vacuum. Sometimes it does anyway!

Take the period at the end of negotiations between two companies about cooperation or even a merger. Even if you want to, it is almost impossible to hide the process for the employees. You may make confidential negotiations off site, you may continue "business as usual" at home etc.

But alert employees observe the smallest changes in your behavior or in activities. You may be more tense, your meeting activity pattern may change slightly, certain investments or other expenses are put on hold, key people have to change schedules to participate in meetings, they cannot tell anything about and so on. If there is a "due diligence" process, unknown auditors will arrive and ask questions that make people speculate even more.

Normally, you cannot tell anything about the content of negotiations, but it will often strengthen your credibility to tell that "you investigate some new business opportunities", what you expect people to do in the meantime, and when you will be able to tell more.
Some people probably will be anxious or gossip, but many people who prefer to do a good days work or want to be loyal now can focus attention on the day/meeting etc. where you expect to tell more. In the meantime they concentrate better on their jobs. If you do not tell anything, everybody will feel a need to find out or do something about the insecurity they sense, and thus far more energy will be spent on something different from the tasks.
Sometimes people speculate and gossip in spite of relevant and timely information. Then go to item 9!

2. If people are in doubt, they retreat to the safety of the well known

Watch animals in the wild investigate something new and unknown: they advance, sniff, check, and frequently retreat. When there apparently is no danger, curiosity make them return, be a little more bold, make a new test, still on alert for another retreat, and so it may continue for a while.

Is it not the same way we humans react to new things in our environment? To new relationships to other people in the neighborhood, or on the job, to new tasks, and to new methods? The metaphor is relevant, we think, because the human and the animal behavior mirror the same basic instincts for learning and survival.
Living creatures need to learn all the time to better understand the world in order to survive in it. Untrained horses in a bunch are often more anxious than necessary, and so can humans be as well. Both retreat more than they need to, because they do not understand the new and unknown. Humans often do so, because they used for a long time to live or work in a very protected environment, where they almost forgot about the existence of dangers.

So, what to do about this, when we implement change? First of all, be aware of the feeling and reaction. Secondly, do not nurture it. Instead nurture the opportunities to learn the new skills required in a safe environment, to learn about the overall situation, to understand it, and to be personally active in dealing with it. Thirdly, try to give them the opportunity to deal with the new things in steps, to talk about the gradual experiences and to participate in planning new steps. Do not try to protect people from inevitable losses. Help them deal with conflict and loss in a realistic and dignified way.

3. New opportunities is a necessity to some and a nightmare for others

When a new way of organizing things between the two companies mentioned earlier, is implemented reactions may vary greatly. Some will see the new situation as a huge opportunity: now they may get to learn something new, they may get a new job, or they may get new work partners.

Exactly those things make others very uncomfortable. For good or bad they know their colleagues, their tasks, their general situation. In has taken them a while to establish that situation. When all that is suddenly changed, they have to start all over again, and they do not know how the new situation will end. Maybe it will be worse than now, and that is discomforting.
Many studies of personality and motivation from many different angles suggest that different personalities approach change differently. By looking around us and by thinking of major change events, intuitively we would agree.

What this means? It means that changes should not be "sold" to all people the same way, and it should be sold to some before others, if there is a choice. It also means that people in the organization can often help selling some changes to their reluctant colleagues, because they know each others better, they are closer, and maybe are themselves more optimistic about the changes.

4. People react differently to surprises. Put those who like them in front!

Leaders need to rely on others to leverage their own impact on the business or the organization. Usually, leaders rely on the more talented or the more energetic. During change implementation, confidence in the opportunities of the future and the confidence of co-workers are equally important qualities. These are some of the talents to look for, when you know, where you are going.

In the case of the merged organization of two companies, the people who like surprises should be first in shifting physical and organizational position, they should be early members of joint task forces, they should be frontrunners in all activities aimed at integrating people and functions from the old organizations.

5. To some, the direction we are heading is less important than whom we are going with

Some merging companies were competitors before the merger. So, for years their employees have been used to "fight" the employees of the other company. Some of them may identify strongly with the profile and the values of their old company and may thus have a difficult time getting together with people from the other organization.
Other people identify most with the people immediately around them. Company identity, policies etc. are vague to them. What matters are the people; they are directly in touch with.

It is advisable to treat these two types of people differently, when it comes to putting together a new organization, new teams, or otherwise integrating them. To the first type a new, joint company identity is important. Policies, symbols etc. are important. To the top management, the focus will often be on getting operations back on track, to harvest the financial benefits from bringing the companies together etc. Symbolic activities may seem a waste of time, but to employees it may be a necessary detour.

To those people giving most importance to other people around them, the merger progresses very much, when they are brought together with their new colleagues, when they have an opportunity to learn how they work, think, and see the World. To them it is energizing to be personally integrated because they are going to work in the same office or to lunch in the same canteen.

6. Politics and power will never grow out of fashion!

Probably the most general expectation among people in merging companies is that there will be less jobs, that parallel functions will be joined under one management, that some practices will be abandoned, that some privileges will disappear: the risk of some personal loss is high.
The flip side of this coin is that some managers will get larger responsibilities, better facilities, new prestigious customers and so on. Stated otherwise: to many people this means there will be much to fight for- or against. Ambition and natural self-protection are strong drivers that will appear in many forms.
Usually efforts are made to support a friendly atmosphere or to eliminate conflict during a planned change. It is dangerous, however to assume that this is fully possible. The conflict and aggressions will be there, somewhere! If you do not consider this fact, or do not try to channel these dynamic forces, you will just have less information about their nature and consequences. The risk is that losses, you would prefer avoiding, will appear anyway.

Well, if conflict cannot be avoided, how then to control it? By accepting the reality of it, by addressing it, and by channeling it in less destructive directions. At meetings you may talk about how to deal with the loss of management responsibility for some, you probably need to set up activities, where the inescapable conflicts are aired openly and constructively: this is a likely conflict, how should we deal with it….You will have to regulate it: set up - and police – the rules that are going to make the conflict more productive and less destructive.

henrikwbendix.dk A/S
Højager 69, c/o Bendix • DK-8530 Hjortshøj
Tel. +45 4037 1943
www.henrikwbendix.dk
CVR 2567 4669

7. Rituals are important to people. So, if you destroy some, let new ones surface

Rituals are among the strongest traits of social life! This goes for Christmas celebration, for graduation ceremonies at schools, as well as budgeting procedures in large business corporations. When you have learned it from those older in service than yourself, you (must) act it out yourself as a demonstration of belonging to the organization, of status, and of loyalty.

We all perform some rituals, partly because we cannot all the time rethink any new situation and deliberately fit an appropriate action, partly because if we do not participate in the rituals, others begin to doubt, whether you are really a loyal member of the group. Some rituals belong to the profession you have (lawyers pledge that they base their advice on the letter of the law...) others to specific situations, we are in (when at a training session we present ourselves with very favorable traits...), and yet others to specific organizations (the way over-performing people are awarded or recognized, the way anniversaries are celebrated etc.).
Rituals create recognition and bring a sense of safety to very many people. If it is true that any person can only cope with a certain level of uncertainty, rituals are certainty that reduce the stress threshold to acceptable levels.
As the rituals also confirm an old order of things, some must be brought down, if things are to change permanently. If increased workplace safety is on the agenda, the privilege of consume alcoholic beverages on the premises is a likely ritual to disappear. Many others may have to go together with it, and suddenly many (male?) employees may find "that all the fun and the macho bonding" is disappearing and thus the attraction of that workplace.

So, when you think of stripping the organization of many old rituals, think also of new rituals you may provide instead (free coffee, (macho) games at celebrations etc.).

8. Prestige is maybe even more important. Find out, what is prestigious here and now!

The number of windows in your office, the size of company car you are allowed to drive, the size of your budget, or the duration and price of the training you are allowed to sign up for. All these perks and many more will be prestigious to some people. Things that are scarce signal exclusivity and indicate your value to the enterprise.
In many organizations the hunt for prestige is among the strongest driving forces for people. Realizing that this is essential, your change effort will benefit if you arrange it in a way that signal prestige to the organization. The first and simplest way of attributing prestige is for the leader him or herself to participate. Early access to new equipment or facilities is another inexpensive way of assigning prestige.

Often, the forces of resistance to change and simple inertia are so strong that you need to pull at all possible strings to get your planned change going. Make sure not to do things that degrade the change and make sure to assign as much prestige to making the change happen as you can afford!

9. From all this, you might conclude to make it slow and easy. Don't!

Generally, if you rush things, you may create difficulties by overlooking important aspects or by generating misunderstanding. So, when you want to make sure for instance the merger of two organizations is successful, you might want to assign plenty of time for information activities, for

involving many people in the planning, and for implementing at a pace leaving much room for afterthought and adjustment of the direction?
For sure, lots of information, access to those in charge, and involvement of the people of the organizations is important, but so is pace! Why?

A merger as many other important changes involves difficult choice, breaking with past practice, personal loss etc. These hazards are all easy to identify for the people involved. Usually, it also implies new opportunities, learning new skills, access to new resources and so on. However, these advantages may seem less obvious, because in the first stages most of them are linked with the uneasiness of being incompetent at the new operations, extra efforts to implement new routines or to learn the new skills etc..

So, to overcome the hesitation, anxiety, or outright conservatism, momentum is important! The effect of tight deadlines to keep up the momentum and to indicate decisiveness cannot be overvalued.

10. What is important and what not, varies much with the local culture.

Should the boss jump onto a table, spell out his vision in clear terms, give the basic directions, and encourage everybody now to throw their full commitment in that direction?
Or should she invite for a meeting in two weeks' time, as preparation distribute a paper with an analysis of the situation and then at the meeting facilitate a lengthy dialogue about pros and cons of alternative action and eventually try to sum up a joint conclusion (actions will be decided at the next meeting!)?

The first approach would probably lead to a bad outcome - if any - at a newspaper or a TV station, while the latter would bring a sales department to the brink of desperation! But the opposite might work in both instances.

So, it is back to some fundamentals: define what your goal is, and analyze the conditions working, while the change project will take place – the local organizational culture and climate being two very important parameters. Then, based on goal and analysis search the methods available and design one fitting the situation.